CANADA

# DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

## 1986-87-88
## SECOND SESSION, THIRTY-THIRD PARLIAMENT
## 35-36-37 ELIZABETH II

## VOLUME I

(September 30, 1986 to June 11, 1987)

*Parliament was opened on September 30, 1986*

*and was dissolved on October 1, 1988*

Queen's Printer for Canada, Ottawa

**THE SPEAKER**

THE HONOURABLE GUY CHARBONNEAU

**THE LEADER OF THE GOVERNMENT**

THE HONOURABLE LOWELL MURRAY, P.C.

**THE LEADER OF THE OPPOSITION**

THE HONOURABLE ALLAN J. MACEACHEN, P.C.

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**OFFICERS OF THE SENATE**

**CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS**

CHARLES A. LUSSIER, LL.L.

**CLERK ASSISTANT OF THE SENATE**

RICHARD G. GREENE

**LAW CLERK AND PARLIAMENTARY COUNSEL**

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

**GENTLEMAN USHER OF THE BLACK ROD**

RENÉ M. JALBERT, C.V., C.D.

## THE MINISTRY

According to Precedence

September 30, 1986

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

## THE MINISTRY

According to Precedence

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At Dissolution, October 1, 1988

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| | |
|---|---|
| The Right Honourable Martin Brian Mulroney | Prime Minister |
| The Right Honourable Charles Joseph Clark | Secretary of State for External Affairs |
| The Honourable Flora Isabel MacDonald | Minister of Communications |
| The Honourable John Carnell Crosbie | Minister for International Trade |
| The Honourable Donald Frank Mazankowski | Deputy Prime Minister, President of the Queen's Privy Council for Canada and Minister of Agriculture |
| The Honourable Elmer MacIntosh MacKay | Minister of National Revenue |
| The Honourable Arthur Jacob Epp | Minister of National Health and Welfare |
| The Honourable Ramon John Hnatyshyn | Minister of Justice and Attorney General of Canada |
| The Honourable Robert R. de Cotret | Minister of Regional Industrial Expansion and Minister of State for Science and Technology |
| The Honourable Henry Perrin Beatty | Minister of National Defence |
| The Honourable Michael Holcombe Wilson | Minister of Finance |
| The Honourable Harvie Andre | Minister of Consumer and Corporate Affairs |
| The Honourable Otto John Jelinek | Minister of Supply and Services |
| The Honourable Thomas Edward Siddon | Minister of Fisheries and Oceans |
| The Honourable Charles James Mayer | Minister of State (Grains and Oilseeds) |
| The Honourable William Hunter McKnight | Minister of Indian Affairs and Northern Development and Minister of Western Economic Diversification |
| The Honourable Thomas Michael McMillan | Minister of the Environment |
| The Honourable Benoît Bouchard | Minister of Transport |
| The Honourable James Francis Kelleher | Solicitor General of Canada |
| The Honourable Marcel Masse | Minister of Energy, Mines and Resources |
| The Honourable Barbara Jean McDougall | Minister of Employment and Immigration |
| The Honourable Gerald Stairs Merrithew | Minister of Veterans Affairs and Minister for the purposes of Atlantic Canada Opportunities Agency Act |
| The Honourable Monique Vézina | Minister of State (Employment and Immigration) and Minister of State (Seniors) |
| The Honourable Stewart Donald McInnes | Minister of Public Works |
| The Honourable Frank Oberle | Minister of State (Science and Technology) |
| The Honourable Lowell Murray | Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations) |
| The Honourable Paul Wyatt Dick | Associate Minister of National Defence |
| The Honourable Pierre H. Cadieux | Minister of Labour |
| The Honourable Jean J. Charest | Minister of State (Youth) and Minister of State (Fitness and Amateur Sport) |
| The Honourable Thomas Hockin | Minister of State (Finance) |
| The Honourable Monique Landry | Minister for External Relations |
| The Honourable Bernard Valcourt | Minister of State (Small Businesses and Tourism) and Minister of State (Indian Affairs and Northern Development) |
| The Honourable Gerry Weiner | Minister of State (Multiculturalism and Citizenship) |
| The Honourable Douglas Grinslade Lewis | Minister of State and Minister of State (Treasury Board) |
| The Honourable Pierre Blais | Minister of State (Agriculture) |
| The Honourable Gerry St. Germain | Minister of State (Forestry) |
| The Honourable Lucien Bouchard | Secretary of State of Canada |
| The Honourable John Horton McDermid | Minister of State (International Trade) and Minister of State (Housing) |
| The Honourable Shirley Martin | Minister of State (Transport) |

# SENATORS OF CANADA

## ACCORDING TO SENIORITY

At Dissolution, October 1, 1988

| Senator | Designation | Post Office Address |
|---|---|---|
| THE HONOURABLE | | |
| David A. Croll | Toronto-Spadina | Toronto, Ont. |
| Hartland de Montarville Molson | Alma | Montreal, Que. |
| John Michael Macdonald | Cape Breton | North Sydney, N.S. |
| Jacques Flynn, P.C. | Rougemont | Quebec, Que. |
| David James Walker, P.C. | Toronto | Toronto, Ont. |
| Rhéal Bélisle | Sudbury | Sudbury, Ont. |
| Orville Howard Phillips | Prince | Alberton, P.E.I. |
| Azellus Denis, P.C. | La Salle | Montreal, Que. |
| Daniel Aiken Lang | South York | Toronto, Ont. |
| Earl Adam Hastings | Palliser-Foothills | Calgary, Alta. |
| Charles Robert McElman | Nashwaak Valley | Fredericton, N.B. |
| Douglas Keith Davey | York | Toronto, Ont. |
| Hazen Robert Argue, P.C. | Regina | Kayville, Sask. |
| J.G. Léopold Langlois | Grandville | Quebec, Que. |
| Douglas Donald Everett | Fort Rouge | Winnipeg, Man. |
| Andrew Ernest Thompson | Dovercourt | Kendal, Ont. |
| Herbert O. Sparrow | Saskatchewan | North Battleford, Sask. |
| Richard James Stanbury | York Centre | Toronto, Ont. |
| William John Petten | Bonavista | St. John's, Nfld. |
| Gildas L. Molgat | Ste. Rose | St. Vital, Man. |
| Ann Elizabeth Bell | Nanaimo-Malaspina | Nanaimo, B.C. |
| Edward M. Lawson | Vancouver | Vancouver, B.C. |
| George Clifford van Roggen | Vancouver-Point Grey | Vancouver, B.C. |
| Sidney L. Buckwold | Saskatoon | Saskatoon, Sask. |
| Mark Lorne Bonnell | Murray River | Murray River, P.E.I. |
| Henry D. Hicks | The Annapolis Valley | Halifax, N.S. |
| Bernard Alasdair Graham | The Highlands | Sydney, N.S. |
| Martial Asselin, P.C. | Stadacona | La Malbaie, Que. |
| Joan Neiman | Peel | Caledon East, Ont. |
| Raymond J. Perrault, P.C. | North Shore-Burnaby | Vancouver, B.C. |
| Maurice Riel, P.C. | Shawinegan | Westmount, Que. |
| Louis-J. Robichaud, P.C. | L'Acadie-Acadia | Saint Antoine, N.B. |
| Ernest George Cottreau | South Western Nova | Yarmouth, N.S. |
| Jack Austin, P.C. | Vancouver South | Vancouver, B.C. |
| Paul Lucier | Yukon | Whitehorse, Yukon. |
| David Gordon Steuart | Prince Albert-Duck Lake | Regina, Sask. |
| Pietro Rizzuto | Repentigny | Laval sur le Lac, Que. |
| Willie Adams | Northwest Territories | Rankin Inlet, N.W.T. |
| Horace Andrew Olson, P.C. | Alberta South | Iddesleigh, Alta. |
| Royce Frith | Lanark | Perth, Ont. |
| Peter Bosa | York-Caboto | Etobicoke, Ont. |
| Duff Roblin, P.C. | Red River | Winnipeg, Man. |
| Joseph-Philippe Guay, P.C. | St. Boniface | St. Boniface, Man. |
| Stanley Haidasz, P.C. | Toronto-Parkdale | Toronto, Ont. |
| Philip Derek Lewis | St. John's | St. John's, Nfld. |
| Jack Marshall | Humber-St. George's-St. Barbe | Corner Brook, Nfld. |
| Margaret Jean Anderson | Northumberland-Miramichi | Newcastle, N.B. |
| Robert Muir | Cape Breton-The Sydneys | Sydney Mines, N.S. |

# SENATORS—ACCORDING TO SENIORITY

| Senator | Designation | Post Office Address |
|---|---|---|
| THE HONOURABLE | | |
| L. Norbert Thériault | Baie du Vin | Baie Ste-Anne, N.B. |
| Dalia Wood | Montarville | Montreal, Que. |
| Fernand-E. Leblanc | Saurel | Montreal, Que. |
| Reginald James Balfour | Regina | Regina, Sask. |
| Lowell Murray, P.C. | Grenville-Carleton | Ottawa, Ont. |
| Martha P. Bielish | Lakeland | Warspite, Alta. |
| Guy Charbonneau (Speaker) | Kennebec | Montreal, Que. |
| Arthur Tremblay | The Laurentides | Quebec, Que. |
| C. William Doody | Harbour Main-Bell Island | St. John's, Nfld. |
| Heath Macquarrie | Hillsborough | Victoria, P.E.I. |
| Nathan Nurgitz | Winnipeg North | Winnipeg, Man. |
| Cyril B. Sherwood | Royal | Norton, N.B. |
| Peter Alan Stollery | Bloor and Yonge | Toronto, Ont. |
| Peter Michael Pitfield, P.C. | Ottawa-Vanier | Ottawa, Ont. |
| William McDonough Kelly | Port Severn | Mississauga, Ont. |
| Jacques Hébert | Wellington | Montreal, Que. |
| Ian Sinclair | Halton | Oakville, Ont. |
| Leo E. Kolber | Victoria | Westmount, Que. |
| Philippe Deane Gigantès | De Lorimier | Montreal, Que. |
| John B. Stewart | Antigonish-Guysborough | Bayfield, N.S. |
| Michael Kirby | South Shore | Halifax, N.S. |
| Jerahmiel S. Grafstein | Metro Toronto | Toronto, Ont. |
| Anne C. Cools | Toronto Centre | Toronto, Ont. |
| Charlie Watt | Inkerman | Kuujjuaq, Que. |
| Lorna Marsden | Toronto-Taddle Creek | Toronto, Ont. |
| Leonard Stephen Marchand, P.C. | Kamloops-Cariboo | Kamloops, B.C. |
| Daniel Phillip Hays | Calgary | Calgary, Alta. |
| Joyce Fairbairn | Lethbridge | Lethbridge, Alta. |
| Colin Kenny | Rideau | Ottawa, Ont. |
| Pierre De Bané, P.C. | De la Vallière | Montreal, Que. |
| Allan Joseph MacEachen, P.C. | Highlands-Canso | R. R. 1, Whycocomagh, N.S. |
| Roméo LeBlanc, P.C. | Beauséjour | Grand-Digue, N.B. |
| Eymard Georges Corbin | Grand-Sault | Grand-Sault, N.B. |
| Thomas Henri Lefebvre | De Lanaudière | Davidson, Que. |
| Charles Robert Turner | London | London, Ont. |
| Finlay MacDonald | Halifax | Halifax, N.S. |
| Brenda Mary Robertson | Riverview | Shediac, N.B. |
| Efstathios William Barootes | Regina-Qu'Appelle | Regina, Sask. |
| Richard J. Doyle | North York | Toronto, Ont. |
| Paul David | Bedford | Montreal, Que. |
| Jean-Maurice Simard | Edmundston | Edmundston, N.B. |
| Michel Cogger | Lauzon | West Brome, Que. |
| Norman K. Atkins | Markham | Markham, Ont. |
| Ethel Cochrane | Newfoundland | Port au Port, Nfld. |
| Eileen Rossiter | Prince Edward Island | Charlottetown, P.E.I. |
| Mira Spivak | Manitoba | Winnipeg, Man. |
| Jean Bazin | De la Durantaye | Montreal, Que. |
| Gerald R. Ottenheimer | Waterford-Trinity | St. John's, Nfld. |
| Roch Bolduc | Golfe | Ste. Foy, Que. |
| Solange Chaput-Rolland | Mille Isles | Montreal, Que. |
| Jean-Marie Poitras | De Salaberry | Quebec, Que. |
| Gérald-A. Beaudoin | Rigaud | Hull, Que. |

Note: For names of senators who resigned, retired, or died during the Second Session of the Thirty-third Parliament, see Index.

# SENATORS OF CANADA

## ALPHABETICAL LIST

At Dissolution, October 1, 1988

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

# SENATORS—ALPHABETICAL LIST

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

Note: For names of senators who resigned, retired, or died during the Second Session of the Thirty-third Parliament, see Index.

# SENATORS OF CANADA

## BY PROVINCE

At Dissolution, October 1, 1988

## ONTARIO—24

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

## QUEBEC—24

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

## NOVA SCOTIA—10

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

## NEW BRUNSWICK—10

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

## PRINCE EDWARD ISLAND—4

| | | | |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Orville Howard Phillips | Prince | Alberton. |
| 2 | Mark Lorne Bonnell | Murray River | Murray River. |
| 3 | Heath Macquarrie | Hillsborough | Victoria. |
| 4 | Eileen Rossiter | Prince Edward Island | Charlottetown. |

## SENATORS BY PROVINCE—WESTERN DIVISION

### MANITOBA—6

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

### BRITISH COLUMBIA—6

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

### SASKATCHEWAN—6

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

### ALBERTA—6

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

## NEWFOUNDLAND—6

| | Senator | Designation | Post Office Address |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | William John Petten | Bonavista | St. John's. |
| 2 | Philip Derek Lewis | St. John's | St. John's. |
| 3 | Jack Marshall | Humber-St. George's-St. Barbe | Corner Brook. |
| 4 | C. William Doody | Harbour Main-Bell Island | St. John's. |
| 5 | Ethel Cochrane | Newfoundland | Port au Port. |
| 6 | Gerald R. Ottenheimer | Waterford-Trinity | St. John's. |

## NORTHWEST TERRITORIES—1

| | | | |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Willie Adams | Northwest Territories | Rankin Inlet. |

## YUKON TERRITORY—1

| | | | |
|---|---|---|---|
| | THE HONOURABLE | | |
| 1 | Paul Lucier | Yukon | Whitehorse. |

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| Director of Finance | Siroun Aghajanian |
| Director of Committees | Gary W. O'Brien, M.A. |
| Editor of Debates and Chief of Reporting Services (English) | Hubert D. Griffith |
| Editor of Debates and Chief of Reporting Services (French) | Flavien J. Belzile, B.A. |
| Director of Journals | Monique Grenier Tomka |
| Director of Information Services | Gord Lovelace |

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| Editor of Debates and Chief of Reporting Services (French) | Flavien J. Belzile |
| Assistant Editor of Debates (English) | Gilbert K. Hubbard |
| Assistant Editor of Debates (French) | Maurice Bolduc |
| Senior Reporter | L.R. Powis |
| Reporters | V. Aucoin, A. Hénault, B. C. Keeley, C. Little, J. W. Morrison, B. Neuberger, D. Olsen, K. Olszewska, M. Porter, M. Roy, R. G. Tremaine. |

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| Director, Parliamentary Translation Directorate | Alphonse Morissette |
| Acting Chief of Debates | Alain Bélanger |

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| Associate Parliamentary Librarian | Richard Paré, B.A., B.L.S. |

# THE SENATE

**Tuesday, September 30, 1986**

## THIRTY-THIRD PARLIAMENT

## SECOND SESSION

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

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

## COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

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

RIDEAU HALL
OTTAWA

30 September 1986

Sir,

I have the honour to inform you that Her Excellency the Governor General will arrive at the Main Entrance of the Parliament Buildings at 2:45 p.m. on Wednesday, the 1st day of October, 1986.

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

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

## DISTINGUISHED VISITOR IN GALLERY

MINISTER OF YOUTH AFFAIRS AND SPORTS, REPUBLIC OF INDONESIA

**The Hon. the Speaker:** Honourable senators, I call your attention to the presence in our gallery of His Excellency Abdul Gafur, Minister of Youth Affairs and Sports of the Republic of Indonesia.

We welcome warmly this high official of a country which is a very good friend of Canada.

**Hon. Senators:** Hear, hear.

## ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, 1st October, 1986, at eleven thirty o'clock in the forenoon.

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

**Hon. Senators:** Agreed.

Motion agreed to.

**Senator Doody:** Honourable senators, I move that the Senate do now adjourn.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, before the motion is put, I believe we should give the house leader and the deputy leader an opportunity to answer allegations of possible procedural heresy in the way that we are proceeding this week. For example, as I understood it, Parliament was prorogued until October 1. Citation 194 of *Beauchesne's* says—

**Hon. Jacques Flynn:** We were not prorogued. We had adjourned until September 16.

**Senator Frith:** What is the difference? Parliament was prorogued after the adjournment.

**An Hon. Senator:** That's right.

**Senator Frith:** None of us is surprised that Senator Flynn has overruled the Governor General's prorogation. Citation 194 of *Beauchesne's* says:

> The Senate and Commons cannot open a session by their own authority. It is by the act of the Crown alone that they can be assembled, but the Governor General's power is restrained within certain limits. The B.N.A. Act, s. 20, declares that there cannot be an interval of twelve months between two sessions, which is emphasized by the practice of providing money for the Public Service by annual enactments. The Governor General's authority is only theoretical, as Parliament is always summoned on the advice of the Prime Minister. The opening of the

session may, however, be deferred by Proclamation from the day to which it stands summoned to any further day, but it cannot be called for an earlier date.

**An Hon. Senator:** So we are not here!

**Senator Frith:** I am sure that the Deputy Leader of the Government has an explanation for the fact that rather than our being present here today and, in accordance with the appendix to our rules, waiting for the House of Commons to elect a Speaker, and, following which, having Her Excellency the Governor General appear and read the Speech from the Throne, on this occasion we will be sitting twice prior to the formal opening, which is not in accord with our usual practice.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I thank the Deputy Leader of the Opposition for providing me with an opportunity to get on the record.

As to the reasoning and rationale behind the calling of Parliament today, while it is true that citation 194 of *Beauchesne's* as quoted by the Deputy Leader of the Opposition has been quoted accurately, the officials in both the other place and here in researching the matter could find nothing to substantiate that particular statement, other than the fact that it is written in *Beauchesne's*.

**Senator Frith:** Which has been known to be enough.

**Senator Doody:** Which has been known to be argued, quarrelled over and questioned from time to time by honourable senators and others. However, the researchers were successful in finding a reference in the twentieth edition of *Erskine May* which is more fitting to the occasion.

**Senator Frith:** More profitable in any event!

**Senator Doody:** The paragraph is entitled "Meeting of Parliament accelerated during prorogation." It reads:

> Just as the Queen is empowered to postpone the meeting of Parliament, so authority is vested in her to accelerate its meeting.
>
> *(1) Generally.* When Parliament stands prorogued to a certain day, the Queen may, by the Meeting of Parliament Act 1797 as amended by the Meeting of Parliament Act 1870 and section 34 of the Parliament (Elections and Meeting) Act 1943, issue a proclamation, giving notice of her intention that Parliament shall meet for the dispatch of business on any day after the date of the proclamation; and Parliament then stands prorogued to that day, notwithstanding the previous prorogation.

Erskine May goes on to cite several occasions when this has occurred,

> —Parliament was assembled in September 1799; and again on 12 December 1854 Parliament then standing prorogued to the 14th; and in 1857 in consequence of the suspension of the Bank Act of 1844, a proclamation was issued on 16 November assembling Parliament on 3 December. In 1900 the new Parliament which had been prorogued from 1 November, the day for which it had been summoned, to 10 December was summoned to meet for the dispatch of business on 3 December by a proclamation dated 26 November. In 1921 Parliament, which had been prorogued until 30 January 1922, was summoned to meet on 14 December by a proclamation dated 7 December.

So precedent was found in Westminster for the calling of Parliament prior to the date mentioned in the prorogation, and the citation of Erskine May covers it adequately.

**Senator Frith:** I think it is important that we have that on the record. Just to complete the record, perhaps the deputy leader could say officially for the record whether there has been such a proclamation in this case.

**Senator Doody:** Indeed there has.

**Hon. H.A. Olson:** Honourable senators, there is more to this peculiar little story than has been laid before the Senate. We might as well stop looking back 100 years or more for precedents. The reason we are here is because there is a precedent-setting procedure taking place in the other place today—that of having the members elect their Speaker. Of course, when Parliament is summoned for a prorogation, it is not only the House of Commons that is summoned; both houses of Parliament are summoned.

**Senator Argue:** All members of Parliament!

**Senator Olson:** Yes. I hope that this fact puts an end to the problem I have been having with some of my colleagues in this chamber, arising from the question as to whether or not we are members of Parliament.

**Senator Argue:** Hear, hear!

**Senator Olson:** Some of my colleagues have accepted this fact for a long time. My own business cards are printed with "P.C., M.P." after my name. Of course, the "P.C." stands for "Privy Councillor," not "Progressive Conservative." I invite all other members to have their business cards printed accordingly.

Motion agreed to.

The Senate adjourned until tomorrow at 11.30 a.m.

# THE SENATE

**Wednesday, October 1, 1986**

The Senate met at 11.30 a.m., the Speaker in the Chair.

Prayers.

## NEW SENATOR

**The Hon. the Speaker:** Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Norman K. Atkins has been summoned to the Senate.

### INTRODUCTION

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

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

**Hon. Norman K. Atkins,** of Markham, Ontario, introduced between Hon. Lowell Murray, P.C., and Hon. Finlay MacDonald.

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

## ADJOURNMENT

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

> That the Senate do now adjourn until two thirty o'clock this afternoon.

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

**Hon. Senators:** Agreed.

Motion agreed to.

The Senate adjourned until 2.30 p.m.

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## SECOND SITTING

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

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

The Senate adjourned during pleasure.

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

**The Hon. the Speaker** said:

Gentleman Usher of the Black Rod,

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

The House of Commons being come,

**Their Speaker, the Hon. John A. Fraser, P.C.,** said:

May it please Your Excellency,

> The House of Commons has elected me their Speaker, though I am but little able to fulfil the important duties thus assigned to me.
>
> If, in the performance of those duties, I should at any time fall into error, I pray that the fault may be imputed to me and not to the Commons, whose servant I am.

**The Hon. the Speaker** of the Senate answered:

> Mr. Speaker, I am commanded by Her Excellency the Governor General to assure you that your words and actions will constantly receive from her the most favourable construction.

## SPEECH FROM THE THRONE

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

*Ladies and gentlemen, Honourable Members of the Senate,*

*Ladies and gentlemen, Members of the House of Commons:*

It is with pleasure that I welcome you to the Second Session of the Thirty-third Parliament of Canada and express to you, on behalf of all our fellow-Canadians, my appreciation and gratitude for the work which you do here. It is you, above all others, who make our Parliamentary system work, and you who are responsible for ensuring the smooth operation of an institution which is essential to the welfare of Canadians and the unimpeded enjoyment of our freedoms.

Expo '86 has been a focus of international attention that has brought pride and joy to millions of Canadians. The success of

British Columbia's world exposition strikingly demonstrates the creative skills of our people.

I have had the honour of presenting my respects, and yours, to Her Majesty Queen Elizabeth on the occasion of her sixtieth birthday. At this time I conveyed to her Canada's feelings of loyalty. The warm affection accorded their Royal Highnesses, the Prince and Princess of Wales — so evident during their visit to Expo '86 — again reminds us of the vitality of the monarchy and its enduring contribution to Canadian life. I have also had the opportunity to be present at the marriage of Their Royal Highnesses, the Duke and Duchess of York, and to receive here the visit of Her Majesty the Queen Mother, who once again charmed us with her intelligence and her amazing vitality. You may rest assured that I have, on these memorable occasions, given renewed expression to the respect which we all feel.

Two years ago, my government received a national mandate — a mandate for reform. It was a mandate that summoned Canada to the tasks of national reconciliation, economic renewal, social justice, and to a constructive internationalism. Today, my Ministers believe these goals are within reach.

We live today in a world of increasing uncertainty and interdependence. We live in a world where unforeseen events, both at home and abroad, demand flexibility and adaptiveness.

Although my government will remain sensitive to changing circumstances, it is determined to pursue these national objectives in the confidence that their fulfillment will bring lasting benefit to all Canadians.

Canadian agriculture is a vital part of our national economy. Aware of the present difficulties, my government will work in close consultation with provincial governments and farm organizations to help alleviate personal hardship in our farm communities.

The government has already taken special steps to lower farm input costs, improve stabilization programs, and help farmers in financial difficulty.

In the past, regrettably, agriculture has not been a priority in international trade negotiations. My government placed this issue on the agenda of the Economic Summit in Tokyo, and helped secure unanimous agreement to address subsidies in the new round of the Multilateral Trade Negotiations.

In meeting its commitment to Canadian agriculture, my government will spare no effort in seeking to protect the interests of Canada's farming community in the face of unfair pricing and subsidy practices conducted beyond our borders.

My government has acted to enhance the effective operation of Canada's energy industry, by negotiating the Western, the Atlantic, and the Nova Scotia accords and by taking other strong measures to support activity in a period of depressed world prices. Close cooperation with the producing provinces and the energy industry is a foremost objective of my Ministers as efforts continue to sustain Canada's energy prospects through this difficult period. These efforts are consistent with the true meaning and spirit of national unity.

[The Hon. the Speaker.]

Despite current difficulties, encouraging progress has been made towards renewing and strengthening the national economy. Unemployment is at its lowest level in over four years. Average incomes of Canadian families rose in real terms in 1985 for the first time in five years. The federal deficit has declined for the first time in six years. The prime rate is the lowest it has been in eight years. And government program spending has significantly declined for the first time in forty years. These economic indicators are encouraging.

Our efforts are meeting with encouraging success. The challenge now is to forge ahead. My government will do so by remaining true to the course set in the past two years. My government will continue its policy of prudent fiscal and financial management and will seek practical ways to encourage self-reliance and provide individual Canadians the incentive and opportunity to achieve greater security and well-being for themselves and for their families.

**I.** *National Reconciliation*

My government's commitment to national reconciliation invites all Canadians to participate fully and actively in the development of their country.

The Canadian Charter of Rights and the Constitution remain incomplete without the assent of Quebec. My Ministers have begun consultations with the provinces on this important subject. Should there appear reasonable prospects for agreement, formal negotiations will proceed in the expectation that Quebec will take its rightful place as a full partner in the Canadian Constitution.

The question of aboriginal rights is still on the constitutional agenda as a result of the Accord signed with the provinces in 1983. Pursuant to that agreement, a First Ministers Conference on aboriginal constitutional affairs will be convened. This will be the third and last such conference provided for in the 1983 Accord. In cooperation with the provinces, my government will exert every possible effort to bring these discussions to a successful conclusion.

Official bilingualism is an indispensable feature of our national character. Seventeen years after its enactment, Canada's Official Languages Act now needs to be revised. Appropriate legislation will be introduced in this Session to ensure, as well, that this Act conforms with the Canadian Charter of Rights.

My Ministers will propose amendments concerning the objectives and powers of the National Capital Commission. It is their intent to give greater expression and meaning to our national symbols.

Canada's National Parks represent a heritage of great importance to the present and future generations. My government will ask Parliament to approve major reforms to the National Parks Act for the first time since the original Act was passed, over five decades ago.

The preservation of historic properties is important to fostering a sense of history and national identity among Canadians. The government of Canada, as the largest owner of heritage

sites and properties in the country, will assume a leadership role in their restoration and preservation.

**II.** *Economic Renewal*

Canada's program of economic renewal has as its goal the building of a national economy equipped to compete in an environment of intense global competition, changing markets, and new technologies. Economic renewal will be furthered by continued progress in restoring health to our public finances, by trade initiatives and by tax reform.

My government has committed itself to four principles in its quest to restore fiscal health to Canada. First, to reduce the growth in the national debt to less than the growth in the economy by the end of this decade. Second, to achieve continuing, sizeable, year-over-year reductions in the deficit. Third, to ensure substantial annual declines in the government's financial requirements. And fourth, to ensure that the greater part of this progress is secured through effective expenditure restraint.

Success in this quest will foster a climate of investor and consumer confidence that will continue to support lower inflation, lower interest rates, higher growth and more job opportunities for Canadians.

If Canada is to achieve an enduring economic recovery, government must also ensure that our country's interests are secured and enhanced in the international sphere.

Nearly one third of our economy depends on international markets. Our future is trade. That is why my government is seeking to open and secure new markets for Canada everywhere in the world. These efforts include bilateral talks with the United States and multilateral negotiations under the auspices of the GATT.

My government intends to improve Canada's status as a trading nation among our major partners. Particular emphasis will be placed upon trade with Japan and other Pacific Rim countries.

Trade promotion, however vigorous, cannot succeed if world markets important to Canadian exporters are threatened by increased protectionism.

Such pressures emphasize the importance of my government's pursuit of a mutually advantageous trade agreement with the United States. These talks are being accompanied by extensive consultations with the provinces, business and labour. Successful negotiations will strengthen both our economy and our capacity to reinforce our culture, our sovereignty, our commitment to regional development and the fundamental purposes of Canadian social policy.

Progress has already been made towards my government's objective of comprehensive tax reform. We have begun to restructure the corporate tax system. Equity in the personal income field has been enhanced through the introduction of the minimum tax. A refundable Sales Tax Credit has been introduced. Opportunities for tax avoidance have been curtailed.

In my government's further consideration of tax reform, fairness will be a guiding principle. The objectives of reform will be to lower tax rates and to reduce reliance upon personal income tax by improving the revenue balance between personal income and other taxes. A simpler and more comprehensible tax system would also be welcomed by all Canadians.

During this session, you will be asked to consider new initiatives to strengthen the competitiveness of the private sector.

To help remove obstacles to economic growth, my Ministers will continue to reduce the burden of paperwork and regulation, to advance the process of privatization of Crown Corporations, and to press for the removal of barriers to interprovincial trade.

My Ministers will introduce programs to promote small business and entrepreneurial values. Included will be measures to improve procurement procedures, to strengthen the unsolicited proposals program for small companies and entrepreneurs, to increase technology transfer from government laboratories, and to develop new initiatives to promote entrepreneurship among youth.

My government will again be placing before Parliament measures to give Canadians a more efficient, competitive and safe transport system by relieving the burden of unnecessary regulations on the transportation sector.

My government will propose a new regulatory framework for the financial services industry that will promote competition, efficiency, and international competitiveness, while strengthening consumer protection.

For many years, successive governments have sought to provide measures intended to promote regional development. Their efforts have not been as effective as hoped. Regional disparity remains an unacceptable reality of Canadian life. Our experience has shown that spending more money, by itself, has not solved the problem.

It is time to consider new approaches, to examine how our considerable and growing support for Canada's regions can be used more efficiently, more effectively and with greater sensitivity to local conditions and opportunities. In renewing their efforts to come to grips with this longstanding problem, my Ministers are convinced many positive proposals for new policy initiatives will come from those who live and work in the regions concerned.

Building on the human and natural resource strengths of the regions, a renewed cooperative effort will lead to a new development agenda. Special emphasis will be given to diversifying the economic base of Western Canada.

As a first step in achieving improved results from this sustained national approach, an Atlantic Canada Opportunities Agency will be constituted to facilitate and coordinate all federal development initiatives in the area. This agency will make fuller use of the expertise available in the Atlantic region and invite the maximum participation of other governments and organizations in the area.

My government is concerned about the increasing concentration of corporations, particularly where takeovers serve to increase corporate size without creating new jobs or stimulating economic growth in Canada. Some aspects of this essentially non-productive activity will be examined and considered by Members of this House.

The importance of the fishing industry to Canada is fundamental. To provide increased safety for our fishermen and to protect their material investments, my government will place special emphasis on improving the management of small craft harbours in all fishing areas.

The forest sector is Canada's largest net export earner. My Ministers have substantially increased funding for forestry renewal. The government will continue to work in close partnership with the provinces, industry, and private woodlot owners to ensure that Canada's rich forest heritage continues as a vital source of wealth and jobs for future generations.

Measures will be introduced to strengthen Canada's cooperatives and to give recognition to their role in community development.

My government is deeply committed to supporting, with the provinces, a system of post-secondary education based on excellence and equality of opportunity. To help meet the challenges facing higher education, my government will propose a national forum on post-secondary education, to be held early next year.

My Ministers have begun to forge a partnership with the provinces, with the scientific and educational communities, and with business and labour in an effort to stimulate increased technological development in Canada. To assist and encourage cooperation between the universities and private sector in research and development, my government has announced an initiative that could provide a billion dollars in new funding for scientific research over the next five years.

My government will build upon this partnership by introducing a new four-point program to ensure that support for science, technology and education is more clearly focused in the national interest.

First, my government will appoint a National Advisory Board for Industrial Technology, chaired by the Prime Minister and composed of some of Canada's leading industrialists and scientists. This committee will assess national science and technology goals and policies, and their application to Canada's economy. Second, in full cooperation with the provinces, my government will seek to achieve high standards of excellence in education, technology development, and innovation. Third, it will introduce a new Federal Science and Technology Strategy, building on the initiatives undertaken to date. The strategy will introduce the necessary reforms within the federal administration to encourage Canada's international competitiveness. Fourth, my government will convene a National Conference on Technology and Innovation to assist Canada to define new technology goals.

My government's commitment to high technology as a motive force in Canada's economic growth will be expressed in legislation to establish a Canadian space agency. International cooperation in the peaceful use of space is essential to the development of key technologies. Working in cooperation with industry, universities and provinces, the new agency will help to ensure that the benefits of Canada's role in space will be shared by all Canadians.

**III.** *Constructive Internationalism*

The people of Canada maintain a deep interest in their country's role in the world. As Honourable Members of the Special Joint Committee of this Parliament know, Canadians seek a confident, constructive, active internationalism that reflects our hopes for the world as well as our own vital national interests.

From my own travels, and those of my Ministers, I can attest that other countries, large and small, look to Canada to play a vital role in the international community. Over the past year, I have travelled to Italy and the Vatican, while the Prime Minister has represented my government at the Commonwealth Conference, at the 40th Anniversary of the United Nations, the Francophone Summit, the Tokyo Summit, and in visits to France, Japan, China, South Korea, and the United States.

Our support for the multilateral institutions and agencies of which we are members remains the cornerstone of our foreign policy.

With Her Majesty the Queen as its head and unifying presence, the Commonwealth brings together countries of the North and South in support of common ideals and aspirations. The Commonwealth is central to Canada's efforts to promote, through concerted international action, a process of political dialogue in South Africa aimed at establishing representative government. My government will continue this effort, through the Commonwealth and the United Nations, until apartheid is abolished.

The world is aware how spontaneously the Canadian people rallied to the challenge of African famine and relief, demonstrating a concern and compassion so much a part of the national character. As Canadians, we will be called upon to respond to other challenges in the Third World. In reaffirming our commitments, it will be our purpose to find new partners in the ongoing efforts to pursue opportunities for increased development.

No task is more important to Canadians than preserving world peace and security.

My government is encouraged by the prospects for renewed dialogue between the leaders of the United States and the Soviet Union. We share the hope of other nations of the world that progress towards these talks will be sustained and appreciable.

Arms control and disarmament are essential elements of Canadian policy. We are in the forefront of multilateral discussions concerning conventional arms control and confidence-building in Europe. In the nuclear field, both the verification of existing agreements and the conclusion of new accords are vital elements in Canada's efforts. As a further

step towards these objectives, my government will host this month an international symposium that will explore means of improving verification techniques.

My government recognizes that security is the surest safeguard of liberty. Accordingly, my government has taken steps to modernize and renew the strength of our Armed Forces and increase our NATO contingent in Western Europe.

The government asserts complete sovereignty over the Canadian Arctic and recognizes that sovereignty requires a vigorous national presence. My government has drawn straight baselines around the perimeter of the Arctic archipelago to preserve Canadian sovereignty over the land, sea, and ice of the Canadian Arctic. Canada will construct one of the most powerful icebreakers in the world to enhance our sovereign rights and to contribute to the development of the North. Other measures have been taken or will be initiated to support this vital national purpose, including more research on polar conditions, defence training exercises in the Arctic, and the establishment of a National Park at Ellesmere Island.

**IV.** *Social Justice*

A dynamic and changing society poses new challenges for social policy. Existing programs are not always wholly successful in meeting their objectives. They must be reviewed to ensure they are appropriate to today's circumstances and they must be strengthened where necessary. At the same time, new circumstances require the development of new programs.

My Ministers are well aware that social policy concerns are more satisfactorily met in a strong and growing economy that, in turn, requires steady progress in restoring fiscal health to our nation's finances. But fiscal responsibility is fully compatible with social responsibility.

My government will continue to enlist the support of all in pursuit of the common goal: a modern, tolerant, and caring nation in which its citizens are secure and prosperous. Canadians would want their governments to give the highest priority in social policy to those who are in greatest need. As well, Canadians expect to enjoy the highest quality in health care and other social benefits that have become fundamental to our national quality of life.

My government is resolved to defend and strengthen the institution of the Canadian family. Only now is our society beginning its effort to adjust to the evolving changes in family relationships and responsibilities, particularly concerning working parents.

My government recognizes that adequate, quality child care must become available. Following the report of your committee, my government will initiate discussions with the provinces, business and labour with a view to implementing a concerted approach to child care.

As a national priority, we must continue to remove the barriers that have prevented women from participating freely and equitably in the mainstream of Canadian society. My government regards the recent significant increase in appointments of women to the highest levels of the public service and to federal boards and commissions as only a first step towards full equality. My Ministers hope and expect the private sector will regard this progress as an example to follow.

In its desire to further the advancement of women in government, my Ministers will continue their efforts to correct inequitable wage rates in the public service.

My government will take effective action against child sexual abuse, violent forms of pornography involving women and children, child prostitution, and the grave and growing threat posed by the traffic in illegal drugs.

A national drug strategy and a comprehensive program dealing with impaired drivers will be brought forward to support the prevention of drug and alcohol abuse. My government will continue to provide domestic and international leadership in controlling drug abuse in amateur sport.

Reforms to the Criminal Code will be continued during this session of Parliament, reflecting the importance Canadians attach to such values as respect for the law and the protection of innocent citizens.

Measures will also be put before you designed to protect and assist victims of criminal violence. Further action will be proposed to assist in finding missing children.

Canadians are becoming increasingly aware of the suffering of battered women. This intolerable affront to human dignity and personal security compels my government's commitment to work with the provinces to implement on an urgent basis the most effective means and methods of action.

After a decade of debate, an historic agreement with the provinces has been reached that will improve benefits under the Canada Pension Plan, beginning on January 1, 1987. It will also put the plan on a sound financial footing for the future.

The federal Pension Benefits Standards Act, which sets standards that employer-sponsored pension plans must meet, has also been completely revised. The changes introduced will be of fundamental significance for wage earners, especially women in the labour force, and for the spouses of pension plan members.

The introduction of the new Canadian Jobs Strategy, which for the first time sets targets for women's participation, has helped women, particularly immigrant women, and the unemployed in their search for lasting and productive employment.

My government is encouraged by the decline in youth unemployment. However, much remains to be done. My Ministers are committed to federal-provincial and private sector cooperative action that will enhance job opportunities and encourage greater participation and involvement of young Canadians in productive and challenging initiatives.

Canadians recognize the courage and talent of our disabled citizens. Inspired by the example of Rick Hansen, we are made more aware of the potential for new directions and initiatives to aid the disabled.

My government will work with the provinces, the private sector and voluntary organizations to develop measures to

ensure that Canadians have access to the literacy skills that are the prerequisites for participation in an advanced economy.

Ongoing improvements have also been made in assuring greater income security for the elderly. All widows and widowers aged 60 to 64 are now eligible to receive Spouses' Allowance Benefits. A new program of Older Worker Adjustment is also being negotiated with the provinces. The government will introduce legislation to increase tax assistance for retirement savings through Registered Retirement Savings Plans. The object will be to make access to tax assistance fairer between employees and the self-employed, and to increase the flexibility of options for the use of Registered Retirement Savings Plan savings by senior citizens.

In a spirit of deep respect and appreciation, my government will continue to address the needs of Canada's veterans. The Veterans Independence Program will be broadened to allow a greater number of First World War veterans to qualify immediately for the benefits designed to enable them to remain independent in their own homes rather than be compelled to accept institutional care. New legislation will also be introduced to streamline the pension process to provide faster, more efficient service to veterans.

In acknowledging the tens of thousands of Canadians who serve their communities and country as volunteers, my Ministers will propose further support to encourage the growth of voluntarism in our society.

Canada's amateur athletes instill pride in our country and achieve excellence in international competition. My government renews its commitment to the increased participation of young Canadian men and women in a wide variety of athletic endeavours, including the 1988 Winter Olympics that Canada will host in Calgary.

It is imperative that Canada's multicultural and multiracial reality be integral to all facets of our national life to reflect the vital and distinctive nature of Canadian society.

To that end, my government will: encourage the entrepreneurial spirit that characterizes our many minority communities and that contributes so essentially to Canada's economic development; extend recognition to minority community organizations in our society and increase equitable participation in appointments to federal boards and agencies; and affirm that any existing remnants of institutional barriers that limit opportunities for visible minorities or other groups or individuals are dismantled.

My government will continue to assert a positive leadership role in opposing racism and discrimination, in whatever form. It will continue to resist injustices imposed upon any ethnic, religious, or racial group in the knowledge that to do otherwise would diminish this nation's profound commitment to universal tolerance and human dignity.

Honourable Members: you will be asked to consider amendments to the Canadian Human Rights Act, which will represent further progress in the long march of this nation towards full equality.

My government will propose comprehensive legislation designed to simplify and improve Canada's refugee determination process. These reforms will produce a system which is both fair and effective. It will assist genuine refugees in need of protection and discourage abuse of Canada's humanitarian tradition.

My government recognizes fully the essential relationship between a healthy environment and the quality of Canadian life. A new Environmental Protection Act will be introduced to improve my government's capacity, in concert with the provinces, to deal effectively with pollution, focusing on toxic chemicals. You will also be asked to consider measures to improve water quality in Canada and to safeguard citizens from the hazards of chemicals in our society.

My government remains determined to pursue with the United States the rapid implementation of the recommendations of our Special Envoys with respect to acid rain.

Following the recommendations of an industry-labour-government task force, my government will propose legislation to establish a Workplace Hazardous Materials Information System.

My government has begun to renew our economy and society for the benefit of all Canadians. It has acted to strengthen our national sovereignty and to affirm our independence. But there remains much more to be done.

Each generation of Canadians has risen to the challenges of nation-building. Today's generation confronts its own challenges: we must act now to ensure that the ties which bind us together as Canadians remain strong, in our national cultural institutions, in our sense of community and in our pride as a nation.

Whether through railways in the last century, or broadcasting in this century, Canadians have responded to the task of building one nation across a massive continent. Throughout our history, Canadians have acquired credentials as peacekeepers, as entrepreneurs, as innovators.

Today the new challenge is to assert our interests in a world that is intimate, competitive, and driven by rapid technological change.

Your challenge, in this Parliament, is to apply those Canadian qualities with the same vision and the same commitment that created a nation from a wilderness. The new challenge is to open up new horizons for Canadians — those to be reached through knowledge and information.

In this new environment, we must ensure that all Canadians can pursue their own dreams and expand their own opportunities through greater use of information and knowledge about one another and the world beyond.

To begin debate on this fundamental challenge, my government will define its objectives and ways to achieve them.

It will be essential to ensure that the ideas and information which flow through a modern national communications system reflect the distinct cultural values of the Canadian people. For this reason, the government will act to strengthen the Canadi-

an broadcasting system and renew our commitment to Canadian cultural values.

To a considerable degree, our sense of national purpose, our national identity, and our economic prosperity will depend on our capacity to respond to the opportunities which flow from this new information age.

Our dual linguistic heritage and unique history situate Canada within two great communities of nations, the Commonwealth and la Francophonie.

Canada is thus positioned to reaffirm its role in the world by developing joint projects with member countries of these two vast families of nations, to share with them Canadian communications and information technologies while bringing to Canadians a greater diversity of ideas and cultural expressions. By so doing, Canada will renew in innovative ways its commitment to an established institution, the Commonwealth, and contribute actively to the emergence of a new one, la Francophonie.

The great tasks to which you are committed in this Parliament are national in character. The important reforms you will have considered and adopted give to each the opportunity to make a valued, individual contribution to the legislative process.

Your deliberations must address the aspirations of all Canadians and reflect their pride and confidence in the enduring strengths of the political institutions they believe to be the guarantors of freedom and security, and the guardians of the nation's future.

My government shares the expectations of all Canadians that public office holders maintain the highest standards of conduct, especially in the area of conflict of interest. It will be considering proposals which reflect the essential considerations of fairness to the office holder and the protection of the public's interest.

*Members of the House of Commons:*

I think with pleasure of the determination you will display as you embark on the program of work prepared by my government, and of the good use you will make of your skill and experience. I shall follow your debates with interest. I am assured that this new session will mark a further stage in the growth and flowering of our life as a nation.

You will be asked to appropriate the funds required to carry on the services and expenditures authorized by Parliament.

*Honourable Members of the Senate,*
*Members of the House of Commons:*

You will be asked to consider legislation to advance the economic, social and international interests of Canadians.

In pursuit of these worthy objectives, may Divine Providence guide your efforts.

The House of Commons withdrew.

Her Excellency the Governor General was pleased to retire.

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The sitting of the Senate was resumed.

## RAILWAYS BILL

FIRST READING

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

Bill read first time.

## SPEECH FROM THE THRONE

CONSIDERATION NEXT SITTING

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

**Hon. Senators:** Dispense.

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

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

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

Motion agreed to.

## COMMITTEE ON ORDERS AND CUSTOMS

APPOINTMENT

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

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

Motion agreed to.

## COMMITTEE OF SELECTION

APPOINTMENT

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

> That pursuant to rule 66(1), the following senators, to wit: the Honourable Senators Cottreau, Denis, Doody, Frith, Lapointe, Macdonald (*Cape Breton*), Nurgitz,

Petten and Phillips, be appointed a Committee of Selection to nominate (a) a senator to preside as Speaker *pro tempore;* and (b) the senators to serve on the several select committees during the present session; and to report with all convenient speed the names of the senators so nominated.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Tuesday, October 2, 1986**

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

Prayers.

## THE LATE HONOURABLE JOHN JOSEPH MACDONALD
## THE LATE HONOURABLE FRANK CORBETT WELCH
## THE LATE HONOURABLE ERIC COOK

TRIBUTES

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, it is my sad duty to record the deaths since last we met of three distinguished former members of this chamber.

The Honourable John J. MacDonald was born in 1891 and was appointed to this place in 1958 from Queen's, Prince Edward Island. Senator MacDonald was a farmer, a former president of the Prince Edward Island Dairymen's Association. He was a candidate in two provincial elections in the late 1940s and early 1950s.

Senator MacDonald had enlisted in World War I in 1916 and went overseas in 1917. He was awarded the Distinguished Conduct Medal which was, and I quote, "granted to a soldier who has performed service of a distinctly gallant and distinguished nature." He was commissioned as a lieutenant in 1918 and demobilized in 1919 as a captain.

Senator MacDonald had led a full and eventful life before coming to this chamber at the age of 67. He served Prince Edward Island and Canada for 13 years in the Senate before retiring in 1971. He died on September 24, near the age of 95. I want his family and friends on the Island and elsewhere to know that he is remembered here by a number of former colleagues, and that all of us have paid tribute to his contribution to the Island and to Canada in war and in peace.

**Hon. Orville H. Phillips:** Honourable senators, I wish to take a moment to join in the tributes to our former colleagues.

For 13 years the late Senator Welch and I shared an office. We became very close friends and my admiration for him increased during those years.

Senator Welch led an interesting and productive life. He was a merchant and, later on, he had a very large apple orchard in Wolfville, Nova Scotia, as well as being involved in real estate. He was quite active in municipal politics and was president of the Nova Scotia Progressive Conservative Association. Senator Welch was appointed to the Senate in 1962 and served in this chamber until 1975. He often said that as his first welcome to the Senate he was asked to introduce the legislation dealing with the establishment of the Atlantic Provinces Development Board, and he always appreciated that privilege and honour.

Senator Welch had a deep love for Nova Scotia and its people, and he and I would often chat about Nova Scotia and its citizens. He would mention a certain family and say, "Yes, they came from Parrsboro," or "They came from Cape Breton." He always knew various members of the family in question, and usually ended up by saying that they were fine people.

I attended Senator Welch's funeral and was able to extend to his wife, Lois, the sympathy of the members of the Senate, and particularly of those who had the privilege of knowing him.

The late Senator J. J. MacDonald was born in rural P.E.I. He was of Scottish heritage. One of my fondest memories is of his telling me that as a young lad in P.E.I. he used to look out from his farm window and see smoke rising from the chimneys of nine other farms. Then he would say in his deep voice, "And they were all MacDonalds." I am sure that my seatmate will not disagree with that. As a young lad he went to western Canada and, as has been mentioned, he enlisted in Edmonton.

Senator Murray mentioned that he received the Distinguished Conduct Medal. I have not yet had an opportunity to undertake a thorough search, but it is my understanding that he was one of five Canadians awarded that high decoration for service in World War I. In World War II he served as an instructor with the rank of captain.

He was very active in the Prince Edward Island co-operative movement and various other farm organizations. Many of the dairy policies that are in place in P.E.I. today were the original idea of the late Senator J.J. MacDonald.

He knew personal tragedy in his life; his son, who operated the farm, was killed in an automobile accident. After his wife's death in 1971 he retired from the Senate and went to live with his daughter, Mrs. MacIntyre, in Saskatchewan for a short time. He then returned to the Sacred Heart Home in Charlottetown where he was very well thought of. He had many visitors. He continued to take an interest in the activities of the Senate and made inquiries concerning various individuals when I visited him.

The late Senator Cook received a very high compliment on his appointment. At the time of his appointment I asked the now Lieutenant Governor of Newfoundland what he thought of it. He told me then that if he were making the appointment, he would have appointed someone like the late Senator Cook. That compliment was paid by a member of one party on the appointment of a senator from the other party.

**Hon. Azellus Denis:** Honourable senators, I join with those who have just spoken in extending my condolences to the families of those honourable senators who have passed away, especially to the family of the late Senator Cook, as he was a personal friend of mine.

[*Translation*]

I would like to say a few words about Senator Cook on the occasion of his sudden death. He was not only my colleague, but a personal friend of mine. Our friendship dated back 20 years, to when we were both appointed to the Senate. His friends and mine became the friends of both of us, and they all benefited from his spiritual and moral qualities, his sincerity and his good humour.

[*English*]

Bilingualism had nothing to do with our friendship; all I know about it is that he had to invent French words and I had to invent English ones.

[*Translation*]

Even after he left, we continued to benefit from his visits to the Senate and to enjoy his lasting friendship.

I deplore his sudden death as much as if I were myself a member of his family.

I extend to Mrs. Cook and her children my sincere condolences for their cruel loss.

[*English*]

**Hon. William J. Petten:** Honourable senators, I was shocked to hear of the sudden passing of our former colleague, Senator Eric Cook.

On Friday, August 22, I telephoned Eric at his home in Harbour Grace, Newfoundland, because I knew he had suffered a heart attack two months previously; my call was to inquire about his state of health. We chatted for a short time. He seemed to be in great spirits and told me that he had completely recovered and was looking forward to returning to Ottawa in the fall. So, you can well imagine my feelings when, in a telephone conversation the following Monday with a friend in St. John's, I learned that Eric had passed away on Sunday, August 24, 1986.

Senator Eric Cook was a leader in the civil, legal and political life of our province. He was a leading member of the legal profession; he served as deputy mayor of the city of St. John's; he was president of the Liberal Party of Newfoundland and Labrador; and he was a long-time chancellor of the Anglican Diocese of Newfoundland and Labrador.

Despite his very busy schedule, he always had time to counsel and guide those of us who were a little younger. I will long remember his patience and understanding.

All honourable senators who served with Eric will remember his exemplary attendance in this chamber and his dedication to the Standing Senate Committee on Banking, Trade and Commerce.

I would like to take this opportunity to express my most sincere sympathy to his wife, Mary, his daughter, Elizabeth, his sons, Peter, David, Jonathan, and their wives. They have lost a devoted husband and father, and Canada has lost a great Canadian.

Before I resume my seat, I would like to join with those who have spoken before me in extending to the families of the late Senators Welch and MacDonald my sincere sympathy.

**Hon. Senators:** Hear, hear.

**Hon. Daniel A. Lang:** Honourable senators, I do not very often rise on occasions of condolences, but I must do so today with respect to Senator Eric Cook. As Senator Denis has said, it was in February 1964 that Senator Denis and Senator Cook and I were inducted into this chamber; and subsequently I became Senator Cook's deskmate. That was an experience that I will never forget. I remember very well his turning to me and saying, after the prayers had been spoken in French, "Why are we praying for Charles de Gaulle?" I was quite baffled by that remark until I looked at the French wording of the prayer and saw that it was praying for Prince Charles Régal. In that way I was starting to learn the Newfoundland dialect!

Eric, to me, epitomized the ambience of the Senate at that time. He was courteous, knowledgeable and conscientious. He contributed to our committee work in a way that was completely outstanding. But the very essence of Eric was that he was a gentleman.

In many ways I think of Eric as a "real Newfoundlander." I have for many years maintained that Newfoundland has contributed all the salt to our parliamentary life and has made it tasteful and exciting.

**An Hon. Senator:** Hear, hear!

**Senator Lang:** Eric, above all, stood for the interests of his province and, against great pressures at times exerted upon him, stood strongly for those interests: the well-being of his province following from the Confederation pact and the benefits following from the exploitation of Newfoundland's offshore resources. That took courage and independence of mind, which are, I find, characteristics of all the Newfoundlanders I have met during my parliamentary career. Eric was intellectually honest, above all; he was also wise, and he had one of the most delightful self-deprecating senses of humour I have ever encountered. I know that all of us who knew Eric will sadly miss him. I join with all of you in expressing to his wife, Mary, and to his family our sympathy in their loss and in ours.

• (1410)

**Hon. Senators:** Hear, hear.

**Hon. David Walker:** Honourable senators, some most appropriate remarks have been made so I shall be very brief.

Of all the gentlemen I have met in this chamber, and there are a great many, I have never met anyone to compare with Eric. He was the soul of honour and the source of wit, kindness and generosity all built in together. He was modest to an extreme, but always ready for fun. As a member of the Standing Senate Committee on Banking, Trade and Commerce he always had plenty of time for fun. He kept the committee's proceedings modulated and on an even keel. His

comments were always a tremendous source of interest, and his ability was appreciated by all.

It is amazing that quite often, although not always, able people are modest. He was a rare combination of both. No member of this house was better liked during his years here than Eric himself.

His lovely wife came from a distinguished Newfoundland family, as did he. She is a charming, delightful person who is full of fun and energy. With their nice children they were a source of pleasure to everyone.

I apologize for taking up this further period of time, but I cannot help mentioning the third gentleman, a most worthy representative of this great Senate.

**Hon. Senators:** Hear, hear.

**Hon. Henry D. Hicks:** Honourable senators, I knew all three of the senators whose passing we are noting today. I did not know Senator MacDonald very well as our time in this chamber overlapped by only a few months; but Senators Welch and Cook I knew very well, indeed. I join with those who have paid tribute to the qualities of all three of these men, and add my expression of condolence to the surviving members of each of their families.

But, honourable senators, as the senator from the Annapolis Valley I must make special mention of Senator Frank Welch. He was about 15 years older than I, he having been born in 1900 whereas I was born in 1915. I always knew of him as a leading businessman in an area a little farther up the Annapolis Valley. I knew of him as a leader in the agricultural industry in the Valley, particularly in the production of Annapolis Valley apples. He was a director of, among other things, the United Fruits Co. Ltd., and in his long career he involved himself largely with the activities that made the business in the Annapolis Valley productive and known throughout the world. He was himself a significant factor in the export of Annapolis Valley apples many years ago.

Our tenure in this chamber overlapped for a while, during which time I got to know him better and to know his charming wife who has been referred to by previous speakers.

I pay tribute to his service as a citizen of his community. He started off in municipal politics in Kentville. As a Nova Scotian he was, as I think has been said, the president of the Progressive Conservative Party of Nova Scotia for a number of years during the 1950s. I also pay tribute to him as a Canadian and to the contribution he made as a member of this chamber.

I am glad to add my word of tribute to Frank Welch along with the other two senators whose loss we regret today and, again, to extend my sympathy to the surviving members of their families and, particularly, if I may say so, to Lois Welch and the members of Frank Welch's family.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, if I may, I will just take a few minutes of the Senate's time to add my voice to those who have paid tribute to our three distinguished colleagues and who have offered condolences to their families. I would particularly like to say a word about my very dear friend, Senator Eric Cook, who is probably best known to me among the three ex-members of the Senate to whom we pay tribute this afternoon.

Senator Cook was a long time friend of mine as, indeed, he was to every Newfoundlander who had any interest at all in public life. As the son of one of the revered and respected mayors of St. John's, Sir Tasker Cook, I think that Eric had the political gene passed directly down to him and he exercised it with great ability and with great talent. There are those of his party here in Ottawa who from time to time had occasion to feel something less than satisfied with Eric's independence. Let me assure my honourable friends opposite that he was every bit as independent as President of the Liberal Party in the province of Newfoundland, and I am sure that he occasioned Mr. Smallwood just as much disquietude, and perhaps more, as he did to those sitting opposite. Let me say that his motives were never dishonourable or selfish. He never acted out of fits of pique, but on matters of principle respecting those things he felt deeply about, and there was nothing he felt more deeply about than that beloved rock that he represented so well.

I remember well his advocacy of John Crosbie's leadership of the Liberal Party in Newfoundland. I think that there was no other prominent Liberal at the time who so early took on the establishment as did Eric, and, for a man who had settled comfortably into the ranks of the Senate, I thought it was quite a remarkable display of interest and of tribute to his party, which he was trying to rejuvenate, and to his province, which he was trying to serve.

As a former deputy mayor of St. John's, as a lawyer and former Master of the Newfoundland Supreme Court, as President of the Newfoundland Liberal Party for many, many years and as a prominent businessman— owner of what I suppose was a landmark, McMurdo's drug store on Water Street, which all of us from Newfoundland remember so well—he and his family have made such a lasting contribution to our province and, latterly, to our country that I thought I should stand, thank him for his service and offer my condolences to Mary, to his three sons and to Elizabeth, his daughter. I rise once again to say how deeply I appreciated his friendship and honour his memory.

**Hon. D.G. Steuart:** Honourable senators, I should like to join all those who have said a word about Senator Eric Cook, and to convey my condolences especially to his wife, Mary, for whom I have the highest regard.

At the outset, let me say that I had and have the highest esteem for Eric Cook, who was both a Liberal and an independent, which I think is a great thing.

**Senator Doody:** And a rare thing!

**Senator Lang:** Why not join us?

**Senator Steuart:** They are not inseparable, as you Tories may realize some day.

Honourable senators, I am sure that if Eric is looking down on us—and he is—he is thinking, "I wonder when anybody is

going to say anything about what I was really like." I want to say that I admired Eric Cook and I liked Eric Cook—I sat beside him when I first came into the Senate chamber and we developed a very great friendship. But I think Eric would appreciate hearing me say that when he left this chamber there were two things about him that I never forgot: one, that he never spoke either official language; and, two, that he continually tried to draw to an inside straight and never made it. Perhaps some who did not know him as well as I did will not admire those attributes as much as I do.

Honourable senators, Eric Cook left his mark on Newfoundland as he left his mark on the Senate, and I am sure I speak for everyone when I say that we are all sorry at his passing and that we send our condolences and our highest regards to his wonderful wife, Mary.

• (1420)

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I join with other colleagues in paying tribute to the memory of all three senators, namely, Senators Cook, John J. MacDonald and Welch.

I had the opportunity to know and meet each of those senators, but because on this side of the house considerable eulogy has been paid to the memory of Senator Cook and Senator Welch, I thought that I should revive in my own mind my association with a fellow islander in the person of the late Senator John Joseph MacDonald.

I remember quite clearly when the late Senator MacDonald was appointed to the Senate of Canada from the province of Prince Edward Island, and I must say that when I heard that tribute was to be paid today I was greatly surprised that he had lived such a long life; but on reflection it is not surprising for a person bearing the name MacDonald.

Other senators—particularly the whip of the Conservative Party, who was a colleague from Prince Edward Island—recounted the career of Senator MacDonald as a farmer, as a veteran and as a community activist. I must say that when he came to Ottawa he had great directness in his conversation and opinions, and it was clear to anyone who met him that he was a man of the soil, not given to subtleties or cloaking his thoughts in circumlocution. Everyone knew that he was a strong supporter of Mr. Diefenbaker. He thought that John Diefenbaker was a considerable person, and he thought the Tories were terrific.

Therefore, honourable senators, I would not like the memory of Senator John Joseph MacDonald not to be properly mentioned on this side of the house, and not to have it known that there are those of us still on the Hill who remember his arrival, who regretted his departure from Ottawa, and who now regret his passing.

**Hon. Senators:** Hear, hear.

[Senator Steuart.]

## TERRORISM

NOTICE OF MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE

**Hon. William M. Kelly:** Honourable senators, I give notice that on Tuesday next, October 7, 1986, I will move:

That a Special Committee of the Senate be appointed to hear evidence on and consider matters relating to terrorism as a real or potential threat to Canada and to Canadians;

That the Committee examine and make recommendations on the subject-matter and effectiveness of existing statutes, agreements and administrative arrangements pertaining to the combatting of terrorist activity;

That the Committee examine and make recommendations on the role of the media in reporting terrorist threats and incidents;

That eight Senators, to be designated at a later date, act as members of the Special Committee;

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

That the Committee report to the Senate no later than June 2, 1987.

[*Translation*]

## POST-SECONDARY EDUCATION

NOTICE OF MOTION TO AUTHORIZE NATIONAL FINANCE COMMITTEE TO CONTINUE STUDY OF GOVERNMENT ACTIVITIES ON POST-SECONDARY EDUCATION AND TRAINING

**Hon. Fernand E. Leblanc:** Honourable senators, I give notice that on Thursday next, October 9, 1986, I will move:

That the Standing Senate Committee on National Finance be authorized to continue its examination of the activities of the Government of Canada in its financial support of post-secondary education and vocational training;

That the papers and evidence received and taken on the subject before the Committee during the First Session, Thirty-third Parliament be referred to the Committee; and

That the Committee report no later than February 26, 1987.

[*English*]

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, for the record, Senator Leblanc's motion is for reference to a committee that at the moment does not exist but, of course, might exist at the time the motion is returnable. I say that so that there will be no doubt that we have not yet constituted such a committee. One day someone might read *Hansard* and wonder how we could have constituted the committee so quickly.

**Hon. C. William Doody (Deputy Leader of the Government):** Senator Leblanc mentioned this point this morning

when we discussed the matter. He is aware of the situation and is willing to abide by it.

## SPEECH FROM THE THRONE

ADDRESS IN REPLY—TERMINATION OF DEBATE ON EIGHTH SITTING DAY

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

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

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

**Hon. Senators:** Agreed.

Motion agreed to.

## ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 7th October 1986, at two o'clock in the afternoon.

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

**Hon. Senators:** Agreed.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## SHIPBUILDING

BRITISH COLUMBIA—ALLOCATION OF CONTRACTS—GOVERNMENT POLICY

**Hon. Raymond J. Perrault:** Honourable senators, I take great pleasure in reporting that when the Senate assembles next week 20 million visitors will have come to British Columbia for Expo '86. This figure represents the largest attendance at any time in the world's history at a world's fair of this type, because Expo '86 is, of course, a "theme" fair.

• (1430)

On behalf of British Columbians, I want to thank my colleagues in the other provinces and the people of those other provinces for the superb support which they have accorded to Expo '86. Not only did we recruit employees from all of the other provinces to work at the fair but we have enjoyed unprecedented collaboration from all of the other provinces and the territories. There are splendid exhibits from almost all of the provinces and territories, including the Atlantic provinces, Quebec and Ontario. We had the support of the previous federal government for the fair, and we have enjoyed the continuing support of the new federal government. On behalf of British Columbians, I want to say thank you for helping us make Expo '86 the success that it has been. To my colleagues, I say that if you have not yet been to the fair, please come soon, because it will not be open for very much longer.

I will now come to my question!

**Senator Flynn:** You had leave, I presume!

**Senator Perrault:** Yes, I had leave! A former leader has reminded me of my responsibility in that regard.

It is, I think, the view of most Canadians that a viable shipbuilding industry is of great importance to this nation, whether that industry be located in the Atlantic provinces, along the St. Lawrence, at other points in eastern Canada or along the west coast. I can report that unemployment on the west coast is distressingly high. The unemployment in our shipbuilding industry is very high, indeed, and there are other job losses threatened.

I wonder whether the Leader of the Government can provide us with assurances that west coast shipbuilding yards will be given an opportunity to participate actively in the icebreaker program and other shipbuilding programs of this government.

Frankly, honourable senators, we have yet to see one major project of any significance implemented on the west coast since this new government took power, and we are waiting for those campaign promises to be fulfilled.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the west coast shipyards are not alone in facing serious difficulties. The entire shipbuilding industry in Canada—and, indeed, in the world—is in serious difficulty. In Canada that industry is existing almost solely on the basis of government contracts and is, by general consent, I think, in serious need of rationalization.

With regard to the icebreaker program, I can tell the honourable senator that the government is now considering various options with respect to design and construction, and that the west coast yards figure very prominently in those options.

With regard to the preamble of the honourable senator, I draw to his attention and to the attention of the house that the Speech from the Throne read by Her Excellency yesterday afternoon noted that Expo '86 had been a focus of international attention that had brought pride and joy to millions of Canadians, and that the success of British Columbia's world exposition strikingly demonstrates the creative skills of our people. That is one paragraph in the Speech from the Throne among, I hope, many that will enjoy unanimous approval in Parliament and in the country. To that I would simply add—I

am sure on behalf of all honourable senators and of all Canadians who have attended Expo '86—our hearty congratulations to the government and people of British Columbia and to the people who organized Expo '86 for making of that exposition a resounding success that has done both British Columbia and Canada proud.

## AGRICULTURE

### GOVERNMENT ASSISTANCE—FEDERAL-PROVINCIAL DISCUSSIONS

**Hon. H.A. Olson:** Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. First of all, may I offer him my congratulations on his being appointed Leader of the Government in the Senate, but more particularly on his appointment as Minister of State for Federal-Provincial Relations. I think that this is a very good and useful position for the Leader of the Government in the Senate to hold, because it provides both the Leader of the Government and all other senators with assistance in carrying out our responsibilities as representatives of regional interests. I, therefore, hope that Senator Murray will be forthcoming in updating us from time to time on the discussions taking place between the officials of the federal government and the provincial governments on a number of matters that are of primary concern, or which may be topical from time to time.

Right now I can think of two very specific matters in my part of Canada that fall under that heading, and those are agriculture and energy and the depression in those two areas. I think it is particularly appropriate that the Speech from the Throne, as read yesterday, did make mention of both of those economic areas and referred to the fact that discussions were to be held with the provinces with a view to finding solutions to those problems, and particularly those in the agricultural area.

I wonder, therefore, if the Leader of the Government in the Senate can tell us what kind of discussions are taking place. In other words, what is the subject matter of those discussions? Are we talking about the debt load of farmers, or are we discussing some assistance in dealing with problems resulting from the severe harvesting conditions, or are the discussions more in the area of how to deal with the intense competition in world trade? That subject was also mentioned in the Speech from the Throne yesterday, particularly with respect to grains and what is being done by both the EEC and the United States in that respect. As I said, it would be helpful if the honourable minister could give us an update on those specific matters, and if he could, perhaps, set out generally how we should approach him in order that we can receive updating from time to time on how these matters will be resolved.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the Speech from the Throne has, I believe, sent a pretty strong signal to the farmers of western Canada and to our international competitors that the government intends to stand behind western farmers, confronted as they are with unfair competition from some of our international competitors.

[Senator Murray.]

As to the variety of other subjects that the honourable senator has raised, I can tell him that the federal Minister of Agriculture and his provincial counterparts have been working these past months on a common agricultural strategy for discussion at the First Ministers' Conference in Vancouver in November. If there is specific information required on any one of these subjects that the honourable senator has raised, I will be glad to refer the question to the Honourable John Wise.

I may take the occasion to say that in the Department of Agriculture—as in virtually every department of government—there are bilateral programs and bilateral discussions going on between Ottawa and the provinces in which I am not directly involved, and for which I am not directly responsible. My role is to act as an adviser to the Prime Minister on federal-provincial relations and, in particular, on constitutional matters, to chair a cabinet committee on federal-provincial relations, and to assist with first ministers' conferences and a number of other matters of that kind. Therefore, I am not directly responsible for the many scores of bilateral programs between provincial and federal departments. However, I will be glad to obtain as much information as I can for the Senate on those matters.

**Senator Olson:** Honourable senators, I thank the honourable minister for that much information, but I must tell him that at the conclusion it is almost as nebulous as it was at the beginning. In other words, you can throw the whole thing into the pot and say we are responsible for all of these things.

I want, first of all, to have clarification on his stated viewpoint that these matters can be passed to federal-provincial conferences. When can we have an indication of what will be on the agenda at the federal-provincial conference? For example, we know now that one of the most difficult elements of the agricultural problem in western Canada—and there are several—is the enormous debt service charges. I would like to ask the minister whether that matter is on the agenda.

Perhaps we could be a little more frank and open about this.

● (1440)

I could ask all of the specific questions. Could the leader tell us what they are dealing with at the moment? Are they dealing with that debt problem at the moment, or are they dealing with the international trade competition problem, or what? I think it would expedite our discussions if the leader were a little more forthcoming.

**Senator Murray:** As far as the agenda for the First Ministers' Conference is concerned, I trust that that will be settled shortly. That is the subject of ongoing discussions between the provinces, represented by Premier Getty, who is co-ordinating on that side this year, and the federal government. Officials have met and ministers have been in touch with each other. It should not be long before the agenda is settled.

I can say that agriculture will be placed on the agenda, because that item was left unfinished at the previous First Ministers' Conference, as were several others.

As far as discussions regarding specific problems in the domain of agriculture are concerned, I think my friend can

take it for granted that all of these matters are the subject of discussions between the federal minister and his provincial counterparts. They are all the subject of policy considerations by the Government of Canada.

With regard to the general commitments made in the Speech from the Throne, my answer must be that further information, elaboration and explanation will come when specific announcements are made by the ministers responsible.

**Hon. Hazen Argue:** Honourable senators, before asking a supplementary question, I wish to congratulate the leader on his appointment to cabinet. We got along nicely with his predecessor. I hope that that goodwill will continue; in fact, I am sure it will. Senator Murray conducted himself as chairman of the Senate Committee on Banking, Trade and Commerce in a commendable manner. I have confidence he will do exactly the same in the position he now holds in the cabinet and in the Senate.

My question is this: Can the Leader of the Government in the Senate hold out any hope to western farmers that in the near future the government will bring forward a program of deficiency payments for the grain producers? There was no mention of western farmers in the Speech from the Throne; I do not believe there was any mention of them, in any event. I am glad that the Leader of the Government mentioned western farmers.

There has been a major let down in western Canada because of the words used in the Speech from the Throne. There is a feeling that the Speech is so imprecise and nebulous that it really constitutes a declaration that there will not be deficiency payments announced in the near future. I would appreciate the leader's comments in that regard.

Bearing in mind his position in cabinet, I think it is important that he tell us where the government stands. I think he can be helpful in moving these things forward.

**Senator Murray:** I thank Senator Argue and Senator Olson for their kind words of congratulations to me on my appointment to the cabinet.

Honourable senators, Speeches from the Throne are framed in terms of more general commitments. I must say that I find it difficult to understand why the honourable senator would not have recognized in the Speech from the Throne what I call a very clear signal on the part of the government to western farmers and to our international competition—that is, that the government intends to stand behind western farmers in their efforts to confront unfair international competition.

As to how that will be done, when that will be done and what programs will be brought to bear, I am afraid my friend will have to be patient and wait for specific announcements from the responsible ministers.

**Senator Argue:** Those words are almost as nebulous, if I may say so, as those contained in the Speech from the Throne. There is a suggestion that steps will be taken to "alleviate personal hardship," and "my government will spare no effort in seeking to protect the interests of Canada's farming community." Does that mean there will be more speeches in the international arena? Is that what that means, or is there a possibility—at least a possibility—that there will be an announcement of major deficiency payments in the near future?

The Deputy Premier of Saskatchewan took the same flight I took to Ottawa. He was in Ottawa on Tuesday. The words contained in the Speech from the Throne indicate that he had precious little influence on the government. While it may or may not be known that he was in Ottawa, the Deputy Premier of Saskatchewan, the Honourable E. A. Berntson, had only one thing on his mind, politics, which is perfectly proper, because there is an election to take place in Saskatchewan. I know he is sincere in wanting deficiency payments announced in the very near future; I also know he is as disappointed as western farmers are because of the lack of action by the government.

**Senator Murray:** Honourable senators, I am sorry that Senator Argue did not see fit to preface his comments with some reference to the action that this government has already taken to improve the stabilization payments and to help farmers who are in financial difficulties. The fact of the matter is that western farmers—prairie farmers—this year will have received over $2 billion in transfer payments from the federal government. I tell the honourable senator that that is an increase in federal payments to western agriculture of over $1.5 billion on the average that existed from 1981 to 1984. So, I think the government's previous action in this respect is the best indicator of the government's good faith and of its future intentions.

**Senator Argue:** Honourable senators, I am surprised that the Leader of the Government in the Senate would bring those figures forward and say that that was the action the government took. The government could not help but put that money in the farmers' pockets, because that money was provided by the Crop Insurance Act and the Western Grain Stabilization Act, both of which have been on the statute books for a long, long time.

During the past few weeks what has the government done? It has removed the PGRT and has given $1.5 billion in tax revenue release and benefit to the big oil companies; 48 hours later the same government announced $46 million would be dispensed to 9,000 farmers to assist them in getting off their farms. That constitutes less than 3 per cent, but that is for the purpose of getting farmers off their farms. I think that is a very bad record and a great disappointment.

I can tell the Leader of the Government something else about that program that really upsets me; that is, if a family leaves the farm and goes to the city, the husband will receive $140 a week, the wife $28 a week and each child $14 a week. For a family of four or six, that is less money than they would receive on welfare.

Again, my question is: When is there going to be some action and when are the farmers going to get more than a slap in the face?

**Senator Murray:** Honourable senators, I have already answered the question inasmuch as there was a question. It is clear that the honourable senator wishes to debate the matter. I invite him to do so during the course of the debate on the motion for an Address in Reply to the Speech from the Throne.

GRAIN HANDLERS' STRIKE-LOCKOUT—PROGRESS OF NEGOTIATIONS

**Hon. Hazen Argue:** I have another question relating to agriculture: Can the minister tell us whether or not there has been any progress in the negotiations to end the grain handlers' strike-lockout at Thunder Bay? Does the leader have any indication that Mr. Kelly, the federal mediator, is making any progress in that strike-lockout at Thunder Bay?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I am advised by the Minister of Labour, the Honourable Pierre Cadieux, that the latest reports from Mr. Kelly are somewhat encouraging.

**Senator Argue:** I do not like getting political, because I do not have a political nature, but is the leader not aware that when there was a similar situation threatened in 1981 the Minister of Labour of the day, the Honourable Gerald Regan, appointed Bill Kelly to help mediate the threatened strike ten days before the strike took place? That strike was settled 16 days into it, but it took this government almost four weeks to appoint the same Bill Kelly to deal with a similar situation.

**Senator Murray:** Honourable senators, the government is perfectly ready to defend the steps it has taken and the time it has taken to take those steps after this matter has been resolved. Again, I invite the honourable senator to debate the matter at the appropriate time.

**Senator Argue:** But why did the government take so long to appoint Bill Kelly? Why did the government let the strike drag on for four weeks at an enormous cost when, if Mr. Kelly had been appointed earlier, I am certain the strike-lockout would have been over long ago?

• (1450)

**Senator Murray:** Well, I am interested to have Senator Argue's certainties recorded for posterity, but I tell him that the government is perfectly prepared to defend its position on this matter and we will do so at the appropriate time when this matter is resolved—which I hope will be soon—and I invite him to join the debate. Either I or one of my colleagues will speak on behalf of the government on this matter.

## INDUSTRY

AEROSPACE—ALLOCATION OF CF-18 SERVICE CONTRACTS

**Hon. Gildas L. Molgat:** Honourable senators, before I ask my question of the Leader of the Government, I would like to join my colleagues in expressing my sincere congratulations to him. He is taking on a major challenge—particularly in the field of federal-provincial relations. Those of us from the smaller provinces have a very particular interest in that area, and I certainly wish him well.

He will not be surprised, however, if I, as a Manitoban, express some regrets at the departure of Senator Roblin from that post. I have had the pleasure, or you might say the challenge, of trying to elicit information from Senator Roblin for some 30 years as we have sat across from each other, and I will miss that opportunity.

**Hon. Duff Roblin:** With most reasonable influence.

**Senator Molgat:** I will now come to my question. There was a good deal of discussion earlier this year about the awarding of the contract for the overhaul of the CF-18 aircraft. All indications were that the Bristol Aircraft Company, in Winnipeg, was to get that contract. Recently there have been a number of speculative stories which indicate that this is not to happen, that the contract will be going to Canadair in Montreal. I wonder if the minister can give us any information on the matter, where it stands, and also if he can tell us when it might be resolved.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my information is not very current on that matter. I shall look into it and report back to the honourable senator.

## OFFICIAL LANGUAGES

PROPOSED LEGISLATION—ANTICIPATED DATE OF INTRODUCTION

**Hon. Dalia Wood:** Honourable senators, my question is to the Leader of the Government in the Senate. Yesterday in the Speech from the Throne there was mention of legislation with regard to the Official Languages Act. Can you tell us when we can expect this legislation, please?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I can only say that it will be brought forward in the course of the current session of Parliament.

## BRITISH COLUMBIA

ALLOCATION OF FEDERAL GOVERNMENT CONTRACTS

**Hon. Raymond J. Perrault:** Honourable senators, I neglected to mention, when I was first on my feet this afternoon, the fact that we have a new Leader of the Government in this chamber, and I, together with my other colleagues, want to join in wishing the new leader every success in his post. We also wish to thank the distinguished former leader who did such a proficient job on behalf of the government. Defending the government is a difficult task these days, and I do not underestimate the challenge it poses.

I have a brief question. During this summer one of the Conservative members of Parliament from British Columbia, Mr. Robert Wenman, of the Fraser Valley, aspired to become the new Premier of British Columbia. He ran for the Socred

leadership. Despite the generous offer of his services, his services were found not to be needed by the delegates, so now he is back in the House of Commons.

During the course of his campaign, he emphasized that:

> British Columbia . . . is receiving a disproportionately small share of federal contracts.

He added, "They are being shortchanged by my government."

I would like to ask the Leader of the Government whether he has discussed with his colleague from British Columbia the ways in which British Columbia apparently is being shortchanged by this government. Second, I want to ask the Leader of the Government this question: The new Premier of British Columbia, Mr. Vander Zalm, has stated that despite the fact that British Columbia is the third largest province in Canada, only 3 per cent of federal government procurement is undertaken in the province of British Columbia. He said that that number has declined by 3 per cent under this government.

I would like to know whether that figure is accepted by your government or is challenged by your government, and, if it is challenged, what is the correct figure?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, as the former leader of the Liberal Party in British Columbia will know, there is now an election under way in that province and I would not like to be drawn into the election rhetoric there.

As for the statements that he attributes to Mr. Wenman, the member of Parliament, and to Premier Vander Zalm, I must admit that I have not seen those statements. I would have to look at them to try to verify, if possible, the information and the statistics that have been used. Otherwise, I do not think it would be prudent for me to comment at this time.

## JUSTICE

### CANADA COMMISSION OF INQUIRY ON WAR CRIMINALS—STATUS

**Hon. Stanley Haidasz:** Honourable senators, I would like to ask a question of the Leader of the Government in the Senate. Last summer the government extended to the end of September the mandate of the Deschênes commission of inquiry into the possibility that Nazi war criminals are residing in Canada. Can the Leader of the Government tell us whether the government has been given this report of the Deschênes commission, or has its mandate been extended again?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I believe there was an announcement from the honourable Minister of Justice or from the Prime Minister within the last day or two to the effect that the Deschênes commission has been given an extension until the end of November.

**An Hon. Senator:** Six weeks.

**Senator Murray:** I beg your pardon, six weeks, in any case, to complete its work. This is not a question of further public hearings but a matter of preparing the report.

**Senator Haidasz:** Can the Leader of the Government assure us that this is the last extension, because it has received three or four such extensions and many Canadians are already concerned and are having doubts about the work of this commission.

**Senator Murray:** Honourable senators, we hope, expect and believe we have an undertaking from the commission that this is the last extension and that the final report will be in on the new due date.

## IMMIGRATION

### REFUGEE STATUS—GOVERNMENT POLICY

**Hon. Stanley Haidasz:** I have another question for the Leader of the Government in the Senate. News reached the west this morning that there are 600 buses carrying about 29,000 refugees from Iran moving towards Western Europe. I would like to know whether the government is apprised of this development and whether we can expect some type of clear announcement about Canada's true policy on refugees and the prevention of abuses before receiving the comprehensive legislation on refugee determination which was promised yesterday in the Speech from the Throne.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I will have inquiries made of the Minister of Employment and Immigration.

## THE ENVIRONMENT

### DISPOSAL OF RADIOACTIVE WASTE

**Hon. Andrew Thompson:** Honourable senators, I would like to ask the Leader of the Government a question. Before doing so, I wish, as others have done, to offer my sincere congratulations to him. He has certainly set his stamp in the Senate as he has in other areas, and we recognize his formidable talents.

At the same time, I would like to pay my respects to the former leader, as I did when I was a very young man out in Manitoba and saw him perform. I think he made a great contribution while he was leader in the Senate.

I am prompted to ask my question because of the Speech from the Throne and the reference to a "new Environmental Protection Act." I hope you will indulge me by permitting me to make a little preamble to my question.

Canada is like all the other industrial nations which are using nuclear power, and it is grappling with the awesome problem of establishing a permanent site for both low-level and high-level radioactive waste. I use the word "awesome", because no level of radioactivity—natural or man made—has been established as being safe and because scientists define "permanent" as ensuring safety for human health in the environment for the next 10,000 years.

• (1500)

I know that the Right Honourable the Prime Minister is deeply concerned about the selection of the first permanent site for low-level radioactive waste, and rightly so. I saw a letter which he wrote on August 21, 1984, with reference to the Port Hope area in which he said that Mr. Lawrence, the MP for the area, had stated that Eldorado Nuclear Ltd. waste should be removed from major population areas and kept well away from any major water resources such as Lake Ontario.

At present Eldorado Nuclear Ltd. is presenting one site in the agricultural area of Tyrone near the main source of drinking water for the town of Bowmanville, which is located on the edge of Lake Ontario. This site is 15 miles away from Eldorado's other waste sites which are suffering seepage problems.

This one site proposed by Eldorado will involve the Atomic Energy Review process set up by this government, and an intensive series of hearings will be held before a panel of eminent experts. These hearings will also involve time, expertise and financial costs not only for Eldorado but also for the municipal government, the federal government and for community representatives.

My question to the Leader of the Government is: Because this selection will involve the first permanent site in Canada for low-level radioactive waste, and because of the costs in time, expertise and money involved in the lengthy hearings, would the government consider directing Eldorado, which appears to have confined its search to a 15-mile radius, to present more than one site for this selection process?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** At the outset, honourable senators, I wish to thank the distinguished senator for his kind words and express the pleasure that all of us feel in seeing him here after his having been laid up for some time.

He has made representations to the government and, particularly, to the Ministry of the Environment regarding Eldorado. I shall undertake to see that that minister is made aware of those representations and that he replies in due course.

## POST-SECONDARY EDUCATION

### FORM OF PROPOSED NATIONAL FORUM—"EQUALITY OF OPPORTUNITY"

**Hon. Joyce Fairbairn:** Honourable senators, I should like to address a question to the Leader of the Government in the Senate and note, in passing, that he is also the Minister of State for Federal-Provincial Relations.

One paragraph that struck me in the Throne Speech yesterday was the one which touched on the government's strong commitment to post-secondary education. Could the Leader of the Government indicate to me what form the national forum proposed for next year, as mentioned in the Throne Speech, will take? Will it be a federal-provincial forum or will it encompass other groups? Will it be a one-shot deal or will it be seen as an ongoing instrument?



**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am glad to have this opportunity to say a word about that proposal in the Throne Speech.

If there is any concern on anyone's part, let me reiterate that we respect scrupulously the exclusive provincial jurisdiction in the field of education. Nevertheless, the federal government constantly receives representations from all parties whom we assist financially or otherwise with this or that aspect of post-secondary education.

The Secretary of State has been invited to meet with the Council of Ministers of Education. We receive representations from the Canadian Association of University Teachers, the Association of Universities and Colleges of Canada, and the Social Science Federation of Canada in regard to the matching-grant policy of the federal government and its impact on the humanities, and so on.

It occurred to the government that it would be useful, indeed, if all the players, not just the federal government and the provinces but the post-secondary institutions, the other interested groups and citizens could be brought together in a forum to discuss the issues. This would not be a federal-provincial conference and it need not be held under our auspices. We would be very pleased if it were to be held under the auspices of, let us say, the Council of the Ministers of Education or, indeed, some non-governmental body. It is a proposal that the Secretary of State will be discussing with his various interlocutors in the provinces and in the post-secondary education field in the weeks to come.

**Senator Fairbairn:** I have a supplementary question for the Leader of the Government in the Senate. I appreciate the constitutional considerations on this issue. However, I would also hope that with this strong commitment on the part of the government goes a willingness to take a leadership role in dealing with this issue with the provinces.

The one phrase which struck me in the Throne Speech was the phrase, "equality of opportunity." I would like to know whether the government is using that phrase to express its commitment not just to the equality of opportunity of students in Canada to get a post-secondary education in a financial sense but also in the sense of students being able to opt into educational systems across the provinces in an equal fashion.

**Senator Murray:** The government shares the preoccupation of my honourable friend, which has featured in a number of reports, as she will know, from various parliamentary committees in recent years.

**Senator Fairbairn:** I should like to follow directly upon that and ask the Leader of the Government the following question: In addition to the idea of a national forum, would the government, through him, not consider the recommendation in the Senate Youth Committee Report which recommended a national task force on the co-ordination of educational opportunities in this country? We envisaged in that report the provinces

and the federal government co-operating to try to work out a system of equalizing qualifications across the country.

It seems to me that that might be something which could proceed or go on independent of any national forum. The problem has certainly been around for a long time. I ran into it myself 26 years ago when coming from the University of Alberta to Carleton University. I suggest that the problem has, if anything, intensified in the last two or three decades. Such active involvement on the part of the federal government with the provinces might go a long way towards encouraging students across the country whom we are asking to find jobs, but who are impeded by the educational system from getting the proper scholastic training and knowledge.

**Senator Murray:** I will keep those comments in mind and undertake to bring them to the attention of the Secretary of State.

## TRANSPORT

### CLOSING OF CN SHOPS, MONCTON

**Hon. L. Norbert Thériault:** Honourable senators, I want to join with other senators in congratulating the Leader of the Government on his appointment. Due to the apparent weakness of the ministers who represent the Atlantic provinces in this government at the present time, I express my hope and wish that the Leader of the Government in the Senate will not forget those of us who live in the province of New Brunswick.

More specifically, my question relates to the tremendous impact the closing of the CNR shops is having on the city of Moncton and the province as a whole. More specifically, I refer to the negotiations, which were broken off last Friday or Saturday, between CN and its unions regarding the possibility of a contract which would permit CGE to purchase the shops and start an industry. Can the Leader of the Government in the Senate tell us if the government is following these negotiations? Has he anything to tell the people of New Brunswick respecting these various important subjects?

• (1510)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, it is a fact that a few weeks ago the federal government established a three-year, $4 million special initiative for that area. However, respecting the negotiations that are now under way, as the honourable senator has noted, three of the seven unions involved have walked away from the negotiations; they have refused to negotiate. I can only express the hope that the matter will be resolved and that an agreement can be reached before the deadline, which I understand is October 15.

**Senator Thériault:** Honourable senators, although I thank the minister for his answer, he has not said very much. That has been the problem for the past couple of years regarding the closing of those shops.

I do want to stress the importance of that industry to New Brunswick. The closing of the shops in Moncton is possibly the most severe blow to New Brunswick in the past 40 years.

**Senator Murray:** How many years?

**Senator Thériault:** Forty years.

**Senator Murray:** Forty?

**Senator Thériault:** Yes. The shops in Moncton became an institution of that province. They represented employment not only to people in the city of Moncton but to people in all of the surrounding areas. The degradation of CN in New Brunswick is felt not only in Moncton but all over the place, as I am sure my colleagues from New Brunswick can attest to. It is a severe shock to the people of New Brunswick.

I am sure that the minister is aware of the seriousness of this affair, yet all he can offer by way of a solution is the information that $4 million will be spent over three years. I think that if the minister cannot mention anything more substantial than $4 million spread over three years to replace the loss of over 1,200 jobs, then he should not mention anything at all. Perhaps he should say that the government is hoping to do something more worthwhile than spend $4 million over three years. We in the Atlantic provinces are not that gullible, although the Minister of Transport may think that we are.

**Senator Murray:** Honourable senators, it is obvious from the tone and content of the question—if it was a question—that the honourable senator wishes to debate the matter, and I invite him to do so at the appropriate time. It is good, however, to be precise about these matters. The figure that I have in front of me indicates that there are at the CN shops some 1,022 jobs. My information is that Canadian General Electric would employ some 300 people, that CN will transfer to the Gordon yards 150 people, that some 130 people will remain in the shops in administration and that some 200 are being transferred to other places. That leaves for possible layoff, but also for possible retraining or early retirement, 237 employees.

**Senator Thériault:** Honourable senators, the minister has explained those figures. I thought there were 1,200 jobs, because I was thinking in terms of the last two years. Two years ago there were more than 1,200 people working at those shops. If anyone wishes to discuss the subject with them, the employees will say that they are worried to death about the transfer of 150 jobs to the so-called Gordon yards, because they know that in the long run the work will not be available to them. If they stay there, it means that other people will lose their jobs. Without the involvement of CGE approximately 1,000 jobs will be lost to the Moncton area, and with the involvement of CGE that figure will still be over 400. If the minister wants to debate the matter, and if he feels like the Minister of Transport does that this problem is nothing, that is one thing. But my question is: Does he really believe that $4 million spread over three years will begin to compensate for the loss of all of those jobs?

**Senator Murray:** I do invite my honourable friend to raise the matter during the debate on the Address in Reply and we shall debate it.

## PAROLE

RELEASE OF INMATES

**Hon. Azellus Denis:** Honourable senators, I direct my question to the Leader of the Government in the Senate. Of the many important problems to be resolved in these days, according to the government, one of the most important was related to the delay of the liberation of prisoners. That was so important that it needed a special sitting of Parliament. Can the Leader of the Government tell us how many prisoners have been released on mandatory supervision since the passage of Bill C-67? I would like to know how many prisoners who were promised release on good behaviour were refused that release by the Parole Board due to the passage of that bill during the special sitting. How many of those prisoners have been refused their liberation?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, Senator Denis is asking for information that is really statistical in nature, and, according to our rules, it should be placed on the order paper in the form of a written question.

**Senator Denis:** I will do that.

**Senator Murray:** I will see what information can be released on this matter by the government.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, a question of that kind can be put in written form, but it seems to me it can also be put orally. In any event, the senator has undertaken to put the question in writing. I simply wanted to say that I do not think the question was out of order.

**Senator Murray:** I believe there is a rule that states quite clearly that questions of that kind should be put in written form and the information brought in in that way.

**Senator Frith:** Yes.

**Senator Murray:** As I say, such questions can be put orally, and I suppose that they can be answered orally if the minister is walking around with all of those statistics in his head, which this minister is not.

**Senator Denis:** Honourable senators, I felt that since a special sitting of Parliament was called to deal with that problem, and since it was so urgent, the government should know the number of prisoners who were refused release after having been promised their release on good behaviour. I thought that, since it was so important an issue that the government called for a special sitting, even if it were a written question, in a day or two we could get that information. I do not think there are hundreds of those prisoners, so it would be easy to inform the house of how many of them have been released on mandatory supervision. This is very important, because those prisoners have been promised release on mandatory supervision and, because of the passage of that bill, the Parole Board can now refuse to release them.

**Senator Murray:** Honourable senators, the government does have this information, but the Leader of the Government in the Senate does not have those figures in his head and he will undertake to obtain that information.

With regard to the exchange between the Deputy Leader of the Opposition and me, I direct his attention to rule 20A(1).

**Senator Frith:** I am looking at it.

**Senator Murray:** That rule reads:

> (1) A question described in paragraph 20(1)(*a*), or (*b*)
>
> (*a*) that seeks statistical or other information not readily available, or
>
> (*b*) to which an answer in writing is desired,
>
> shall be sent in writing to the Clerk of the Senate to be placed on the Order Paper until answered.

**Senator Frith:** Yes, and the justification for that is that the information is not immediately available. The rule to which the Leader of the Government has referred, therefore, has to be read with rule 20(3), which reads:

> (3) If an oral question cannot be answered immediately, the senator to whom it is addressed may take the question as notice.

I think those rules have to be read together, and I think it is quite in order that the question be asked orally. It is in order for the Leader of the Government to ask the senator putting the question if he will do so in writing, but it is also open to the government leader to say that he will try to get the information.

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• (1520)

[*Translation*]

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

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

**Hon. Michel Cogger,** seconded by Hon. E. W. Barootes, moved:

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

He said: Honourable senators, before starting my speech, perhaps I may take a few moments of your time to pay special tribute to a Canadian woman who, like so many of us, decided

to dedicate her career to serving the government and the Prime Minister.

Honourable senators probably read in the press about the tragic death last week of Michèle Bédard, formerly advisor to the Prime Minister on women's issues. Mrs. Bédard brought to this task a thorough knowledge of our society, acquired both academically and through personal and professional experience, all of which was rewarding both for herself and the people in her environment.

Her tragic death marks the loss of an old friend.

The Prime Minister has lost a loyal and dedicated collaborator whose judicious and enlightened advice was instrumental in guiding the course of policies initiated by the government.

I know I speak for all senators in extending to the children of Mrs. Bédard and the other members of her family our feelings of profound sympathy.

Honourable senators, as were all others before me, I am grateful for the honour bestowed on me when I was invited to move the motion for an Address in Reply to the Speech from the Throne.

And as was also the case for many of my predecessors, it is the first time I have been given an opportunity to speak in this chamber. I of course had occasion to take part in the business of this chamber before the summer recess, more specifically in the work of some of the committees. I was able to work with several honourable senators and I could appreciate the diligence, wisdom and experience they brought to their task.

Like so many members of this chamber, I came to the Senate after years of experience acquired working for a political party and its leaders.

I realize that I am in good company here on both sides of this chamber, and I must say it is a pleasure. My past experience will probably be the basis for my participation in our debates and our work. Moreover, my contribution will always be marked by sincerity, dedication and diligence, within the modest limits of my capabilities.

The Speech from the Throne delivered yesterday by Her Excellency marked, it seems to me, a decisive stage in the life of this government. Half-way through its term, it offers Canadians a new legislative agenda, to improve continuity and to increase action in areas that received less attention during the first session.

The government has had to continue its action in all sectors of our economy. The figures are eloquent. The economy has reacted well to initiatives taken in the last two years. Whether we are talking about interest rates, the rate of inflation, the unemployment rate, the situation of Canada has improved considerably during the first half of this government's term.

But that is not enough. The situation inherited by the government was so disastrous that there was a lot of catching up to do. The task was enormous, and the government had to work twice as hard.

We cannot slacken now and we must continue these efforts. And that is what the government has decided to do, after yesterday's proposal to take measures aimed at improving the competitive position of Canadian businesses on international markets, at improving the equality of the job environment, stimulating research and development and improving access to businesses and financial institutions, including co-operatives.

Consistent in its thrust, the Speech from the Throne indicates to us that the government will continue to implement its measures to restore financial health to Canada and thus create a more favourable climate for expansion, growth and the prosperity of all Canadians.

Just as significant as this economic commitment, yesterday's Speech from the Throne included an equally promising social justice objective.

The legislative agenda which has been set forth before both houses is ambitious. It fulfils the two major objectives of this legislative program. First of all, it will support and strengthen existing measures aimed at safeguarding the family while making it easier for women to have equal access to the labour market. The series of measures already announced will complete this legislative program.

Secondly, the other objective—just as important—will be achieved by reinforcing all measures of a primarily preventive nature, specifically those whose main purpose is to do away with the most obvious abuses which still plague our society. By that I mean the legislation related, for example, to prostitution, pornography, drug and alcohol abuse, the protection of women and children who are victims of violence.

The government is courageously and resolutely committed to restoring the quality of our environment and of our life, yet it is ever mindful of its basic responsibility to provide assistance to the underprivileged in our society.

During the next few days of debate on the Speech from the Throne, other senators—first the Honourable Senator Barootes, of course—will have an opportunity to lay more emphasis on various aspects which I may have missed in these short remarks.

On the other hand, as a senator from Quebec, I could not address this house without highlighting the commendable and sustained efforts of the government with respect to national reconciliation.

The Speech from the Throne reminds us that important questions have yet to be finally settled and remain on the agenda.

In this field, it seems to me that we must step up our efforts to put an end to the alienation felt by the Province of Quebec as a result of the 1982 Accord. We must also strive to fulfil the commitments concerning native people which the federal government and nine provinces made pursuant to that Accord.

On behalf of the government, the Right Honourable the Prime Minister has promised that he will spare no efforts to make sure that Quebec will, as he put it, resume with enthusiasm and dignity its rightful and important role as a full partner in the confederative agreement.

Inasmuch as it has greatly improved relations with the provinces over the past two years, the Mulroney government has set the course towards an active quest for national reconciliation.

Mr. Bourassa's government formulated five conditions for Quebec to become a signatory to the constitutional agreement. In mid-July, the Prime Minister invited all provincial premiers to take part in preliminary talks, to be followed by formal negotiations based on those five conditions.

At their meeting in Edmonton last August, the First Ministers made a positive announcement. They agreed to make reaching an agreement with Quebec their constitutional priority. They agreed to pursue the process proposed by the Prime Minister, a two-stage process which would first consider Quebec's full participation and, second, the constitutional question as a whole.

Honourable senators, for the first time in nearly 20 years, Ottawa has a truly national government, both through its membership and its perspective or vision. All provinces expressed a desire to finish the task that had been left undone in 1982. We can only hope that progress made in recent months will continue and that all partners will maintain the political will to act quickly.

As for the commitment to native peoples, the 1982 agreement provided for a new round of negotiations between native representatives and those of the federal and provincial governments. These talks will mainly concern the issue of self-government.

Under the leadership of Prime Minister Mulroney, the 1985 First Ministers' Conference came very close to an agreement on an amendment that would have resulted in this right to self-government. In 1987, in a few months, a new meeting will be held on the same subject, still on the basis of the mandate given in 1982.

We can only hope that all partners will approach the issue with the firm resolve to succeed and with the genuine will to understand the legitimate concerns of the other parties, and so pave the way to an agreement. Quebec's approval of the constitutional accord and our commitment to native people have a number of things in common. These issues go back further than 1982 and are rooted in our common history on Canadian soil.

These are truly major issues, and we who take part in Canadian public life may have the rare distinction and privilege not only to consider them but to deal with them once and for all in the course of this new parliamentary session.

● (1530)

[*English*]

Honourable senators, I doubt that the views I have just expressed on the Speech from the Throne will be shared in their totality on both sides of the house.

**Senator Frith:** A well-founded doubt!

**Senator Murray:** Don't let that bother you.

[Senator Cogger.]

**Senator Cogger:** However, the legislation that will be brought before us will be the object of thorough study, for which this chamber and its committees are so justly reputed. More particularly, on this all important matter of national reconciliation, I believe that the efforts of the government are deserving of all the support this chamber can offer, and I know that the Prime Minister and his colleagues can count on it. I thank you very much for your kind attention.

**Some Hon. Senators:** Hear, hear.

**Hon. Efstathios William Barootes:** Honourable senators, as I was entering this chamber, one of my senatorial friends asked me if I would be short. I must point out to him that I am about five feet eight inches and the mover of the resolution is only five feet six and a half inches. Today is a triumph for the "shorts".

It is with a sense of profound pride that I exercise a special privilege, that of seconding the motion for the Address in Reply to the Speech from the Throne opening the Second Session of the Thirty-third Parliament. Witnessing yesterday's solemn ceremony, with all the symbols and traditions that represent the foundations and the very roots of our democratic parliamentary system, was a very moving experience. I was touched by the dignity of the occasion and the inspiring presentation of Her Excellency, our Governor General. Perhaps some honourable senators are not aware of the fact that Madame Sauvé is a native of my province, having been born in Prud'homme, Saskatchewan. About three weeks ago she spent the best part of a week visiting in our province, and gave generously of her time to many public events and in many areas. Included in these was the opening of our new Regina airport and, subsequently, in a very impressive ceremony, she formally delivered the coat of arms to our province by Royal Warrant. Her Excellency's charm and grace, her beautiful dignity and quiet humour delighted and captured the hearts of everyone who met her.

● (1540)

The following week another native son was given homage and recognition. I refer to the celebrations at the unveiling of the bronze statue of the late Right Honourable John George Diefenbaker. Mr. Diefenbaker was thrice Prime Minister of Canada and his career and contribution to Canadian life will remain in reverent memory as long as this country and my province exist.

It is a particular privilege for me to follow and support the motion of my old friend, Senator Cogger, who spoke so eloquently in moving the motion for an address in reply to the Speech from the Throne, and I heartily congratulate him. When one thinks of that recent visit of Her Excellency, coupled with the Diefenbaker unveiling in Ottawa, there is some sort of appropriate symbolism in having a senator from Quebec and myself from Saskatchewan join in supporting the Speech from the Throne. Such events and actions help to bind our two provinces even closer together in this confederation.

The occasion also allows me to be among the first to record officially my congratulations and best wishes to the Honourable John Fraser, the first elected Speaker of the other place.

**Senator MacEachen:** That is not right.

**Senator Barootes:** I know that I express the goodwill and respectful regard of all honourable senators, and wish him well in his new duties.

**Senator MacEachen:** The house always elected speakers.

**Senator Barootes:** Perhaps you will allow me also to express my personal respect and admiration for the Honourable John Bosley for the dignity, integrity and honest care which he brought to that office. May I also add that I interpret my selection as seconder of the motion for an address in reply to the Speech from the Throne not only as recognition of my province but also as recognition of the 250,000 Canadians of Greek ethnic origin who now constitute 1 per cent of the population. It is a group to which I proudly belong.

In being chosen to second this motion, I felt a great deal of humility as I read the speeches and the names of those who had so eloquently addressed this senatorial chamber on previous occasions.

There are several changes in this house that are worthy of personal comment. First, I want to welcome in our midst Senator Atkins whose legendary skills and qualities need no elaboration from me, and I know all senators join me in looking forward to his participation in our deliberations.

**Senator Frith:** Yes, and he is now out exercising them at this very moment.

**Senator Barootes:** Second, I wish to salute our trusted and worthy new leader, Senator Lowell Murray, who by experience and character is well suited to the duties and responsibilities of his office. He has a proven record, and will serve Canada well as Minister of State for Federal-Provincial Relations. All senators, sir, applaud and congratulate you.

**Senator Frith:** We are withholding our applause until the end, as they say.

**Senator Barootes:** Third, if I may, I would like to express my enduring admiration and eternal gratitude to Senator Roblin whose stalwart leadership, impeccable credentials, unquestioned integrity and gracious manner taught me the traditions of this chamber. I thank him for the infinite patience and tolerance that he has shown to me in particular, but also to all of his colleagues in the Senate.

Finally, may I extend to Senator Neiman a warm and sincere welcome back to this chamber.

This debate offers us the opportunity to review the recent record of the government and of this Senate and to anticipate the future. Honourable senators, contrary to public reports, there are a number of efforts and initiatives from this last session of which this chamber may be properly proud. Members of this chamber have applied their considerable and wide experience in an assiduous and most diligent manner to ensure that legislation is carefully and microscopically analyzed with knowledgeable witnesses at the committee level. Care has also been taken to ensure that the basic thrust of government intent can be carefully defined and refined within those pieces of legislation.

Care has also been taken to ensure that legislation is such that the departments and agencies of government can execute and administer it without ambiguity or equivocation; that when there are amendments worthy of inclusion, they are considered and often included in the original tabled bills; that major, nation-wide problems are thoroughly studied by various committees and by knowledgeable and keenly interested senators with long-term experience in such matters.

On that work, this chamber is expert. It is a pity that the public, through the media, regard as of consequence only those formal sittings of this chamber which, in truth, constitute only a small segment of our work, and one that is is actually a less time-consuming part of our duties.

It is most gratifying to hear from the many organizations and citizens who bring briefs and present viewpoints before our 18 standing committees and subcommittees as to how deeply they appreciate the obvious expertise, the piercing inquiry and the depth of knowledge of the members of the Senate committees who question them.

Lest the organs of news dissemination have overlooked some of the accomplishments and achievements of this Parliament, allow me to merely touch on a few in which this chamber, the other place and members of all parties may take credit, and Canadians take some comfort.

1. 600,000 new jobs have been created in less than two years. This, I believe, is more than in any comparable period in our history.

2. Unemployment, though still considerable and unacceptably high, particularly in some regions and in some economic sectors, has been reduced overall from 11.7 per cent in 1984 to 9.7 per cent in 1986. This drop exceeds the forecasts made by Brian Mulroney in his election campaign.

3. The prime lending rate has fallen from 13 per cent-plus to around 9.25 per cent, giving stimulus to the economy and helping to safeguard small and large borrowers from the fear of losing their businesses or their homes. Mortgage rates, in fact, are at less than half the peak they reached a few years ago.

4. Inflation rates have not quite been "wrestled to the ground," to requote a phrase. They have, however, dropped from highs in the 12 per cent bracket to around 4 per cent, thus saving this country from becoming a bankrupt Third-World economy.

Honourable senators, these are indisputable facts. The depressed economy of 1982-83, however caused, has been reversed and, despite pockets of economic stress, we are in an upturn of about two years' duration. Some critics may not wish to give credit to the administration or to this Parliament for the improvement. However, in that case they must not howl for the government's skin if an adverse reversal occurs. If Ottawa is blamed for recessions, is Ottawa then not equally entitled to take credit for the upturns?

I shall go on with the record. Wait for it.

5. The constantly-rising annual deficit, mounting each year from 1975 to 1984, has been reversed. The bright red ink—

**Senator Steuart:** Except in Saskatchewan.

• (1550)

**Senator Barootes:** Thank you. The bright red ink has taken on a less brilliant hue. Though many may wish this trend could be accelerated, and perhaps it shall, it must be done gradually, moderately and carefully so as not to dislocate the economic environment—which was established in the prior 20 years—upon which our people and businesses have become dependent.

6. You will stand and cheer for this one: the Minister of Finance has proven himself an outstanding example of fiscal responsibility—

**Some Hon. Senators:** Hear, hear.

**Senator Barootes:** —exhibiting prudence, fairness, social sensitivity, acumen in business concerns, and has restored confidence in Canada in the international financial markets, as well as acting sympathetically to the concerns of the provinces.

**Senator Steuart:** I'll buy most of that.

**Senator Barootes:** 7. The National Energy Program, the NEP, has been dismantled, removing a huge burden from the oil and gas industry, lowering costs to consumers and giving a push to our productivity and enhancing our competitiveness in world markets.

Recent removal of the iniquitous revenue tax, the PGRT, 30 months earlier than anticipated, when coupled with the anticipated provincial royalty revisions which are anticipated, will be a welcome and timely relief to the western oil industry, especially in Alberta. It may be sufficient to avoid many bankruptcies and restore some employment in the exploration field, and this will occur as we await the fate of world oil prices in a market over which we have no control.

It is significant to note that producers in western Canada, although suffering terribly, support and praise the dismantling of the NEP and the deregulation of the industry. They prefer the freedom of the marketplace, however difficult, to the autocratic regulations of government controls.

8. In agriculture, massive assistance has been provided, usually dovetailed to matching assistance at provincial government levels. For three years agriculture has been troubled, especially the grain and livestock sectors in western Canada, not to overlook or exclude the problems of potato, sugar-beet, fruit, dairy and tobacco farmers elsewhere in Canada.

Until this year drought, plagues of insects and grasshoppers, diminishing markets, depressed and falling grain prices have combined with rapidly rising input costs that have virtually devastated agriculture on the prairies. Realizing that almost 50 per cent of my province's economy stems from agriculture and food production, you get some idea of the impact on the provincial economy.

And how has our federal government reacted to this agricultural and farm crisis? I hope that Senator Argue takes note of this: I would say magnificently and providentially. Since October 1, 1984—

**Senator Steuart:** Are you living in the same world?

[Senator Barootes.]

**Senator Barootes:** Since October 1, 1984, the federal government has legislated—

**Senator Steuart:** Would you answer a question?

**Senator Barootes:** I shall try to answer Senator Steuart's questions later.

Since October 1, 1984, the federal government has legislated, enacted and undertaken no less than 282 measures and announcements to assist farmers and farm groups across Canada. This commitment amounts to no less than $5.2 billion in aid to agriculture in Canada, not including benefits from lower interest rates. If Senator Argue would like, I will read the 282 measures, but I would like to spare other honourable senators that.

Other provinces, as well as Saskatchewan, have reacted similarly in concert with the federal government, reinforcing the assistance to ensure that every bit of help is offered to farmers whose equity by any stretch of the imagination is deemed to be worthy of survival. Farm groups, financial institutions and governments at all levels have provided splendid co-operation and support.

Without fear of contradiction, I can say that no government in the history of Canada, or in the history of Saskatchewan, has done as much for the farming sector as have these present governments in the last two years. They have literally gone to the wall for farmers, and, if I may say so, I hope those worthy people will never forget it, particularly in this year of an election in Saskatchewan.

The Saskatchewan provincial government has endured a considerable deficit, as my honourable friend knows, to ensure that farmers can stay on their land to continue farming. Our premier is prepared to go another mile, if necessary, to ensure such survival, even if it means further deficits. It is that vital to our province and to Canada as well because 60 per cent of the grain raised for export in this country comes from that one province.

Is it not ironic, honourable senators, in view of this statistic of 60 per cent of export grain being produced in Saskatchewan, that the Canadian Wheat Board, the Board of Grain Commissioners, the Rail Transportation Group, the allocation of grain cars and most if not all of the agencies involved in grain transportation and marketing are located in Winnipeg, Manitoba, a province which produces only 10 to 15 per cent of that product? Perhaps by similar logic, and somewhat cynically, I could suggest that it would make sense to locate the Saltwater Fish Marketing Board in Saskatoon.

Canada faces a difficult situation caught in the crossfire between the European Economic Community and the United States subsidization of grain exports at fire sale prices. I, like all other western listeners, and I am sure Senator Steuart, was excited and delighted that the first domestic issue addressed in yesterday's Speech from the Throne was the definite commitment "to protect the interests of Canada's farming community in the face of unfair pricing and subsidy practices conducted outside of our borders."

**Senator Steuart:** Great words, but I want to see some action.

**Senator Barootes:** I know that the details of, the extent of and the nature of this kind of support cannot be immediately specified until the harvest is completed and consultations with the provincial governments can be held, but the commitment is there, it is unequivocal and it is binding.

**Senator Steuart:** You are a great talker, but I want to see some action.

**Senator Barootes:** All of western Canada can count on federal support, and I want you to spread that good word when you get back to Saskatchewan.

**Senator Steuart:** I will get back to you in a minute; you are making me sick.

**Senator Barootes:** Already! There is more to come.

Perhaps with the opening of Parliament, something further can be done to alleviate the damage by the strike-lockout at the Lakehead which is, once again, crippling the credibility and stability of Canada as a grain-exporting country, and before we lose precious sales contracts. At noon today in Ottawa a new wheat sales agreement was signed with the Russian delegation. I am sure the west will be pleased to hear that.

To carry on with the list of parliamentary achievements not entirely recognized by the media and perhaps by some Canadians:

9. FIRA, the Foreign Investment Review Agency, or as it was known coloquially, the Foreign Investment Rejection Agency, has been replaced appropriately by Investment Canada.

10. Divorce acts have been suitably updated to meet modern social necessities, to help remove the stigma of blame and to restore a balance of fiscal responsibility between spouses. Senate suggestions were appropriately included in the legislation.

11. Discrimination in the Indian Act has been removed and the beginning of self-government restored to Indian bands. Further, the Speech from the Throne promises the convening of a third First Ministers' Conference on Aboriginal and Constitutional Affairs.

12. Seven women are now deputy ministers and a good start has been made in affirmative action programs to help provide equality of opportunity in government and in corporations who deal with government. The Speech from the Throne undertakes several further initiatives for the "advancement of women in government," for a concerted approach to child care, for the issues associated with family relationships, working parents, battered women and child abuse;

13. The federal government has developed some leaders of great ability in their fields: Joe Clark in External Affairs. Everyone is in praise of his performance as our Foreign Affairs Minister and have said that they have not been handled as well since the days of Lester B. Pearson. Mike Wilson in Finance, Don Mazankowski, Marcel Masse, Flora MacDonald, Barbara McDougall, Pat Carney, John Crosbie, Ray Hnatyshyn and our own Lowell Murray. Please note that three of these stars are ladies. A great credit to them and to the Prime Minister for recognizing their talents and allowing them to be developed.

• (1600)

14. In the area of interprovincial affairs and relationships with the federal government, one must certainly acknowledge a new air of cooperation, civility and respect between the provincial and federal administrations in virtually every department. Despite areas of healthy disagreement and strongly held positions, confrontational politics and misunderstandings have been replaced by wholesome discussion, mutual respect and co-ordination. For all Canadians this is a distinct relief.

15. Internationally and with the United States, our vastly improved relationships must be credited to the Prime Minister and to the Right Honourable Joe Clark. We have earned the respect of all nations and, specifically, the eyes and ears of our southern neighbour are focused upon us. The great triumph of Expo '86 has brought world attention and tourist dollars and put Canada on the map again. I might add that our Saskatchewan pavilion has been a most pleasing and popular success, already drawing over 2 million visitors, and it certainly is worth bragging about.

Although bargaining on a freer trade agreement with the United States will be tough, we have much more to gain than they have. A nation of 25 million souls, which produces far more than they can consume, cannot live in isolation, selling their goods and their services to themselves alone. We live by trade. To be excluded from a marketplace of 250 million people which is so near to us is to threaten our very standard of life by economic hara-kiri. Moreover, the status quo is neither guaranteed nor sustainable. Our present prosperity in central Canada is predicated on the U.S.-Canada Auto Pact, a bilateral agreement which can be terminated on one year's notice by either party.

With the recent American pre-election surge of protectionism and with threats vis-à-vis Canada's trade affecting steel, shakes, shingles, softwoods, hogs, beef, potash, uranium, fish—and I fear soon to be directed to other natural resources and products—how long do you think a one-year's notice on the Auto Pact can last? It is vital that we try to negotiate a mutually advantageous trade pact, as was mentioned in the Throne Speech, and make the consequent internal adjustments now in order to safeguard our standard of living and our way of life in the future. And further, I might add, we should avoid having individual provinces forfeit our bargaining chips whilst the negotiating game is in progress, as has been done recently in the negotiations on financial services.

The Throne Speech also took cognizance of the fact that this trading nation will place similar emphasis on multilateral negotiations and "particular emphasis on trade with Japan and other Pacific Rim countries."

16. Finally, on this partial list of achievements not well recognized, I include: Parliamentary reform; massive deregulation in many agencies and departments, which is promised to

be extended, privatization of hemorraging crown corporations, and the excellent non-partisan appointments of competent people such as Stephen Lewis, Ian Deans, Dennis McDermott, Ambassador Francis and—

**Senator Steuart:** I don't believe it! Even you don't believe that!

**Senator Barootes:** —others to important posts.

**Senator MacEachen:** What about McDermott?

**Senator Barootes:** I knew you would be pleased.

More has already been accomplished and legislated by this Parliament in two years than in the four-year lifetime of almost any previous Parliament.

**Senator Steuart:** Remember who appointed Duff? That wasn't a man appointed by Trudeau? What about that one?

**Senator Barootes:** Honourable senators, let me turn for a few minutes to Saskatchewan, where we face a provincial election on October 20.

**Senator MacEachen:** No politics in the Senate.

**Senator Barootes:** I know you will do very well with your party, senator.

**Senator MacEachen:** That's what everybody has been telling me since I came.

**Senator Barootes:** Our major industry, agriculture, has suffered badly for three years. If these fall rains would cease, and if we had a fine Indian summer free of frost, we could harvest a record crop with pretty high grades.

**Senator Steuart:** And no prices!

**Senator Barootes:** Such a crop in prior years would have meant unprecedented prosperity.

**Senator Steuart:** If we had Liberals in, they would get a very good price.

**Senator Barootes:** But very low prices, high input costs, poor export markets ravaged by the American-European trade wars—and plagued once again by strikes and lockouts at the Lakehead—will make for—

**Senator Steuart:** Why don't you end it, then?

**Senator Barootes:** —very poor cash receipts. Governments will have to continue to help.

Some other export commodities are also down: Linked to grain surpluses, our potash sales are down in volume and in price, reduced to less than half the 1981 price. Uranium sales are buoyant, but price per pound was markedly reduced to one-third its peak. Oil activity and revenues have greatly sagged this year.

In spite of these vagaries of the international commodity markets, to which traders must adjust, our greatest strength lies in the hardiness and resilience of our people. They have endured cycles of depression before in the thirties and even since, and always have been hopeful. We remain strong in will and confident of the future. There are some good signs: record crops; plenty of moisture this year; good and rising prices in the red meat area, with plentiful cheap grain; growth in our mining industry with considerable gold play and a new gold-mine coming into production. The government has helped sustain agriculture through its toughest years, has seen fit to protect home mortgages and to control utility and energy costs. They have encouraged private investment with legislation of a Saskatchewan Stock Savings Plan similar to the one in Quebec, and with venture capital funds. They have begun privatization of crown companies with the sale of several such companies. In the area from which my friend Senator Steuart comes, Prince Albert Pulp, a crown company which was a heavy loser, has been sold to Weyerhauser Canada and they are now building our first paper mill in Prince Albert. This has restored the confidence of the private sector industries.

I could go on—

**Senator Steuart:** You shouldn't.

**Senator Barootes:** We have a new Gainers plant in North Battleford; a huge expansion of Intercontinental Packers with 1,200 new jobs in Saskatoon; a recreational vehicle manufacturing plant employing 400 people in North Battleford—and this becomes a part of the largest recreational vehicle and sports sales outlet in all of Canada; a $650 million heavy oil upgrader in Regina; a new pharmaceutical manufacturing plant in Wolesely, and many public projects in education, nursing, hospital and senior citizens institutions. Regina will get a new major convention centre and hotel. Industry and private investment have once again found their way into Saskatchewan.

For the past several years we have had the lowest unemployment figures in Canada, although for the past five months the economic boom in Ontario has placed us in second. This improvement in our general economy, coupled with the numerous commercial industrial and construction projects in my province, has given us record job creation and has even created a shortage of tradesmen in the construction industries.

The government's initiatives have therefore been rewarded. Premier Grant Devine's thrust has been to stabilize the agricultural industry and to diversify the other aspects of our economy. The agricultural sector is being stabilized by avoiding the cycles of drought through water and irrigation projects in cooperation with the federal government. The diversification is in the projects I have mentioned, as well as in technology; in fibre optics—of which Saskatchewan has the largest network in Canada in research and development; in mining, electrical and small manufacturing; in agricultural implements; in modernization of our steel and pipe plants; and in the recent announcement in Saskatoon of an electrical generator manufacturing plant by Hitachi-Marubeni of Japan, whose plan is to export these products throughout North America.

● (1610)

The future, indeed, looks promising and the return of the same government will bring more projects and a more stable base to our economy.

Some specific measures are worthy of note. First, a recent announcement of a stable, ten-year mortgage rate, guaranteed at 9.75 per cent, removes the concern and anguish of homeowners that fluctuating mortgage rates might result in the loss of their most precious investment, their home.

Second, a home improvement grant program resulted in an unbelievable response with thousands of phone calls and take-ups in the past three weeks. The Saskatchewan Housing Corporation could barely keep up with the calls, in spite of additional phones and personnel. It is expected that 4,000 small-construction workers will be kept busy this winter, that is, 4,000 people who would otherwise go on unemployment insurance.

Third, a social program that this Progressive Conservative government has initiated, which is very popular, consists of a provincial voluntary contributory pension plan for small-business people, for their employees, for housewives and others who are not fully enrolled or fully eligible for other pension plans. The interest is intense. The overflow crowds at meetings to explain the plan throughout Saskatchewan attest to its acceptance and popularity.

Just as a former Saskatchewan government of CCF political persuasion introduced hospitalization and then medicare, which were subsequently copied in other provinces to become a national reality—

**Senator Frith:** Is this the proposed Speech from the Throne for Saskatchewan?

**Senator Barootes:** —so I predict that this pension plan program will ultimately be copied in other provinces, because they are already making many inquiries. It is wonderfully attractive and is particularly aimed at those with low-income jobs, small businesses, self-employed or those who work at home without compensation such as housewives.

I apologize to the Deputy Leader of the Opposition for taking some of the honourable senator's time to talk about my province, as well as the accomplishments of both governments, past and present, but perhaps he will forgive me that small venial sin on the occasion of our forthcoming election.

**Senator Frith:** It is not up to me to forgive your sins.

**Senator Barootes:** My honourable friend is worthy of forgiveness.

My dear and honourable senators, it is trite and true to say that Canada has serious financial problems, in spite of our outward and seemingly high standard of living. We have managed to burden ourselves with a crippling and enormous national debt—perhaps in the area of $250 billion to $300 billion before this Parliament's life expires. That amounts to about $10,000 or more per man, woman and child. Governments are squeezing almost 50 per cent of our gross domestic product to continue their programs and to service this debt. We do not have the luxury of corporations with the ability to declare bankruptcy, nor can we eschew our debts, whether we owe them partly to our own people or to foreign lenders.

Perhaps in the past we spent unwisely. Perhaps, as some economists say, we went too fast and too early into a mature social security network before our country was adequately populated and sufficiently developed to provide a solid fiscal and industrial base. Perhaps as governments, eager to develop a base and to provide jobs, we overindulged our industries with financial assistance. Whatever the cause, the result is crystal clear. We have an enormous debt and huge annual interest charges to defray; charges which seem to grow annually. In fact, we are now expending almost three times as much for the interest charges on our debt as we are spending on unemployment insurance. In industry terms we are actually showing an operating profit, that is, a bottom-line before debt charges, but our debt charges virtually account for our annual deficits.

Perhaps we followed the first half of the Keynesian theory of economics and failed to heed the second half. We undertook to spend our way out of our recession by federal deficit spending. So, in 1975, when Canada was in a recession, it seemed sensible to assume a deficit of $3.8 billion. But we forgot the second part of that economic theory whereby, in good times, the government should accumulate a surplus to reduce the debt and leave room for the private sector borrowers to have access to scarce funds as the country approaches capacity of production. Unfortunately, we failed in the good years of 1976 to 1979 to do this. In fact, we continued to increase our federal spending by almost threefold and our deficits by tenfold.

It is a difficult predicament, because no one is prepared to reduce our federal spending precipitately and, in fact, to do so would bring chaos and dislocation to our economy. No one is prepared suddenly and greatly to increase taxes to make up that deficit, because it is not only politically suicidal to do so but also because it would stifle private industrial and capital expansion wherefrom come the majority of new jobs.

It little profits us to curse our lot and to try to find someone to blame for our present situation of debt. The policies that led to it were taken in a proper manner and in good faith by a duly- and democratically-elected government and by the Parliament of Canada. To blame each other or to find scapegoats does not help the situation or solve the problem. There will be time enough for that in the next election, and the people of Canada can make their judgment at that time.

However, it is important in the meantime, dear friends, between elections, for all of us in this Parliament to bring our best brains and our best efforts forward in co-operative harmony to help extricate Canada from this overhanging debt problem and to do so without aiming for partisan political advantage, without name-calling, whether we are Liberals, New Democrats, Progressive Conservatives or Independents. In such a difficult situation, I would take the advice of the devil himself if it were helpful to my situation.

What better place for sound and non-partisan advice of that nature than this Senate, abounding with talent and experience in legislative, constitutional and fiscal matters; this chamber where we are not so subjected to the changing whims of the electorate every four years?

So, my colleagues, I pray that we and the members of the other place can and will, in this period of fiscal peril which we

have inherited from our preceding legislators, put aside, for the present, our political prejudices and work together as diligently as we can, not for the good of our party, our province or our government, but dedicated entirely to the good of our beloved country and its 25 million Canadians.

Honourable senators, the Speech from the Throne outlined an architectural blueprint for this Second Session of the Thirty-third Parliament that is all-embracing, and if we apply ourselves industriously and conscientiously to our task, we can renew and reconstruct the Canada of our dreams.

The national reconciliation program should be fully acceptable to all people. Who can quarrel with consultations with the provinces on the Canadian Charter of Rights and the Constitution that could lead to the full assent of Quebec? Who could object to updating the 17-year old Official Languages Act to have it conform to the Canadian Charter of Rights, or to updating the 50-year old National Parks Act?

● (1620)

The triad of economic renewal, social justice and constructive internationalism contains many initiatives which I heartily support.

The economics package, aside from trade issues which I have mentioned, undertakes further and comprehensive tax reform based on fairness, simplicity and a "balance between personal income and other taxes" such as those for corporations. This has long been advocated by many economists and various politicians. Canadians and business people will welcome a reduced burden of paperwork and regulations, the promotion of small business entrepreneurial values, especially among youth, the removal of barriers to interprovincial trade and further privatization of crown corporations. Maritimers and westerners will applaud the deregulation of the transportation sector which has brought a handicap of distance to their industries. And those two distant regions, the west and the east, are hopeful that the "new approaches to regional development" are designed to give them a fairer shake and fairer treatment. I praise the emphasis on diversifying western Canada's economic base, and I know that the Atlantic Canada Opportunities Agency with local input will be well received by those worthy people, and that they will applaud the improvement of small craft harbours in fishing areas.

Our Banking, Trade and Commerce Committee will be profoundly interested in the proposed new framework for the financial services industry, in the Estey report and the concern expressed generally about the concentration of corporate powers.

Many in this chamber will be exhilarated and delighted with support committed to post-secondary education, the initiative for $1 billion of new funding for scientific and university research and the motives behind a national advisory board for industrial technology.

Nationalists, peace lovers and scientists will praise the establishment of a Canadian space agency designed for peaceful purposes. It could even help stop our brain drain in this industry.

[Senator Barootes.]

In the agenda proferred on social justice, I will deal with only two additional areas, the first of which is Canada's drug abuse epidemic. Public health epidemiologists classify an epidemic as a disease affecting 2 to 4 per cent of the population of an area or region. Is there anyone here who does not believe that more than 3 or 4 per cent of our people are victims of this disease of the abuse and misuse of addictive drugs? This is worse than an epidemic, fellow senators, it is a national calamity. It affects millions of people and their families. It can no longer be a hushed-up or closet problem. It must be faced. As a doctor once involved in the Drug and Alcohol Abuse Council in Saskatchewan, I am most gratified that the Throne Speech states that:

> A national drug strategy and a comprehensive program dealing with impaired drivers will be brought forward to support the prevention of drug and alcohol abuse.

Second, in the area of social affairs, I am sure that Senator Haidasz, Senator Bosa and others will be pleased to hear that legislation to simplify and improve the process of determining eligibility for political refugee status is to be presented. Further, and something that will be of special interest to Senator Bosa, our ethnic groups will be encouraged to use the entrepreneurial skills that they have so that these skills will be more fully enhanced and utilized in our economy.

The third leg of this stool, of course, was the subject of constructive internationalism—that of preserving world peace and security. Our credibility as an independent and influential voice in these matters—in arms control, disarmament and nuclear verification—is highly recognized through efforts initiated by Lester Pearson, expanded by Pierre Trudeau and advanced by Joe Clark. Our sensitive and sensible initiatives as peacekeepers in the Commonwealth, in NATO and in the South African question have gained respect and attention and have helped defuse many explosive situations.

Honourable senators, the Throne Speech contains more than 45 new initiatives and proposals. Its programs are widespread and will address the needs and desires of many interest groups, national, regional and minority groups. It will touch upon and affect every individual in Canada. The government has listened and responded to their needs and representations.

How these desirable objectives are specifically to be attained will be disclosed in the days to come by ministerial statements and by tabled legislation. We will then have the opportunity and the duty to scrutinize and debate the issues raised once they have been defined in more detail.

I thank honourable senators for their indulgence and attention to these remarks. For the many reasons I have outlined, I have the honour, privilege and pleasure to second the motion for an address in reply to the Speech from the Throne.

**Hon. D.G. Steuart:** Honourable senators, I really hadn't thought that I would enter into this debate, and I am not going to enter into it at any great length. I would first like to state that I got into politics shortly after the Second World War. The only reason I got into politics was because, when I returned to Canada, we in Saskatchewan had elected a CCF

government. The head of that government was Tommy Douglas and his second in command was C.M. Fines. If ever there was anybody who could twist the truth and peddle the garbage—and be backed up by someone who twisted the finances and peddled the garbage even better than he could—it was Tommy Douglas. But never up until now have I heard anybody who has done a job almost equal to what Tommy Douglas and C.M. Fines did. Never have I heard their equal until I listened to my friend, Senator Barootes, talking about what is happening now and what has happened in Saskatchewan.

I never thought I would see this day and hear those remarks from a man who joined me at one time in defeating the CCF government. The members of that government positioned themselves as friends of the people. That government was made up of people who never said a wrong word or put their foot down in the wrong place. That goverment was only ever helping the people. In fact, as Senator Barootes well knew, what that government was doing was helping its friends, helping itself and putting the people of Saskatchewan deeper into the hole. In fact, there used to be a sign on the borders of Alberta and Manitoba which said, "Would the last person who leaves Saskatchewan please turn out the lights." Honourable senators, that is a fact.

Today I have listened to someone talk about the present government of Saskatchewan and the Government of Canada as if those governments had never set a foot down wrong—as if everything they had done was for the benefit of the people. Honourable senators, the people of Saskatchewan have never, even under the NDP government, been in more trouble than they are today. And I might tell honourable senators that when the Government of Saskatchewan took over, its representatives used to boast. Grant Devine—who is a friend of mine, and I like him—used to boast: "We are going to bypass the depression of Canada. We have decided that we will not take part in Canada's recession. We have less unemployment, we have more prosperity, and more of the good things than they have seen anywhere else in this country." That was a year and a half ago, and during that same period, a year and a half or two years, they have overspent by something like $2 billion.

• (1630)

I would like the senator to realize that never in the history of Saskatchewan, until we elected the Grant Devine Conservative government, had we ever had a deficit—never under the old Liberals; and never under that unbelievable Tory government that we had from 1929 to 1934—which was half Tory and half Ku-Klux Klan. Even under the wild CCF, the crazy CCF, the Tommy Douglas CCF, did we ever have a deficit. Certainly, we had never had a deficit under the Thatcher government. Even when Allan Blakeney came back in 1971 and knocked us out of the ball park we did not have a deficit. Then we got Grant Devine and the Conservatives. We then had the two best years we had ever had in the history of Saskatchewan, and we started to build up the deficit. Now it is $2 billion. They are going to win the next election!

**Some Hon. Senators:** Hear, hear.

**Senator Steuart:** Thank you very much for applauding. You love them because you are a left-winger. I am surprised that the honourable senator would love them, because he used to term himself a middle-of-the-road right-winger. Now we are going to have a Conservative government. Why? The other day I said to a bunch of Conservatives—

**An Hon. Senator:** Will you vote for them?

**Senator Steuart:** No, I am not going to vote for them. You might, but I won't. I said the other day to a bunch of Conservatives: "You Conservatives are beautiful. I have never seen Allan Blakeney so off base. I have never seen him react so badly to an election." They said: "Thank you very much, senator, this is wonderful. Why do you think we have done it?" I said: "Because he finally met a bunch of characters who are more goofy than he is." They are spending more money than they ever thought of spending. They have taken his turf. There is no turf left for the CCF. There is no room left for the CCF. Grant Devine has plunged our province into $2 billion worth of debt, and in this election campaign he is not just promising, he has already spent another half a billion dollars—and the honourable senator knows that as well as I do. So, don't tell this Senate or the Canadian public that it is a good government. It is a government like the one we have in Ottawa, that will do anything, say anything, make any move to get back in power, and the honourable senator should be ashamed of himself that he would be part of that government, that would plunge—

**Senator Barootes:** Is this a question?

**Senator Steuart:** It is not a question. I am making a speech, for God's sake. If you do not understand what a speech is, then you do not understand anything. You made a speech. I have never in my life been so sickened by a speech. You talk about what the federal government is doing for the farmers. What are you doing for them? You are carrying on Otto Lang's deal, which you opposed—which every Tory in the House of Commons opposed—in connection with the stabilization program, which has given Saskatchewan farmers $1 billion. You have now promised something weak in the Throne Speech. You say that you will do something better. I do not know what it is. I hope it is something better. As a Saskatchewan man, I hope it is something, and Grant Devine is praying that it is something.

I had not intended to speak today, but when I heard the honourable senator speak, I was never in my life so disappointed or upset by what he said—never mind making the sign of the cross or making some of those cheap remarks. I have never been so disappointed to hear anyone praise the lack of action for the people on the prairies and then praise what Grant Devine and this government has done in spending to the extent that our little province, of less than one million people, now has a deficit that his grandchildren and my grandchildren will never be able to pay off. They have done everything—and the honourable senator knows this as well as I do—to buy this election—and, unfortunately, I have to believe that they have bought it. I have to believe that you have this fellow Blakeney so upset that he cannot even outpromise you. As someone said to me the other day: "Our people are spending the money.

Blakeney is just promising something." How the honourable senator can stand in this chamber and in any public speech condone what they have done is beyond me.

What they are doing in Saskatchewan—and they will be elected; I know they will be elected—is a disgrace, and we will pay for it from now until far beyond after the honourable senator and I have died. What is even worse, they have set a precedent that will exist in large writ on the screen of political science to say: "If you want to get re-elected, just shovel it out and give the people anything they want; spend anything you want, and never mind what it is." If the honourable senator thinks that the poor people will benefit from this, then he is mistaken.

Do you know what was the last thing they handed out? They said to the people: "If you want to build a home, or fix it up, we will give you $10,000 at 6 per cent interest; and if you spend $10,000, we will hand you back $1,500"—and they are giving it to them right now, handing out $1,500. What can the people do with that $1,500? They can build a swimming pool or a jacuzzi, they can put down new rugs; they can wallpaper their house—they can do anything they want. Do you know what they are now doing? They are saying to people who are building a house: "Stop building when you have got within $10,000 of the end of the house." People say: "We will go to those goofy Tories in Regina and we will say: 'We have finished the house, but we have not finished the bedroom, the bathroom or the kitchen, but we need 10,000 more bucks.'." On a mortgage they were paying 15 per cent, and they say: "These Tories, to get re-elected, will give us the money at 10 per cent, and when we spend $10,000 they will give us back $1,500 cash." They have bought the people of Saskatchewan, and the honourable senator, a Conservative, whom I always admired as a small "c" conservative, has the intestinal fortitude to stand up and boast about what they are doing. They should be ashamed of themselves and you should be ashamed of yourself. I hope they will be defeated, but I do not think they will be.

On motion of Senator MacEachen, debate adjourned.

The Senate adjourned until Tuesday, October 7, 1986, at 2 p.m.

# THE SENATE

**Tuesday, October 7, 1986**

The Senate met at 2 p.m., the Honourable Martial Asselin, Acting Speaker, in the Chair.

Prayers.

[*Translation*]

## THE LATE HONOURABLE PAUL YUZYK

TRIBUTE

**Hon. Jacques Hébert:** Honourable senators, I heard the news of the death of our colleague, Senator Paul Yuzyk, when I was in Saskatoon last July on a tour of the Canadian provinces. I heard the sad news from students at the University of Saskatchewan. In a way, it was appropriate that I should be in that city. Shortly before, Senator Yuzyk had been invited by the President of the University of Saskatchewan to talk about the report of the Special Senate Committee on Youth. If I am not mistaken, that was the last speech of his public life. And according to what I was told by the President of the University and especially by the students, Paul Yuzyk made an absolutely remarkable speech. It was passionate and courageous and it made a lasting impact on the students and professors who had the privilege of listening to the senator. A young female student told me: "I will never forget that speech by a 70-year-old senator who was living proof that in Ottawa there were still politicians who were truly aware of the problems of youth in the 80s".

I didn't hear that speech but I heard the one the senator gave in the house on the same subject on March 18 of this year. That day I was perhaps more sensitive than usual, but I must admit that Paul Yuzyk's speech on the Special Senate Committee's report on youth was particularly moving. I had no idea, however, that we would never hear Paul Yuzyk again in this house.

[*English*]

Several of you paid tribute to Senator Yuzyk when the Senate sat on July 24, while I was touring the country, so I will not reiterate the list of his accomplishments. You already know of his contributions to multiculturalism, to education, to Parliament and to our nation. But I must express my deep regret at the loss not just of a fellow senator but of a friend with whom I have had the honour to work closely in recent years.

Paul Yuzyk, as you know, was deputy chairman of the Special Senate Committee on Youth. He and I, with several of our colleagues, spent many weeks travelling together throughout Canada to conduct public hearings, and we worked together to organize the business of the committee and to produce our report. Senator Yuzyk brought to our task a passionate concern for the problems of Canadian youth and he shared that passion with hundreds of young people across Canada. He also shared his wealth of experience as an educator and as a participant in the political process. He brought with him wisdom and intelligence and a deep and serious concern for the problems of others.

I recall that Senator Yuzyk was ill during part of the time we were travelling last year. He would not yield. He continued with our gruelling pace—participating in hearings all day, meeting with young people during lunches, then flying to another city and working late in the evening. His selfless dedication earned him my deepest respect and admiration.

I shall sorely miss Senator Yuzyk's contribution to the work of the Senate. I shall always remember him for his honesty and integrity and his proud devotion to the causes he held dear. I am thankful for having had the opportunity to work so closely with a very noble man.

## FISHERIES

INTERIM REPORT OF COMMITTEE—NOTICE OF INQUIRY

**Hon. Jack Marshall:** Honourable senators, I give notice that on Thursday next, October 9, 1986, I will call the attention of the Senate to the Interim Report of the Standing Senate Committee on Fisheries tabled in the Senate on October 2, 1986.

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY FISH MARKETING IN CANADA

**Hon. Jack Marshall:** Honourable senators, I give notice that on Thursday next, October 9, 1986, I will move:

> That the Standing Senate Committee on Fisheries be authorized to examine all aspects of the marketing of fish in Canada, and all implications thereof;
>
> That the papers and evidence received and taken on the subject before the Committee during the 1st Session of the 33rd Parliament be referred to the Committee; and
>
> That the Committee report no later than September 15, 1987.

## CANADA PETROLEUM RESOURCES

NOTICE OF MOTION TO AUTHORIZE ENERGY AND NATURAL RESOURCES COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-5

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I give notice that on Thursday next, October 9, 1986, I will move:

> That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the subject-

matter of the Bill C-5, An Act to regulate interests in petroleum in relation to frontier lands, to amend the Oil and Gas Production and Conservation Act and to repeal the Canada Oil and Gas Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

**Hon. H.A. Olson:** Honourable senators, I wish to raise a point of order. Senator Frith raised this same point the other day. Can you refer a matter to a committee that does not exist?

**Senator Doody:** Well, there are two items here. The important one is that I am not referring anything to anybody: I am giving notice that on Thursday I will move that motion. If the committee has not been restructured by that time, then I will stand the motion and wait until such time as it is duly constituted. In any event, I am simply giving notice that this matter is back on the agenda of the Senate. It is a bill that we knew in its previous incarnation as Bill C-94, I think, and we had done some study on it in that committee, and in its new form it will be available soon for reference to that committee. When the committee is constituted, we will make the necessary motion.

### CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION

NOTICE OF MOTION TO AUTHORIZE ENERGY AND NATURAL RESOURCES COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-6

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I give notice that on Thursday next, October 9, 1986, I will move:

> That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the subject-matter of the Bill C-6, An Act to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on offshore petroleum resource management and revenue sharing and to make related and consequential amendments, in advance of the said Bill coming before the Senate or any matter relating thereto.

**Senator Frith:** That is the old Bill C-94.

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## QUESTION PERIOD

[*English*]

### LABOUR

BRITISH COLUMBIA LONGSHOREMEN'S LOCKOUT— GOVERNMENT ACTION

**Hon. H.A. Olson:** Honourable senators, I should like to direct my question, respecting the longshoremen's lockout which commenced in Vancouver in the last few hours, to the Leader of the Government in the Senate.

[Senator Doody.]

Could the Leader of the Government bring us up to date on the status of this particular matter? Perhaps he can advise us whether or not the federal government has appointed or intends to appoint a mediator to deal with this problem and, if so, when.

I am sure the Leader of the Government realizes that this matter is of particular importance to the prairie economy and, more specifically, to the grain farmers because of the strike-lockout that has been in effect in Thunder Bay for the last four or five weeks.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the dispute in question, which has led to the lockout, has to do with the so-called "container clause." I am not sure whether that dispute would lend itself readily to mediation.

In any case, the Minister of Labour has today sent a telegram to the Maritime Employers' Association asking them to allow the dispatch of longshoremen to load the grain ships in Vancouver and Prince Rupert. If that permission is granted, the situation with regard to grain exports will be considerably eased. If it is not granted, the government will have to consider what its next step should be.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Perhaps Senator Olson is about to ask the same question, but I should like to ask for an explanation of what the government leader said about mediation.

Why would the container clause not lend itself to mediation? I am not suggesting that it would, but I want to understand what the Leader of the Government meant when he said that it might not.

**Senator Murray:** I was thinking in terms of the dispute in Thunder Bay which has just been settled. That involved a number of issues as between mangement and unions.

In this instance, it seems to be a case of a confrontation where both sides have taken a very strong position. If my friend saw the news last night, he would understand what I mean. Each side has taken a pretty rigid position and it is not clear that there is any middle ground to be found.

**Senator Olson:** Am I correct that the Leader of the Government mentioned that the Minister of Labour either had requested or was in the process of requesting something from the unions?

**Senator Murray:** No, from the Maritime Employers' Association.

**Senator Olson:** I take it he is seeking acquiescence so that the loading of grain may be permitted even while the lockout is under way, because problems relating to containers could continue for quite some time.

Is it a fact that the unions have already indicated a willingness to continue loading grain while this lockout is in progress and while the dispute in relation to other matters continues?

• (1410)

**Senator Murray:** That is true. The union leaders have indicated that they will be prepared to move the grain.

**Senator Olson:** Does the government have any position—perhaps, if it does, it is not willing to state it at this time, and, if that is the case, I understand it—by which to ensure that the loading of the grain continues now that the workers seem to be disposed to do so? In other words, is the government ready to legislate an end to the lockout for that purpose?

**Senator Murray:** It was against the background of the statement by the union that the workers were prepared to move the grain that the Minister of Labour sent the telegram, to which I referred a few minutes ago, to the employers asking them to facilitate this course of action. As I have said, if they refuse to do that, we will have to consider what our next step will be. Obviously, parliamentary action would be one of the options.

## TRANSPORT

### CLOSING OF CN SHOPS, MONCTON

**Hon. L. Norbert Thériault:** Honourable senators, I have a question for the Leader of the Government in the Senate, and it too applies to mediation. Has he anything to report to the Senate regarding the negotiations or mediation between CN and the unions at Moncton?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I regret that I have nothing further to add to what I said last week. I will undertake to check with the Minister of Transport to see if there is anything further that can be reported on that matter.

**Senator Thériault:** Does the Leader of the Government know that a mediator has been appointed?

**Senator Murray:** Well, that does not change my situation. I have no further report from the minister or from a mediator on the matter. When I have further information, I will communicate it to the house.

**Senator Thériault:** Thank you.

## AGRICULTURE

### WESTERN GRAIN FARMERS—GOVERNMENT ASSISTANCE

**Hon. Hazen Argue:** Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. I have been following with interest the statements made in the other place with regard to the proposed deficiency payment to western grain farmers. Can the government leader indicate, from deliberations regarding this policy, whether it is to be a one-shot affair due to an emergency that exists now or whether consideration is being given to a longer term plan which would provide income support to farmers in the future, if conditions are as bad then as they are now? Is this merely consideration of a deficiency payment at this particular time?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, there are a lot of questions there. I can only tell the honourable senator that the Minister of Agriculture has convened a meeting of deputy ministers of agriculture on Thursday next to discuss further and to define the assistance package that was contemplated in the joint declaration of ministers of agriculture last August 27. The Minister of Agriculture will also be meeting in a matter of days with Canadian farm leaders to define the elements of that package.

**Senator Argue:** Can the government leader indicate where we are with regard to the Prime Minister's commitment of April 30 last that, subject to a recommendation from a committee of the House of Commons, there would be put into effect a two-price system for wheat that could go as high as $11 per bushel? The committee recommended $10 and the farmers are still waiting for the fulfilment of what I believe to have been a clear commitment by the Prime Minister that there would be an increase in the two-price wheat system.

**Senator Murray:** I believe that the honourable senator is referring to an increase in the domestic price of wheat.

**Senator Argue:** That is correct.

**Senator Murray:** I believe that price is now of the order of $7 or $8 per bushel. The matter of a further increase is still under consideration.

**Senator Argue:** Do I take it from the minister's answer that an announcement on this matter could be forthcoming? Can he assure us that the $1 billion being considered is not tied in with the two-price wheat system—in other words, that there will not be an announcement of $200 million that will be taken off the $1 billion—or is this all part of one package that the government is considering?

**Senator Murray:** Honourable senators, an announcement will be made about any increase in the domestic price of wheat when a decision is taken. With regard to its relationship to the assistance package now being discussed between the federal government and the provinces and with farm groups, that package, I repeat, has yet to be defined.

It is the position of the government that it will not be reallocating moneys from existing farm programs; but, of course, we reserve the right to use existing legislation to deliver the enhanced cash flow that we have in mind.

**Senator Argue:** I have a supplementary question for the government leader. If it is not too presumptuous of me, I would like to ask him if he will convey this idea to the people who are considering this policy. I hope that the announcement of a deficiency payment, if on bushels of grain, will not be an open-ended announcement that goes to the totality of the production of every grain farmer. I believe that the time has arrived that government policy should consider giving economic support to family farms and use the increased amount of money that would be saved in having some kind of cut-off or limit on the total production for a given unit that would receive such payments. I put that to the Leader of the Government, because I consider it to be a major element of public policy that should be addressed. I do not often refer to American policies, but they do have a ceiling on their payments and I believe that some kind of ceiling should be

considered by the Canadian government in order that the average family farm might receive more assistance.

**Senator Murray:** Honourable senators, I will undertake to convey those representations to the responsible ministers.

**Hon. H. A. Olson:** Honourable senators, I should like to have a little more explanation, or perhaps the Leader of the Government would give an undertaking to provide further explanation on the one positive statement that he has made. He said that the $1 billion would not be part of the obligations the government already has under existing programs, although it may use the vehicle of those programs to deliver the money.

Do I take it that the $1 billion is in addition to whatever the government may be obliged to pay out under the Crop Insurance Program and the Western Grain Stabilization Program; that it is not simply part of those obligations but money over and above those obligations—obligations which the government already has to meet?

**Senator Murray:** Honourable senators, the goal is to enhance the cash-flow of the farmers affected by approximately $1 billion. Our statement is that we are not reallocating money from other farm programs, but we reserve the right to use existing legislation to deliver the enhanced cash-flow.

**Senator Argue:** In other words, it is new money, additional money.

**Senator Olson:** There is new money to meet the obligations which the government has respecting the Western Grain Stabilization Program, for example. There is a formula already in existence that requires a payment to be made under certain conditions, such as a decline in the cash-flow to the farming community. That is what I am curious about, namely, as to whether it is money in addition to that which the government is obliged to pay out now because of the formula that calls for such payment. I take it from the minister's explanation that it will be money in addition to the obligations relating to existing programs.

**Senator Murray:** The honourable senator is getting into a good deal of detail. I would want to examine this question closely, and, of course, I shall refer it to the Minister of Agriculture. The details of the program of assistance will be made available in due course, as soon as they are settled.

● (1420)

## ATLANTIC CANADA OPPORTUNITIES AGENCY

### REQUEST FOR TEXT OF TELEX FROM PREMIER OF PRINCE EDWARD ISLAND

**Hon. M. Lorne Bonnell:** Honourable senators, I have a question for the Leader of the Government in the Senate, a question which I know is dear to his heart because it has to do with the Atlantic Canada Opportunities Agency. Apparently some questions were asked of the Prime Minister in the other place about this agency, whereupon he pulled out of his hat a telex from the Premier of Prince Edward Island and began to quote from it. I understand that he did not have the permission of the premier to quote from the telex, and I understand that he did not table the telex after quoting from it.

Would the Leader of the Government in the Senate procure for us the full text of that telex so that we can read the views of one of the premiers of the great provinces in Atlantic Canada as to the value of the Atlantic Canada Opportunities Agency? The one paragraph that was read into the record of the other place sounds terrific. Perhaps, if we heard the other paragraphs, we in Atlantic Canada could support it as strongly as does the Prime Minister of Canada, whom I would like to give a boost to as well, but not until I see what the premier had to say in whole, not merely in part. I am quite sure that the Premier of Prince Edward Island would be pleased to have it released in its entirety.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have seen the telex in question because the Premier of Prince Edward Island was good enough to send me a copy. While I do not have it in front of me and, therefore, cannot table it immediately, I can tell my friend that it was as positive in tone as the Prime Minister indicated, and that it went on to make some positive suggestions as to how we might proceed to establish and operate this agency. However, subject to the conditions that the honourable senator has mentioned, I shall attempt to table a copy of the telex in the Senate in a day or so.

**Senator Bonnell:** Thank you. That is the kind of leadership we want in the Senate.

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## SPEECH FROM THE THRONE

### MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator Barootes, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator MacEachen, P.C.*). (*1st day of resuming debate*).

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I wish to thank Senator Cogger and Senator Barootes for launching us into this debate and for their strong efforts to buttress the Speech from the Throne. I think they did as good a job as possible with the material at hand. I would like to recall the debate on the Speech from the Throne which was given two years ago. I want to recall the words uttered then by the mover, Senator Macquarrie, who spoke in that debate on November 6, 1984. After surveying the distinguished membership of the Canadian Senate, Senator Macquarrie could not restrain himself from displaying his enthusiasm at the results of the election and said, "—here I am, standing up in the only legislative assembly in this vast country which has a Liberal majority." Well, Senator Macquarrie did a service in drawing this imbalance to the attention

of the Canadian people, who subsequently acted to correct the situation. There are now in this vast country other legislatures where Senator Macquarrie can view Liberal majorities hard at work. In less than two years, Liberals were elected to govern in three provinces—Quebec, Ontario and Prince Edward Island—and substantially increased their representation in three others. Over 60 per cent of Canadians now find themselves in the enviable position of living and working under provincial Liberal governments. I think it is also interesting to note, honourable senators—to paraphrase Senator Macquarrie's words—that I am now standing in the only legislative assembly in this vast country which has experienced an increase in Conservative members since the general election of 1984. Not surprisingly, the electorate had nothing to do with, and cannot be held responsible for, this lamentable increase!

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** Honourable senators, we are now, it may be said—possibly with a certain caution—around the half-way point between two general elections—a sobering thought for a government that has dropped in public favour so precipitously in those two years. We have seen some evidence of that government's self-criticism: a big cabinet shuffle; a Prime Minister travelling from one unpleasant incident to another throughout the country; vigorous efforts to improve communications for the benefit of us poor people who are not getting the message and not understanding properly what the government is doing. This was all evidence of reappraisal and of a new start, a spurt of activity that enhanced our expectations of new horizons to be disclosed in the Speech from the Throne. Indeed, the opening of Parliament itself was delayed so that the new political craftsmen, some of whom are with us this afternoon, would have an opportunity to fashion this new masterpiece that was to constitute the fresh start for the government. But as the horizons unfolded last week in this very chamber, one could not but conclude that those craftsmen had failed in their mission, or that the delay had not been long enough and they had not had sufficient time to lift the government into a new phase or level of vision and activity.

We know, honourable senators, that the 1984 Speech from the Throne rested principally on three pillars of wisdom: reconciliation, economic renewal and renewed Canadian internationalism. Of course, this newly-discovered wisdom would result in the achievement of three historical events in the life of this government: Quebec would embrace the Constitution; the budget deficit and the national debt would cease to be a vicious circle; and a new era in our relationships with the United States would begin with the establishment of a "true partnership," to use the words of the Speech from the Throne of 1984.

**Senator Frith:** Someone is trying to get into the Senate, and bypass the Prime Minister.

**Senator MacEachen:** Honourable senators, the pillars are still there, although somewhat in silhouette. The government displays admirable verbal continuity, but the confidence seems to be gone, the boldness is gone, the cockiness has disappeared and the government is obviously searching around for new paths to travel, in view of the experience it has had in the last year or two. One might say that the pillars are there, but the roof is caving in.

● (1430)

In those intervening years, the government has either reversed itself or quietly backed away from policies it had previously considered crucial. It is obvious that the United States is no longer the cornerstone of Canadian foreign policy. As I shall point out later, the United States, as the object of international interest, is hardly mentioned in the Speech from the Throne, and yesterday, in a speech made in the House of Commons, the Secretary of State for External Affairs made no reference to the importance of the United States in Canadian foreign policy. That is quite an amazing turn-around in two years.

With respect to trade, where is the ambition to secure a comprehensive free-trade arrangement with the United States? In the Speech from the Throne there is talk about a "mutually advantageous trade agreement with the United States." Just recently we signed an agreement for the purchase and sale of wheat with Russia. That is a trade agreement. So, the vocabulary is muted and the ambition has dissipated in the trade field.

A third area of deep interest is the deficit. Preoccupation with the deficit is no longer to be the obsessive goal of the government; that objective will take its place among other goals that the government has now set for itself. Finally, the solid commitment to bring Québec into the Constitution is now heavily qualified in the Speech from the Throne, as I shall attempt to point out.

Priorities and policies have become fuzzy and diluted; the government has dropped all pretensions of offering this country leadership and now offers instead an unpalatable mush of generalities. So unpalatable is the mush that has been served up that the Minister of Energy, Mines and Resources has himself disowned the Speech from the Throne. Of course, I hesitate to point out in making that comment that an eminent journalist has told us:

> Sitting in the Chamber near the Speaker's Chair was the man substantially responsible for the Speech, Lowell Murray, the Government Leader in the Senate.

**Senator Perrault:** The plot thickens!

**Senator MacEachen:** The Honourable Marcel Masse has said:

> I am one of those who, if I may be allowed to have personal views, wonders what's the use of this business.

**Senator Austin:** Senator Murray thinks the same thing.

**Senator MacEachen:** If that is the confidence the government has in its own efforts, then I say, "What's the use?"

Honourable senators, no current issue has been of greater concern to us than the inability of the Canadian economy to create an acceptable level of jobs from the Atlantic to the Pacific, despite improved rates of economic growth and despite improved employment levels in certain regions of the country.

The theme was called "Economic Renewal" in the 1984 Speech from the Throne. We now have evidence of continuity inasmuch as the latest edition of that Speech makes use of the same expression. But does it still carry the same meaning, and does it carry any hope whatsoever for further and substantial reductions in the unemployment rate? The Speech from the Throne tells us nothing on that point.

The government made it clear in 1984 that the Canadian economy would ride to prosperity on two rails—deficit reduction and improved market and investment environments where the private sector would flourish. In brief, less government and more private initiative. The 1984 Speech said:

> That we must deal urgently with the deficit is beyond dispute.

The 1985 budget speech stated:

> This budget addresses the vicious circle of unemployment and debt . . . our debt is spiralling out of sight. If we do not show the resolve to deal with this problem the result will be paralysis of the Government of Canada.

The distinguished Leader of the Government in the Senate picked up the same theme two years ago when he participated in the debate on the Speech from the Throne. At that time he said:

> Virtually every serious analysis that has been made of our economic problems in recent years has emphasized that the road to recovery must begin with an attack on the deficit.

He went on to recall the magnitude of the deficit in 1982-83, stating it was due to a failure of policy, a failure of will, a failure of follow through and a failure of performance.

Senator Murray conveniently forgot, however, the most important fact; he should have drawn to the attention of his colleagues in the Senate the fact that Canada at that time was in the throes of the worst world-wide recession experienced since before the Second World War. We are pleased and thank God that economic conditions improved in 1984 and 1985 and that the world economy has improved and Canada has benefited from that improvement in the economic performance all over the world. So it was that the Minister of Finance, in his budget speech in February of this year, could say:

> We have made tremendous progress together in the past 18 months. Growth has been strong, jobs are being created in record numbers, the deficit is coming down.

Last week's Speech from the Throne echoes the same views, but what it ignores is what has gone wrong! The deficit is not coming down as the Minister of Finance said it would. The magic target of $30 billion will not be met. We are not quite "turning the deficit corner," as the Minister of Finance was proudly announcing in his last budget. The Minister of Finance has had to acknowledge a reality which he conveniently ignored while in opposition—the impact of world economic trends on the Canadian economy.

Mr. Wilson recently explained this before the Canadian Club in Toronto when he said:

> As a result of lower oil prices and somewhat lower economic growth than previously foreseen, revenues this year will be $2.5 billion lower than expected.

He said there would be $2.5 billion less because of slower economic growth and declining oil prices.

We know that Canada's main trading partners have had a slow-down in growth in the first half of 1986. World oil prices have undergone a precipitous drop, and grain prices have known an equally severe decline. The Minister of Finance, and now, we hope, the government, are discovering the international economy. They convinced themselves in 1981 and 1982 that the recession in Canada was made in Canada. There is still a hang-over of that illusion in their proud boast that our economic recovery is solely attributable to their own good work. In fact, our recovery is geared to economic conditions in the United States and other major economic partners. Is it only when the winds are chilly that they come from abroad?

● (1440)

What the Minister of Finance should not do is whine over the fact that government revenues are affected by external forces, but he should see how Canada can participate effectively in the shaping of these forces. If ever there was a need for "constructive internationalism," to pick up the phrase used in the Speech from the Throne, that need is here now. What is the Canadian government doing to ensure that oil prices will remain stable at a level in keeping with our producing and consuming interests? Is it doing anything? Did the government understand the lesson of the 1970s when the failure of international economic co-operation enabled OPEC to disrupt the world by two dramatic oil price increases? Is the government now failing to understand that the equally dramatic fall in oil prices is designed to restore OPEC market share and, ultimately, its worldwide power? Is the government aware that low oil prices will reduce exploration outside OPEC to a point where sometime early in the 1990s—and some say before—the supply will not meet rising demand and conditions may be right for a new and disruptive surge of oil prices?

The government does not seem to understand, or clearly appreciate, that in the field of energy Canada is a microcosm of the world. The short-term benefit of low prices to the consumers pushes our producers to the brink of disaster; in a few years' time the benefit of higher prices will put the consumers in a situation which we all know too well. I regard that as the leading entry in a discussion of the oil price situation, and I say to honourable senators: If the leading industrialized countries—a select club to which the government is so proud to belong—are able to co-operate to influence the price of the American dollar, why is it that the Government of Canada is unable to rise to the no less important challenge of bringing a modicum of order to the price of energy in which we and many developing countries—exporters and importers alike—have such great stakes?

The government should dig into some recent history and see how Canada was at the forefront in the creation of the International Energy Agency and of the North-South dialogue, heavily engaging OPEC interests in the 1970s. They

should practise this constructive internationalism rather than remain satisfied with costly and short run palliatives for our oil industry. They should get out and play a leading role in trying to shape events which will ultimately, in turn, shape our destiny.

I hope the Minister of Finance will continue his journey of self-discovery after his discovery of the international economy; I wish he would continue to search to see how he can influence the trends of the international economy. In addition to that discovery, the minister seems to have also undergone an interesting and intellectual metamorphosis. In his last budget he said:

> The mounting burden of public debt continues to threaten our future. It is growing faster than our ability to pay. It must be controlled.

And in his budget speech of May 1985 he was also expounding the virtues of private enterprise. He said:

> This is a budget to encourage private initiative . . . Government is not only too big, it also reaches too far into almost every corner of the economy.

In February of this year, Mr. Wilson was still hanging on to the single-minded belief that deficit reduction was the key to growth and the cornerstone of sound economic management. But, in September, he shifted his ground dramatically when he said:

> Further deficit reduction is imperative, but economic renewal will not be won by deficit reduction alone.

One wonders if that is not a sentence written by Mr. Dalton Camp, who has—

**An Hon. Senator:** Author!

**Senator MacEachen:** —probably superseded Mr. Hartt as the chief economic adviser of the government. So, Mr. Wilson does not now consider it appropriate to increase taxes or reduce spending to maintain the planned reduction in the deficit—a reduction not defined by the opposition but defined by the government in repeated statements as the most urgent and necessary step in achieving economic growth.

**Senator Perrault:** Top priority.

**Senator MacEachen:** Now the ground has shifted. Is it because the Prime Minister has discovered that political necessity is the dominant factor in his thinking and that economic prudence, so ably espoused two years ago by his lieutenant in the Senate, should be superseded? We all know that deficit reduction is now taking a back seat. It is certainly not in the driver's seat.

**An Hon. Senator:** Hear, hear!

**Senator Perrault:** The butler is in the driver's seat.

**Senator MacEachen:** Belatedly, Mr. Wilson is discovering that reducing the deficit, having less government and more private initiative is not good enough, although each in itself may be a worthy goal. If dramatic regional disparities are to be alleviated, Mr. Wilson will need more government rather than less government; more public expenditure, where it is needed, rather than less government expenditure. The Prime Minister has learned this fact. He knows what it costs to put a penitentiary in a remote riding in the province of Quebec.

**Senator Austin:** No, he doesn't.

**Senator Bonnell:** He will find that out in two years' time.

**Senator MacEachen:** More money. More and more people in the Atlantic provinces are saying, "Well, what is good for Manicouagan would be good for the Atlantic provinces."

**An Hon. Senator:** Hear, hear!

**Senator MacEachen:** The market mechanism, however indispensable, will not achieve some of our goals because they are not trade and financial goals; we have social and cultural goals reflecting profound moral values. That is the reality of Canadian financial policy and Canadian financial management.

Mr. Wilson is growing wiser too late. Two years have been lost as regional disparities have become more severe—certainly in the Atlantic provinces of Canada.

Mr. Wilson may be growing wiser—and probably his mind is getting broader with passing international and domestic events—but let me tell you, honourable senators, his room for manoeuvre is growing inexorably narrower. Our economic prospects remain reasonably good for the balance of the year and next year, but we cannot expect to continue to have the rate of growth we have had in 1984 and 1985. Growth is not going to be better than it was in those two years. International demand is going to be softer, or it may be softer. We know that our tax burden has increased impressively under this government. Disposable income is reported to have declined at an annual rate of 2 per cent in April and in May against a rise of 3 per cent in the previous quarter.

• (1450)

The scope for reducing government expenditure may still be large in those cuts hidden away in the Nielsen Task Force Report, but, as we know, the easy cuts have been made.

Mr. Wilson failed to meet his own goals for deficit reduction in the more favourable conditions of 1984 and 1985 and at a time when the government enjoyed impressive support from the Canadian people. In two years this has been dissipated. The budget performance has fallen behind the standards which Mr. Wilson set for himself.

Perhaps the Minister of Finance or the Leader of the Government in the Senate will tell us where the government is going from here. Will Mr. Wilson raise taxes again at the risk of depressing consumer demand? Will he fall behind even more in his own fight against the deficit? Will he keep blurring the issue by constantly alluding to tax reform American style without giving us the specifics of the reform so as to permit a serious and public consideration of the effects of any such tax reform?

I must say that having pored over this product, written so laboriously and carefully by my distinguished colleague across the floor, I find no insight in the speech into these vital issues. Perhaps Senator Murray himself should keep good note of his

variations on the theme of deficit reduction and drop them at the appropriate time into Mr. Wilson's lap.

It is clear that the government has moved away from the economic philosophy which it enunciated two years ago. Nothing has replaced it except uncertainty caused by soul-searching and public disfavour. There is no alternative economic policy laid out as the government has moved away from its own main pillar of wisdom, and there is certainly nothing in the Speech from the Throne which indicates that we can make further progress in reducing the high levels of unemployment in this country.

I will admit—although I am not the first to do so, because Senator Barootes said this in his speech—that unemployment has been reduced from 11.7 per cent in 1984 to 9.7 per cent in 1986. That is all to the good, but I turn, for a brief moment, to the question of the regions and, particularly, to my own region, the Atlantic provinces. We know that in the last Speech from the Throne regional disparity and regional development got short shrift. It is now given sudden prominence in this soul-searching resulting from the mid-term blues. While taking part in a similar debate two years ago, I said:

> . . . there has been virtually no mention of regional economic development . . . there is no attempt whatsoever to identify or deal with regional development concerns. There is not a single mention of any commitment to reduce regional disparities.

Of course, Senator Murray pooh-poohed my remarks and said that a commitment to attack regional disparities "ought to be—and I trust, will be—a priority of the new government." I think that if Senator Murray did have this trust two years ago it was misplaced. The record of the last two years indicates that absolutely no priority has been given to regional disparity and that there has been no success in this endeavour. My own island of Cape Breton, never but a fragile part of the Canadian economy, is worse off now than it was two years ago. Unemployment levels in the Atlantic provinces, except for New Brunswick, were higher in August of 1986 than in August of 1984 and, honourable senators, Newfoundland has an unemployment rate of 21.1 per cent. Not even during the height of the recession did unemployment reach this level in that province. Anyone who says that the government has given priority to, and has succeeded in its battle against, regional economic disparity is making a mistake.

I read today in the press that a commission had stated that unemployment insurance has robbed the Newfoundlanders of their work ethic. Commenting on that, I say: What would destroy the work ethic more among any population than an unemployment level of 21.1 per cent? That is the real problem; not unemployment insurance. And those of us who know the people of the Atlantic provinces know perfectly well that if there are good, well-paying jobs available they will take the work. I lived that experience in all my time in the House of Commons. Give them the jobs and they will go to work. Don't talk to me about a work ethic with an unemployment rate of 21.1 per cent.

[Senator MacEachen.]

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** Perhaps it is inappropriate in the Senate to make a political comment—

**Senator Frith:** Leave is granted.

**Senator MacEachen:** —but I cannot fail to mention the new element which the Minister of Transport introduced into the debate on regional development this past summer. When he was, presumably, questioned about development in the Atlantic provinces and when, presumably, forced to the wall in trying to defend the record of the government, he said:

> It (meaning Atlantic Canada) isn't 'have not' if you compare it to Bangladesh. It's not 'have not' if you compare it to Haiti and it's certainly not 'have not' if you compare it to Jamaica.

**Senator Perrault:** What a statement to make.

**Senator MacEachen:** I regard that as an intemperate comment, which gives me the opportunity of saying that the aspiration of the people of Atlantic Canada is not to equal the standard of living in other countries such as Bangladesh, Haiti, Jamaica, West Germany, the United Kingdom or the United States. The ambition is to emulate the standard of living of other Canadians, to which we are entitled.

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** When Senator Barootes talks about the distinct improvement in unemployment levels in Canada, he must know that it has principally taken place in Ontario and, probably, Quebec. It is my view that the citizens of Atlantic Canada are entitled to seek, to aspire to and to be helped to have that same standard of living. No one should say, "Well, take a look at Bangladesh," or "Take a look at Haiti," or "Take a look at Jamaica."

• (1500)

The government has indicated in the Speech from the Throne that it will establish something called the Atlantic Canada Opportunities Agency, the purpose of which will be "to facilitate and coordinate all federal development initiatives in the area." I must say that I am not convinced that this is much of a step. What is required is not coordination and facilitation. What is required is public expenditure and public support. Indeed, no new development initiatives are mentioned by the government, although it is said that spending money by itself has not solved the problem. I agree that the problem is not solved. But, in certain circumstances, spending money from the public sector is essential in the Atlantic provinces. If it is all left to the private market mechanism, economic development will take place where it has taken place in the last two years—namely, in southern Ontario—and the Atlantic provinces will languish in high levels of unemployment. That is the reality of our situation. The government now seems to be understanding that if the regions are to prosper—not prosper but, rather, to pick themselves up out of the recession—they will need greater and greater support from the Government of Canada.

Honourable senators, I want to say just a word about Quebec and the Constitution, and perhaps Senator Murray will elaborate upon and correct my imperfect understanding of the intentions of the government. I am certainly pleased that the Speech from the Throne mentions again that our Charter of Rights and Constitution remain incomplete without the adhesion of Quebec. The Prime Minister has made it abundantly clear that one of the great goals of his government would be to bring Quebec into the Constitution. In fact, the 1984 Speech from the Throne stated:

> ... it is obvious that the constitutional agreement is incomplete so long as Québec is not part of an accord ... my Ministers will work to create the conditions that will make possible the achievement of this essential accord.

It is understandable that the government, in the ensuing months, kept away from the issue until the election of a Liberal government in Quebec. What is less understandable is that the Prime Minister should have waited so long to appoint, in the person of Senator Murray, someone responsible for meeting this great challenge. Here, again, the government seems to be in the process of abandoning the agenda which it set for itself in 1984, because this Speech from the Throne carries quite a different message on this subject from that conveyed in the 1984 speech. In the speech we heard last week, it was stated that:

> Should there appear reasonable prospects for agreement, formal negotiations will proceed in the expectation that Quebec will take its rightful place as a full partner in the Canadian Constitution.

What appears to be happening is that the Canadian government is no longer prepared to throw its full weight behind the search for a solution. The government seems to be content with touching base with provincial governments to test the prospects. At best, negotiations will be initiated.

Contrast that with the other great negotiation which was to be a landmark in the history of this government. The Canadian government initiated trade negotiations with the United States and pressed ahead despite a clamour of opposition in the country. I would simply ask: Why not similar determination in the case of Quebec? Instead of determination, instead of throwing its full weight behind the effort, instead of working to create the conditions that will make possible the achievement of this essential accord, this Speech from the Throne stated: "Should there appear reasonable prospects for agreement, formal negotiations will proceed ..."

Honourable senators, I must also say a word about that other pillar of the Canadian government's future; namely, constructive internationalism. That is one of the big items in the Speech from the Throne. Well, I was quite disturbed by the section on internationalism in the 1984 Speech from the Throne because the government committed itself to renewing the tradition of constructive Canadian internationalism. It highlighted the vital relationship with the United States, dealt with defence, multilateral institutions, the importance of trade and of trade liberalization. The list was rounded off with a reference to Canada's record in official development assistance and the continuing need of the developing countries. As honourable senators may recall, I said that a good deal of rewriting of history had been necessary to talk about renewed Canadian internationalism, as though that great tradition had disappeared during the years in office of former Prime Minister Pierre Elliott Trudeau—a view held, perhaps, in the back rooms of the Conservative Party, but certainly not in the great capitals of the world. I am pleased that the term "renewed" has conspicuously been dropped from the Speech from the Throne we heard last week. This government is now committed to constructive internationalism. This phrase has at least the merit of being used in the report of the Special Joint Committee of the Senate and the House of Commons on Canada's International Relations.

What is it, then, that the government proposes as constructive internationalism for Canada in 1986? Can we glean any new insights from the Speech from the Throne as a result of the seasoning and knowledge gained by the Prime Minister and the Secretary of State for External Affairs from two years' experience in conducting Canada's foreign relations and after much travel abroad? Honourable senators, I do not need to repeat the highlighted areas of Canadian interest. It is the same old list as that contained in the 1984 Speech from the Throne. Are we to become any the wiser when we are told that "our foreign policy essentially rests on the respect for our engagements towards the multilateral institutions and organizations of which we are members"? I am relieved to know that Canada will continue its efforts in the Commonwealth, in la francophonie, the United Nations and NATO. But such commonplace utterances are self-evident and do not require insight or experience or travel or, indeed, much knowledge.

It is clear, as I mentioned earlier, that our relationship with the United States has lost its choice place at the top of the foreign policy agenda. We have been told under the heading of Economic Renewal that the government pursues "a mutually advantageous trade agreement" with the United States—a far cry from the historic event of comprehensive free trade. The Speech from the Throne remains silent on how the government intends to cope with the current dramatic trade issues with the United States, and with other no less dramatic issues, such as the problem of acid rain.

● (1510)

I wonder if the maple syrup producers of Quebec, or the forestry industry in the east, or the tourist industry—those who cherish the beauty of our land—will be satisfied with a statement in the Speech from the Throne that the government

> ... remains determined to pursue with the United States the rapid implementation of the recommendations of our Special Envoys with respect to acid rain.

Will that satisfy the public or the urgency of the situation?

The Speech from the Throne should also have told us what the government has done since September 1985 to protect Canadian sovereignty in the Arctic. After the humiliating episode of the voyage of the "Polar Sea" in the Northwest

Passage, the government announced a series of measures designed to affirm its claim in the north, and it takes pride in rehearsing them in the Speech from the Throne. But, one year after, where is the project for a class-8 icebreaker? To what extent has Canadian surveillance been stepped up? And what is the outcome of the talks that Canadian officials and ministers have held with their American counterparts, talks which, according to the Secretary of State for External Affairs, "shall only be on the basis of full respect of Canadian sovereignty"?

I ask honourable senators whether the government, in the period of two years, has lost sight of what it said about the United States in 1984? It stated then:

> Our relationship with the United States affects virtually every aspect of our national life. It is essential to our security and prosperity.

I ask why, in 1986, has this government replaced the United States at the top of its foreign policy agenda by Africa? Yes, Africa is the only continent singled out for attention under the heading "Constructive Internationalism". Of course, we know why: apartheid and famine. The government has been vocally strong in its denunciation of apartheid in South Africa, and can produce a list of approximately 27 measures adopted to demonstrate its opposition to apartheid. It has also taken forward positions on famine relief in Africa and on aid to African countries, particularly African countries south of the Sahara. We applaud and support such efforts, although I must add that under both headings the cost to Canada is not all that great.

I do not intend to deal in detail with our sanctions against South Africa, except to observe that the Minister of External Affairs told the House of Commons yesterday that in his view sanctions were generally ineffective. He seemed to be saying that we need a policy, any policy, even an ineffective policy.

I will not go into that, but I cannot pass over this government's performance in the field of aid, which is the acid test of the depth of any government's commitment to the amelioration of the condition of the poorest and least developed countries in the world.

I will return to something that I said in November 1984, following the 1984 Speech from the Throne. I had already pointed out Mr. Clark's solemn statement before the United Nations that

> Our new government intends to maintain Canada's commitment to reaching .7 per cent of the GNP by 1990 in official development assistance.

That, of course, had been repudiated shortly afterwards in documents released by the President of the Treasury Board. The new target for 1990 was .6 per cent and the .7 per cent target was postponed until 1995. But even those revised figures have been superseded. The targets are currently .5 per cent until 1990 and .6 per cent in 1995. As to the .7 per cent target, it has dropped out of sight altogether. No wonder that with this downward slide the government no longer states in the Speech from the Throne, as it did in 1984, that

> Canada's record in official development assistance has on the whole been constructive.

I must say, as I look at Canadian foreign policy, that it does not take much courage in this country to adopt rhetoric in favour of the poor and in opposition to racism. Canadians are universally behind such statements, so it does not require a particular type of political courage to take such a stand. But rhetoric on racism and for the poor is not good enough as a foreign policy in our day and age. What is the foreign policy now with respect to the United States? The government has been put on the run in its trade dealings with the United States. It is the most important foreign policy item, but it is not mentioned in the Speech from the Throne, and it was not mentioned yesterday by Mr. Clark in his speech in the House of Commons. There was nothing about the United States. What is the policy now that the government has been put on the run in its trade conflicts with the United States?

We know, and the government should know, that the whole world is, indeed, a deeply troubled place. If Canada is to maintain its standing on the international scene, it must be ready to run the risks and incur the costs of bold policies which will truly protect its interests. Let us consider the export of arms. We should be pleased that Canada should clarify and tighten its policy; pleased that no Canadian military equipment should get to violators of human rights. But why keep the list of embargoed countries secret? Is it to protect Canadian export interests? Is it to avoid diplomatic embarrassment? The true cost of secrecy is to the government's credibility at home and abroad, and one asks whether this government is capable of facing the cost of its own decisions.

Let us also consider the problem of refugees. Let us consider the well advertised case of the Tamil refugees. Canada has been true to its long-standing tradition as being a country of asylum; but what have we done to deal not with the symptoms of trouble—the flow of refugees—but with the cause, the tensions, the intolerable situations, the breakdown in the political and social framework from which those people are fleeing?

I ask also, honourable senators, why are countries in our own hemisphere seemingly beyond the scope of our concerns? Over the years, we have had a strong and healthy relationship with the Caribbean. Has it lost favour? Is the government recognizing how dramatic is the current fate of Mexico? That is a country with which we share, along with the United States, the northern part of this hemisphere. It is a country rich in promise, a traditional friend, victim of the oil price vagaries with which I dealt earlier. It is badly in need of cooperation to surmount the problem of its staggering debt. With a 50 per cent drop in the price of oil, the national income of Mexico was reduced by 4 per cent, and its budgetary revenues were cut by one-sixth. That is what happened in Mexico. There is not a word about this, our own hemisphere, in the Speech from the Throne. Is the government insensitive to the threat of destabilization hanging over a country like Mexico, in light of the conditions I have described? I must ask: How dynamic are our ties with Latin America and how serious are our concerns with Central America if they do not even rate

a passing reference in what purports to be the government's vision of Canada's role in the world?

• (1520)

The Secretary of State for External Affairs has put well the challenge facing anyone in charge of foreign relations. On the one hand, he said in Israel in April of this year:

> —the elements of peace must be found and agreed to. Countries outside the region, like Canada, can help create conditions and provide encouragement to move the process forward.

Certainly, I would generally support that comment. The same view has been taken by our Foreign Affairs Committee, under the chairmanship of Senator van Roggen. However, more recently, in the context of Central America, Mr. Clark said that we must resist

> —the temptation to reduce our influence in the United States and elsewhere, by offering gratuitous advice which we can neither defend nor enforce.

I think those two statements amount to what appears to be a dilemma, but it is only a dilemma for a government without a vision of the role of Canada in the world. If the government has a vision, it pursues that vision and accepts the costs, thereby removing the dilemma which Mr. Clark stated so clearly.

I would suggest that the challenge of Canadian foreign policy is to be there in the forefront, at the right time, with a clear understanding of the Canadian interests to be served, and with the right solutions and with the influence to move them along. This can only be done with a profound vision of the world and with willingness to take the bold initiatives which have, from time to time, been the hallmark of Canadian policy. In the field of foreign policy, the Speech from the Throne offers vacuous comments and generalities. The Canadian people and the Canadian tradition deserve better.

Honourable senators, in the Speech from the Throne, the trips abroad of the Prime Minister were highlighted as an important element of constructive internationalism. Yesterday in the House of Commons, Mr. Clark stated, "We are also breaking new ground in the use we make of official trips." I would certainly agree that new ground has been broken, especially in the excessive spending and extravagant lifestyle projected by the Prime Minister abroad. I have no intention of rehearsing in full detail the painful list of these extravagances—the airborne, tea-pouring butler, who is now disguised as a security agent; the $300,000 spent to ferry a video crew to Asia aboard a Canadian Forces Hercules aircraft; the $800-a-night rooms in Paris and New York for members of the Prime Minister's staff. The list goes on. It is a painful list and I shall drop it there. This costly evidence of Canada abroad is scandalous in itself. However, there is a deeper point that has to be made. The point is that when the Prime Minister travels abroad—and he must travel abroad, and I have absolutely no complaint about that, because the Prime Minister can do a great deal for the country—the Prime Minister, any prime minister, is the country's best ambassador. So, he must travel, and I have no complaint with that at all.

However, I must say that the Prime Minister should understand that he is travelling as a representative of Canada, and that he must project in those travels the reality of life in Canada, in our own country. He must not project a false image of Canada. If restraint and cuts are the watchword of all Canadians, then that image should be projected when the Prime Minister travels abroad. We do not want two faces on this country.

I have in mind a publication which was produced, I am told, at a cost of $42,000 by the Canadian Embassy in Washington, entitled *Canada Today*. It perpetuates in colour photography the ill-starred Washington summit of last March. The publication and its cost are in themselves offensive to me. But the events as described surrounding that summit and disseminated at Canadian taxpayers' expense are reminiscent of a royal court at a moment of wild extravagance and imminent extinction. I would like to read a couple of things from this booklet published by the Canadian Embassy at the expense of Canadian taxpayers, particularly its description of dinner:

> It was a beautiful night. Harp and string music floated out of the open doors.

This section is entitled "Bach, Tulips and Angel Hair Pasta." In it we are told, at the expense of Canadian taxpayers, the menu. It reads:

> They sat at small tables adorned with pink tulips,

**Senator Perrault:** How about that!

**Senator MacEachen:**

> —ate Angel hair Pasta with Seafood and Romano Cheese Sauce,

**Senator Perrault:** Send the bill to the taxpayer.

**Senator MacEachen:**

> —Supreme of Chicken Vol-au-Vent and Pistachio Marquise—

**Senator Haidasz:** No perrogies?

**Senator MacEachen:**

> —and drank Sonoma Coutrer Chardonnay, Leardini Pinot Noir, and Schramsberg Crémant Demi-Sec.

**Senator Haidasz:** What about Canadian wine?

**Senator Perrault:** Did the butler get the same thing?

**Senator MacEachen:** What does that have to do with foreign policy? Further on, the description ends with:

> —pianist, Rosalind Tureck played, "On the departure of a Beloved Brother" in B Major . . . by Bach.

I am told that that particular selection, "On the departure of a beloved brother", was selected by the President himself as he anticipated the tariff actions which he intended to take on shakes and shingles and softwood lumber.

Those honourable senators who have a strong stomach should read this booklet and the other nonsense that is disseminated for what purpose I do not know.

**Senator Perrault:** Are there any pictures?

**Senator MacEachen:** I suggest that honourable senators take a look at the portion entitled "A Gala in a Tent". It reads in part:

> The last ceremonial gala took place in a huge tent at the Canadian Ambassador's residence overlooking Rock Creek Park.

**Senator Perrault:** It sounds like a real tent meeting.

**Senator MacEachen:** Honourable senators may be wondering why I mention this matter. It is because Canadian foreign policy cannot have two faces. Canada abroad must be Canada at home. And what was happening in Canada when angel hair pasta was being served in Washington for our Canadian visitors? The very next day, this chamber gave third and final reading to the Family Allowance bill whereby Family Allowance payments were reduced by $11 this year for even the poorest children in Canada.

• (1530)

**Some Hon. Senators:** Shame!

**Senator MacEachen:** It was called restraint; we were told that Canada could not afford to give these children that $11 this year.

**Some Hon. Senators:** Shame!

**Senator MacEachen:** No angel hair pasta for the children of Canada!

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, it is hard to believe that the last part of the speech we have just heard comes from the foreign affairs minister of Pierre Elliott Trudeau, who spent his time on the yacht of the Aga Khan so often in the past.

**Senator Frith:** Who paid for it?

**Senator Murray:** Talk about two faces for foreign policy! A prime minister who went to the Soviet Union and told them about the military threat that this country was supposed to be under from the United States. Two faces of foreign policy, indeed.

**Senator Perrault:** That is no defence at all.

**Senator Murray:** It is hard to believe that such statements could come from the foreign affairs minister of Pierre Elliott Trudeau, who, whatever his other contributions on the domestic or international scene, gained a well deserved reputation as an international playboy over 16 years in office, and that is a fact.

Honourable senators, I want to begin on a more friendly note by congratulating the Honourable Senator Cogger and the Honourable Senator Barootes who moved and seconded the motion for an Address in Reply to the Speech from the Throne. Senator Cogger comes here with a very interesting career behind him in politics, in law and in business, and I am sure with a very interesting and constructive career ahead of him in the Senate.



[*Translation*]

He started his political career in the 60s at Laval University, when he was elected student president.

In the Conservative Party where he was national vice-president, as a lawyer and in the business world, he always won the confidence and friendship of his colleagues.

I have been a friend of his for twenty years. He has the grave responsibility of being the father of my goddaughter. We have travelled together across this country and abroad. We always took the same political route, although our paths may have diverged from time to time.

After working closely with the senator during the last two decades, I am delighted to see him in Parliament where, I am sure, he will make a contribution of the very highest calibre.

Senator Barootes' speech was a masterpiece.

[*English*]

Senator Barootes has already made his mark here as an eloquent spokesman for his region and his province, and we all understand the reasons that take both him and his interlocutor, Senator Steuart from Saskatchewan, back to their province today.

I thought that Senator Barootes' remarks on drug abuse were particularly welcome and particularly pertinent, coming as they do from a former president of the Canadian Medical Association and a former member of the Alcohol and Drug Abuse Council of the Province of Saskatchewan. It was a very wide-ranging speech that Senator Barootes made. No sooner had he mentioned the creation of the proposed new Canadian Space Agency than Senator Steuart went into orbit. In his on-schedule lift-off, Senator Steuart predicted—I think accurately—the re-election of the Conservative government of Premier Grant Devine of Saskatchewan. I, of course, have no argument with that. No doubt the NDP will come second and the Liberals will win no seats, but they will declare one of those famous moral victories that they have always had in Saskatchewan. If moral victories were members of Parliament, the Liberals would, indeed, be a formidable force in western Canada.

Let me also extend my congratulations to our newest senator, the Honourable Norman Atkins. Senator Atkins is an Ontario senator with a maritime connection, and that is all to the good. His immediate connection is with the province of New Brunswick, where he has a residence, but he had a grandfather born deep in Senator MacEachen's former constituency of Guysborough County, Nova Scotia. Senator Atkins is justly famous for his skills at recruiting, organizing, motivating and moulding a team for the achievement of political goals. This Senate being at its best a very collegial place, I know that he is ideally equipped by experience, temperment and ability to play a very constructive role here.

**Senator Frith:** The more time he spends here the better, that's what I say.

**Senator Murray:** Honourable senators, I want to welcome all colleagues back to their work. I trust that they have had an

enjoyable holiday. Some of them have been more visible than others over the holidays. I heard the Leader of the Opposition this afternoon referring to the government's penchant for self-criticism. Judging by the situation of the Liberal party today, we still have a long, long way to go.

I was very pleased to see in the *Toronto Star* a few days ago an article by our colleague, Senator Marsden, on that very point. The general thrust of the senator's article was that, when Liberals are at each other's throats, that is a sign of the vitality of the party. I thought that that was a very good point. I must say I sympathize with the point and appreciate it because, in not dissimilar circumstances, I have made that very point myself, although I have never made it quite as well as Senator Marsden did, because she managed to give the thing an international flavour. She alluded to those countries where leadership review was a capital offence, and then she went on to suggest that this blood-letting in the Liberal party is somehow setting an example of freedom and democracy that the whole world can emulate. I just want you to know that I like her spirit and appreciate her style in that respect.

I also heard Senator MacEachen today taking a strong stand in favour of more government, not less government, and I could not help but be reminded of the television interviews that I saw within the last few days—indeed, last night—featuring our colleague, Senator Davey, who was drawing a pretty clear line between the various factions within the Liberal party: Those which, I take it, are represented by the present Right Honourable Leader of the Opposition and are more along the right wing, and those which belong to the factions supported by Senator Davey who would advocate a more activist role for government. I was interested to see that Senator MacEachen took advantage of the opportunity provided by the Throne Speech debate today to let us know where he stands on that matter. We shall see in November just what position he takes on the matter. I well recall the Liberal leadership convention of two years ago when Senator MacEachen took a very strong stand, indeed. Just seconds before the first ballot was taken at that convention, I saw him climb on the Turner bandwagon.

● (1540)

Honourable senators, mid-way through our mandate, as the Leader of the Opposition has mentioned, the Speech from the Throne—this government's second Speech from the Throne—brings a message of achievement, of continuity and of direction. The priorities that we set out in 1984 are, as the Leader of the Opposition mentioned today; economic renewal, social justice, national reconciliation and constructive internationalism. Those priorities are still before us, and in each of those areas we have real progress to show for our efforts and for the policy changes we have made. The challenge and responsibility facing the government is to build on that progress, and that is the direction set out in the Speech from the Throne.

I could hardly believe my ears this afternoon when the Leader of the Opposition lectured us on the need for concerted international action on oil prices, and to do something about the energy industry. It is hard to believe that there speaking was the author of the famous National Energy Program—officially the author, at any rate. He brought it in in the guise of a budget on, I believe, October 28, 1980. That was a policy that shut down exploration and development in the petroleum sector, that aborted the great mega-projects Senator Olson, the then Minister of State for Economic Development, was telling us were going to be our economic salvation, that shook investor confidence in Canada and led—I will never forget it—to the headline in the London *Economist* "Wildcat Canada Resigns from the World". Now we are being told that we must lead a concerted international action to do something about oil prices and the state of the energy industry.

Well, I am glad to have his admonitions about the need for concerted international action, and perhaps we will have another debate on that one of these days, but, in any case, I must say that, on the record, my friends opposite are ill-equipped to read us lectures on this point.

The Leader of the Opposition has also told us that the economic renewal that is taking place in Canada is a factor of growth in the United States, that the economic recession that Canada suffered in 1981-82 was purely a result of international conditions. Not a word about the budgets that he and his colleagues brought in, not a word about FIRA, not a word about the anti-investment, anti-incentive, anti-business policies that so turned off the entire business community here and abroad. Not a word about any of that.

**Some Hon. Senators:** Hear, hear!

**Senator Murray:** Sure, we had an international recession in those years, but it was deepened and worsened because of the actions taken by the previous government.

The Leader of the Opposition referred this afternoon to a definitive statement made by the Minister of Finance in 1984, *An Agenda for Economic Renewal*. Mr. Wilson identified at that time four challenges that were essential to economic renewal:

1. Get the budget deficit under control;

2. Make government more efficient and less obstructive to the work of the private sector;

3. Foster high investment, innovation, international competitiveness and a positive climate for business growth;

4. Bring about those changes with a sense of equity and openness that characterizes Canadian society.

What progress can we point to two years into our mandate? We inherited a deficit of $38.3 billion; last year it was down to $34.5 billion; this year it will be $32 billion, or less. This is the first time in 16 years, honourable senators, that the deficit has declined for two consecutive years.

**Some Hon. Senators:** Hear, hear!

**Senator Murray:** We had to put a lid on government spending. Program spending declined by about $1 billion last year, the first noticeable decline since World War II. There was an average annual growth of 12 per cent in the previous decade. Total spending came in at $2.1 billion below the target set out in the May 1985 budget, and, notwithstanding this

restraint, we have been able to put more money into some important social program areas—veterans, the disabled, spouses allowance—and we have been able, notwithstanding that restraint, to respond to crises in energy, agriculture and elsewhere.

I say that speaks of good management on the part of the government. Naturally, the political leadership of the country would like to receive some credit for it, and I think we will get it, but I want to pay a word of tribute to the Public Service, which has responded to the government leadership in this respect. It has accepted the need for restraint and the need for careful management of our dollars and it deserves a measure of commendation for the results that we are receiving in this respect.

[*Translation*]

And for the first time in eight years, the bank rate, the inflation rate and the unemployment rate are below 10 per cent. Nearly 600,000 jobs were created since November 1984.

The OECD predicts that Canada will have the highest employment growth rate of all large industrialized countries. The prime rate of the chartered banks is the lowest it has been in eight years. Inflation has remained at 4 per cent for two years, and prices have never been as stable since 1971.

The value of construction permits, the number of housing starts, the value of new manufacturing orders, and retail sales have all increased substantially in recent months.

[*English*]

Two years into our mandate, what do we have to show for the policies first announced by Mr. Wilson in November 1984, and carried forward since then? As I have mentioned, the Senate and the House of Commons abolished the Foreign Investment Review Agency and established Investment Canada to encourage domestic and foreign investment in this country. We dismantled the most objectionable and confiscatory and narrowly nationalistic aspects of the National Energy Program.

What is the result? I have in front of me an article which appeared in the *Toronto Star*, of all places, on September 9, headed: "Tories lauded for sharp rise in foreign investment." It states:

> Government figures show international investors poured $4.7 billion into Canada in the first six months of this year, close to the full twelve-month total of $5.5 billion in 1985 and almost double the $2.6 billion figure of 1984.
>
> Industry observers say Ottawa's well-orchestrated attempt to lay out the welcome mat to the world's investors has sparked the sharp influx of capital from abroad. They also believe the flow could rise as the country's reputation as a safe haven for foreign funds grows.
>
> "Many investors are just now accepting the fact that there is a lasting change in attitude on the part of the government in this country," Fraser Mason, head of mergers and acquisitions for Woods Gordon Management Consultants, said in an interview.

[Senator Murray.]

The article goes on to state:

> Alan Crosby, Senior vice-president of Merrill Lynch Royal Securities Ltd., said that while much of the new investment is coming from the traditional areas in the United States, there is also growing interest in Europe and Asia.

The OECD, to which I referred a moment ago, says that our competitive position has improved considerably *vis-à-vis* the United States. Our overall competitive position has gone from eleventh to sixth place in two years.

The Conference Board of Canada says that consumer confidence is at its highest level in 21 years, and the second highest level on record. Last year, real gross domestic product grew at a pace second only to that of Japan and considerably stronger than that of the United States. I say simply that that is strong evidence of economic renewal, it is evidence of confidence in economic management, confidence in our economy and it points to further growth.

• (1550)

Honourable senators, I concede that the government pays a price in terms of its short-term popularity, for example, when it introduces restraint on spending. But people are beginning to see—and the polls are reflecting this—how restraint produces deficit reduction; how deficit reduction improves confidence in our economic management; and how confidence in our economic management spurs growth in the economy. We pay a political price from the side issues—some of which were alluded to by Senator MacEachen this afternoon—that affect and afflict every government and the media circus that accompanies those side issues. And so the opposition and some of the media are trying to manufacture a credibility issue. Members on the other side want to manufacture a credibility issue because the credibility issue is what sank them a couple of years ago. I must say that they are not doing much to improve their own credibility these days, rushing off with their own program to increase prosperity in the publishing industry. The new watchword in the Liberal Party is: If you can't say something good about somebody, write a book. We have Jean Chrétien's book and Don Johnston's book—

**An Hon. Senator:** Eugene Whelan.

**Senator Murray:** Eugene Whelan's book, Senator Davey's book, which is coming out.

**An Hon. Senator:** All overpriced!

**Senator Perrault:** At least they are literate.

**An Hon. Senator:** Dalton Camp.

**Senator Murray:** Somebody recently made a gift to me of a book called *Lily*, which is the second volume of what is apparently going to be a trilogy by Heather Robertson, based to a great extent on the life, times, work and diaries of Mackenzie King.

**Senator Denis:** It is only three out of twenty-two million.

**Senator Murray:** It is basically a novel, but, because it is based on Mackenzie King's life, works and writings, it is quite interesting. It is about half truth and half fiction.

**Senator McElman:** Have you read Sean O'Sullivan's yet?

**Senator Murray:** No, I haven't had much chance to read those books. I did send somebody out to look at the books—

**Senator McElman:** You should; it is excellent.

**Senator Murray:** I did have somebody go out to look at the books by Jean Chrétien and Don Johnston to try and compile a list of the references to Senator MacEachen therein because I thought that would be very interesting. I understand that his staff may be doing the same thing, so we should probably try to avoid obvious duplication of effort.

The government pays a price in these terms, but I tell the Senate that two or three years from now the government will be facing the people on the real credibility issue. The real credibility issue is whether the government has remained true to its mandate, whether the government has moved the country ahead in the right direction. I think that on the record so far this government need not fear the judgment of the people in that respect.

We had some discussion today on the subject of trade. The government will continue the fiscal and economic policies that have encouraged investment and growth and job creation, but we all know that more is needed. We have unemployment in the country, as we have been reminded today, and regional disparity. The country needs an impetus to growth and that impetus to growth can only be provided by increased trade opportunities. Hence, the government's emphasis on trade. The Leader of the Opposition professes to see some lessening in our resolve to conclude the trade negotiations with the United States. We want and are determined to get the biggest and best and most comprehensive deal we can with the United States—there has never been any question about that. We have one agenda. We have two sets of negotiations: The one bilateral with the United States and the other multilateral with the GATT. We have aggressive trade promotion policies everywhere. We send the Prime Minister and his colleagues and members of the Canadian business community abroad on these trade missions and, of course, smaller minds look at the hotel bills. But those who have some understanding will tell you that what we are doing is opening up important commercial opportunities for Canada in those countries.

I don't think I have to remind the Senate of the importance of trade or the enormous stake our country has in trade. The reports of the Standing Senate Committee on Foreign Affairs, under the chairmanship of Senator van Roggen, on the question of trade with the U.S. are as authoritative and as respected as any that have been issued before or since from any other quarter. We gain, and the world gains, every time we push protectionism back. However, it is appalling to see certain factions in this country still implacably opposed to a deal with the United States before any deal is struck. They demand that we stop negotiating, they reject the common sense that argues for a special trade arrangement with the country with which 70 per cent of our trade is done. They try to undermine the—

**Senator Frith:** You are not talking about us.

**Senator Murray:** I am not talking about my honourable friend, no, but there are factions in the Liberal Party, now that he mentions it.

**Senator Frith:** Oh, in the Liberal Party.

**Senator Murray:** Yes, there is the Mel Hurtig *Toronto Star* faction of the Liberals, the Lloyd Axworthy faction of the Liberal Party—

**Senator Frith:** "Faction."

**Senator Murray:** Now my friend and his friends, Mr. Don Johnston, the Honourable Donald Macdonald and—even at his best in the old days—the Right Honourable John Turner belong to the more sensible, forward looking faction of the Liberal Party that favours—

**Senator Frith:** Kill them with kindness.

**Senator Murray:** —trade agreement with the United States.

**Senator Perrault:** That is the first nice thing you've ever said about him.

**Senator Murray:** We have unemployment in the country—tens of thousands of people coming into the labour force looking for jobs. We have regional disparities. The Prime Minister of Canada has said that every 1 per cent increase in our share of the U.S. market means 75,000 new jobs in this country.

**Senator Buckwold:** All in Ontario.

**Senator Murray:** The Macdonald commission—not all. Was that Senator Buckwold who said "all in Ontario"?

**Senator Buckwold:** Yes.

**Senator Murray:** What does the leadership in his province say about trade? They want to see us get on with this bilateral arrangement with the United States.

**Senator Buckwold:** We are not talking about jobs for Saskatchewan, we are talking about markets.

**Senator Murray:** Yes, his former colleague in the Liberal caucus, the former Premier of Nova Scotia, the former Minister of International Trade in the Liberal government has said that "Nova Scotia would be one of two provinces that had the most to gain from a new free trade arrangement with the United States."

The jobs are not all in Ontario, as I will show. The royal commission, headed by the Honourable Donald Macdonald, stated very clearly that the benefits of a free trade deal with the United States would be spread across the country and in every region. "Commissioners are confident," the Macdonald commission said, "that the long-term gains will be many times greater than the short-term adjustment costs. Such costs, moreover, can be cushioned by the introduction of an appropriate transitional adjustment assistance." The Macdonald commission went on to estimate that a new bilateral trade deal with the United States would result in a 3 to 8 per cent increase in our national income.

[*Translation*]

Richard Lipsey, in a study carried out for the C.D. Howe Institute, forecasts a 7 per cent increase in our standard of

living and the creation of 500,000 jobs. Informetrica estimates that an increase of 5 per cent in our gross national income and the creation of 500,000 new jobs will be the result of a free trade system between Canada and the United States. The political research institute forecasts a 9 per cent increase in our gross national product.

• (1600)

[*English*]

This is an initiative that should be supported. Canadians want it to succeed. Trade is the key to our future growth and we need better and more secure access to that huge market in the United States. I cannot for the life of me understand why some people want us to abort it; and why they want to nickel-and-dime it to death, even before they see the shape of any agreement we might negotiate with the United States.

We have had mention this afternoon from the Leader of the Opposition of the problems of regional disparity. He has told us that it does not have the priority it used to have and that we do not have the success we used to have in terms of combating regional disparity. It was not a Conservative government that did away with DREE and drowned it in DRIE.

The Leader of the Opposition excoriates us for trying to find some new approaches to the persistent problem of regional disparity. But what is his answer? A couple of years ago in the Standing Senate Committee on Finance when we had before us as a witness Mr. Stevens, the then Minister of Regional Industrial Expansion, Senator MacEachen put to him that they should keep those heavy water plants going in Cape Breton at a cost of $104 million per year on average and build up an inventory of heavy water that nobody wanted.

**Senator MacEachen:** It will be required in the future and it will be provided by plants built in Ontario. Mark my words, that is what is going to happen.

**Senator Murray:** Lord knows there is enough of it.

**Senator MacEachen:** There won't be any plants in Cape Breton, but they will be producing heavy water in Ontario.

**Senator Murray:** I want to tell my friend that there are five Candu reactor loads of heavy water inventoried in the warehouses of Port Hawkesbury.

**Senator MacEachen:** We all know that; that is old stuff.

**Senator Murray:** "Old stuff," he says.

**Senator MacEachen:** Yes.

**Senator Murray:** The honourable senator told the government that in his opinion we should keep it going.

**Senator MacEachen:** I still think so.

**Senator Murray:** From 1980-81 to 1985-86 there was no demand for heavy water, so we kept piling it up.

**Senator MacEachen:** Go down to Cape Breton and make that speech.

**Senator Murray:** Oh, I would.

**Senator MacEachen:** You damn well wouldn't.

[Senator Murray.]

**Senator Murray:** They kept piling it up.

**Senator MacEachen:** We all know that.

**Senator Murray:** They kept piling it up at the rate of $104 million a year, which now amounts to $624 million. The Honourable Leader of the Opposition has told the government to keep it up. He has told the government that he knows the warehouse referred to, but that there is still more warehouse space.

**Senator MacEachen:** Absolutely.

**Senator Murray:** That is irresponsible. That is the kind of attitude that gives regional development a bad name.

**Senator MacEachen:** You made a horrible mistake in terms of Atlantic Canada. Let me tell you that you will have heavy water being produced in Ontario, and that is plain.

**Senator Murray:** There is plenty of it to meet any foreseeable need.

**Senator Phillips:** The Leader of the Opposition is really picking on Ontario today.

**Senator MacEachen:** We just want to be like them. We want to be rich.

**Senator Murray:** The Speech from the Throne makes reference to the need—which I hope we have just demonstrated by the example I have cited—for new approaches to the problem of regional disparity. The persistence of regional disparity, despite all the efforts to improve the situation, to pour money into it, is a frustrating phenomenon for everyone involved in public life, and the odd-evenness of the present recovery only points out the existence of these disparities.

In the past couple of years, the government has moved to do away with some of the more obvious obstacles to growth in the regions by signing the Western Accord, the Atlantic Accord and the Nova Scotia Accord. I know that the currently low world oil prices are holding back development, but when prices have increased and activity has resumed, those federal-provincial agreements will give those regions more control and a better share of the returns from the resource development.

The government introduced the Atlantic Enterprise Program to offer two kinds of support, loan insurance and interest buy-downs. It offers 85 per cent coverage of loans for capital investment projects in the Atlantic provinces and reductions of up to 6 percentage points to buy down interest rates on new term loans.

The honourable senator mentioned Cape Breton. Goodness knows we have tried. We brought in Enterprise Cape Breton with an investment tax credit of 60 per cent as a further encouragement to investment in Cape Breton. We set up the Enterprise Cape Breton agency. I am told that up to now they have received over 1,000 applications. The agency has made 511 offers of assistance. If all of those offers of assistance that the agency has made to these various industries which have applied go forward, there is a potential of 3,500 jobs. Eighty-four million dollars is committed to those projects.

We have not found the permanent answer to the employment problem, the economic problem and the social problem in Cape Breton, to which the Leader of the Opposition referred, but you cannot blame us for trying. The Atlantic Enterprise Program; the Enterprise Cape Breton Program; and the Cape Breton investment tax credit of 60 per cent all reflect the determination of this government to try any reasonable initiative that has some prospect of improving the economic situation in Cape Breton and the Atlantic provinces. Those initiatives make an awful lot more sense to me and, I think, to the taxpayers of the country and of Cape Breton than creating a stockpile of heavy water at a cost of $104 million a year.

**Some Hon. Senators:** Hear, hear!

**Senator Murray:** We have negotiated ERDA sub-agreements worth $3 billion to build on regional strengths and potentials in agriculture, tourism, fisheries, mining, manufacturing, science and technology and forestry and still, as the Prime Minister has noted during his visit to the Atlantic provinces some weeks ago, we are not making the headway that we should.

The Speech from the Throne tries yet another approach by way of an Atlantic Opportunities Agency to try to decentralize decision-making. It tries to make the machinery of the federal government more sensitive and more responsive to regional priorities.

When he was Minister of Supply and Services, the Honourable Stewart McInnes introduced a program to increase from $1.6 billion to $2.2 billion over the next few years the federal government's purchases in the Atlantic provinces. That is a job creation measure. I think we also have to ensure that national policies and programs are sensitive to regional considerations, and it surely did not help to liquidate DREE, which was something which happened under our predecessors. They drowned that in something called DRIE. A long time ago, in the heyday of DREE when Jean Marchand and Tom Kent were running it, it was hoped that DREE might play a role of almost being a central agency to examine and review government programs according to regional development criteria. That never happened. I think there is still a need to make regional development goals central to all our activities in government.

I must say that I was rather disappointed to see the Leader of the Opposition straining as he did to find something to criticize in our foreign policy. He suggested, for example, that the relationship with the United States had lost its top place in our priorities. Well, the relationship with the United States is as it has been—Canada's most important bilateral relationship. It does not have as high a profile today as it did a couple of years ago because, when we inherited it, it was in such a state of disrepair as a result of the actions of our predecessors. The relationship has vastly improved; it has become far more mature.

• (1610)

**Senator Sinclair:** Shakes and shingles.

**Senator Murray:** Shakes and shingles and all of the other irritants that my friend may refer to surely point out the need for a comprehensive trade agreement between Canada and the United States. That is what we are trying to work for, and I am glad to have the honourable senator's support for that initiative, along with the support of all of the more constructive and moderate Liberals in the land.

We have our differences with the United States. Canada did not embargo Nicaragua when the Reagan administration did. Canada continues to have a development program in Nicaragua. We did not follow the United States and the United Kingdom out of UNESCO because we prefer to work within that agency to try to bring about the necessary reforms. We declined the United States invitation for a government-to-government participation in SDI research. We are able to take these positions in Canada's national interest without damaging our basic relationship with our biggest trading partner, our best friend and our strongest ally.

Trade negotiations are going ahead. As I have said, there is no lessening at all in our commitment to those trade negotiations. We want the best, the biggest and the most comprehensive trade arrangement that can be negotiated.

The Leader of the Opposition warmed over part of his speech in the debate two years ago and talked about our commitment to foreign aid. In that very debate I was able to show the ups and downs and the peregrinations of the Liberal commitment to foreign aid over the years—saying one thing and doing another, establishing targets and retreating from them.

**Senator MacEachen:** There was no variation for five solid years.

**Senator Murray:** I do not have the information in front of me—

**Senator MacEachen:** Look back from 1980 to 1984.

**Senator Murray:** —but I commend to the Leader of the Opposition the statistics that I obtained two years ago and put on the record here, and I can do it again, if he likes. But I want to tell him and all honourable senators that over the next five years we have committed $13.6 billion to foreign aid. That is not peanuts. I suggest to the honourable senator and to all of my colleagues that our foreign aid programs are well received in the countries where they are working, that we have a good record and that Canada is widely praised for its creative and constructive attitude to aid and development throughout the Third World.

My honourable friend wonders about our commitment to the Caribbean. I had the pleasure, a few months before I joined the cabinet, to represent Canada at the annual governors' meeting of the Caribbean Development Bank. We are one of the biggest contributors to the Caribbean Development Bank and our participation in that bank is highly developed, as is our support for the Contadora process and our support for all of the trade and aid development measures that can be brought forward to lift the economy of Latin America. I mention, by the way, that the Secretary of State for External

Affairs has very recently completed a political and trade mission to Venezuela, bringing with him, I believe, people from the Canadian private sector to that country, where again he is seeking new commercial opportunities to exercise Canada's influence in that region. The honourable senator was really straining, I thought—possibly out of nostalgia for the job that he held on two different occasions over in the Pearson building—simply straining for something to criticize.

**Senator MacEachen:** I simply read the speech, that is all; perhaps one should not read it.

**Senator Murray:** The honourable senator should know that not everything is put into the Speech from the Throne.

**Senator MacEachen:** Not everything is mentioned in that speech, only the most important things. Africa has replaced the United States.

**Senator Murray:** Surely the honourable senator is not opposing what we have done and are doing in Africa. Surely he got to Africa once or twice during his own tour of duty as Secretary of State for External Affairs. There is much to be done in Africa.

I must say that the recent appointment of the Honourable David MacDonald as ambassador to Ethiopia is a very good sign, not just to the government of Ethiopia but to all of those in that region who look to Canada to play a leading role.

**Senator MacEachen:** Yes, we agree with you.

[*Translation*]

**Senator Murray:** Honourable senators, two years ago, the Mulroney government made a commitment to achieve national reconciliation. This commitment involves two elements. One is historical; the other is practical and related to the daily management of our federation and the many programs which require co-operation between the two levels of Government.

The historical objectives of national reconciliation to which our government has made a firm and lasting commitment remain to be achieved. These are the assent of Quebec to a constitutional agreement, as mentioned by the Leader of the Opposition earlier, and fulfillment of our constitutional commitment to the native people of Canada.

As Senator Cogger recalled the other day, these challenges do not date back only to 1982 or even to 1867, but to the very first days of our life together on Canadian soil.

In my opinion, the fight against regional disparities is also an essential element of national reconciliation. We have made a national commitment to eliminate these disparities to create equal opportunities throughout the country, to improve the standard of living in the disadvantaged regions and to achieve a more equitable distribution of economic development. We must not let economic disadvantages result in a feeling of resentment or regional alienation.

The spirit of consultation now prevails in our day-to-day federal-provincial relations. It is interesting to note that, during the last 24 months, there have been 32 meetings of first ministers, 467 meetings of ministers and 115 meetings of deputy ministers.



This commitment to consult comes from the fact that we recognize the provinces as full partners in Confederation and has brought about a renewal of harmonious federal-provincial relations. Thanks to this harmony and to a high level of mutual respect, there has been an impressive number of federal-provincial agreements. I have already mentioned the Atlantic, Western and Nova Scotia Accords.

A record 110 economic and regional development agreements have also been signed with the provinces, representing a total of $4 billion.

I would also like to mention the creation of a yearly first ministers' economic conference, the elimination of major obstacles to the creation of a Francophone summit and the invitation made and accepted by provincial representatives to be present at GATT negotiations.

These agreements are proof positive that new channels of communication are being opened between the federal government and the provinces.

We shall therefore have to find solutions which will benefit everyone instead of exacerbating our differences.

• (1620)

[*English*]

The Leader of the Opposition mentioned Quebec. He must agree that there is an inherent instability for our country in a situation in which Quebec, a major partner in Confederation, the only province in which the majority of its population is French-speaking, does not assent to the Constitution agreed to by the federal Parliament and the other provinces. No one in this country should be complacent about the isolation of Quebec.

Quebec's refusal to participate in constitutional reform under the present circumstances is also a real impediment to future Constitution amendments, whether they relate to property rights, Senate reform or various jurisdictional issues that may need to be resolved or clarified.

The present Government of Quebec has enunciated five conditions which would allow Quebec to subscribe to the constitutional accord. In July the Prime Minister of Canada urged the premiers of the other nine provinces to undertake exploratory discussions, to ascertain whether formal negotiations would have a reasonable prospect of success. I want to say here that, of course, we are proceeding with very considerable prudence, for our part, on the part of Quebec and on the part of the other provinces. We must not get into formal negotiations and fail a third time. We believe—and our conviction is shared by the other partners in Confederation—that such a failure would be a disaster for the country.

Therefore, we have embarked with Quebec and the other provinces on an exploratory process to see whether there would be a reasonable chance of success in a formal negotiation. Such formal negotiation would be based on Quebec's five conditions, and that formal negotiation would be limited to the repatriation of Quebec and not involve other constitutional reforms. Once Quebec was on board, the federal government

and the provinces would hold a second round of discussions to undertake other constitutional reforms.

In August the provincial premiers met in Edmonton and responded positively to the Prime Minister's suggestion. They agreed that their first constitutional priority was the repatriation of Quebec. They agreed to continue the exploratory discussions with a view to holding formal negotiations, which would end the isolation of Quebec and clear the way for further constitutional reforms.

The Quebec Minister for Intergovernmental Affairs, with whom I have met twice, is now beginning a round of bilateral discussions with the other provinces. When he has returned from his tour, we will meet again. No doubt there will be consultations between the Government of Canada and the provinces at the official level, as well as at the political level. We are trying to see whether, in the case of each of Quebec's five conditions, it is possible to arrive at a precise constitutional formulation that would have the necessary support of the federal government, of Quebec and of the other provinces.

As demonstrated in the statements of the Prime Minister, of the Premier of Quebec and of the provincial premiers at their Edmonton meeting, there is a national consensus on the need to repatriate Quebec. We are now agreed on a process, on an agenda and on the goal, and I assure the Leader of the Opposition that there is not any qualification of our desire or determination to succeed in that venture.

With regard to aboriginal constitutional affairs, the lead minister in those matters is, as has been the case for some time, the Minister of Justice. Next week I will be going with him and the Minister of Indian Affairs to a meeting with aboriginal groups at the ministerial level, leading to a First Ministers' conference on the subject in the spring of 1987. All parties are agreed that aboriginal self-government will be the major issue at the 1987 First Ministers' conference.

The First Ministers' conference will be the third and last such conference provided for in the 1983 Accord. The second such conference, in April 1985, came within an ace of agreement on a constitutional amendment which would have entrenched the right to self-government and led to the entrenchment of self-government agreements that would be negotiated with the aboriginal groups. Next spring we must succeed where the conference of 1985 almost did. There must be a determination on all sides to succeed at that third and final conference. It must be understood by all concerned that failure in 1987 would be costly. Failure would mean the end of a constitutional process. Who knows whether or how soon a new process could be agreed upon? In the vacuum created by the lack of process, aboriginal constitutional affairs would tend to slide down on the scale of national priorities.

Provinces cannot be sanguine about the risks of failure at the conference next spring. They would find themselves deprived of a constitutional process in which their legitimate interests can be protected and in which they can influence the course of events as it relates to aboriginal affairs. Failure next spring would deprive the aboriginal peoples of a constitutional process in which some progress had been made toward entrenching their rights. Whatever new process might be invented to try to continue, it would be by political agreement. It would not be by constitutional sanction, unless, of course, we were able to agree on another constitutional amendment to require all parties to hold a further series of First Ministers' conferences. It seems to me that it would be much better to devote the time and energy involved in trying to arrive at a more definitive and substantial agreement next spring. Failure would mean that the aboriginal peoples had lost ground in their effort to secure their political rights.

For the country as a whole, failure would have to be reckoned in terms of its potential impact on our social and political fabric and on our national pride and unity. Failure next spring would be costly to all sides. Therefore, we must plan for success. We must do whatever it takes to ensure that the outcome of next spring's conference will have a constitutional status and sanction; and I hope, believe and trust that that is the intention of all of the parties who will be meeting next week in Toronto, again in January and, finally, at the First Ministers' level in the spring of 1987.

Honourable senators, we are now two years into our mandate, and may I say, in summary, that our record is one of appreciable progress toward each of the goals we set out in 1984. We can point to this progress with some satisfaction and, at the same time, ask Parliament and the country to look to the agenda that is ahead of us. Thus, while we are obviously restoring order to the nation's finances, and renewing confidence in their management—and we must continue in that role—we will, in this session, take on the challenges of tax reform, corporate concentration, science and technology and space. Thus, while our economic renewal is under way, and the evidence is there, in investment, job creation and interest rates, we recognize that Canada's economy needs a major impetus to new growth. We have, therefore, launched major new trade initiatives, and in particular the bilateral negotiations with the United States, to provide that impetus to further growth.

We also recognize that the economic recovery is uneven, that, notwithstanding the efforts made and the money expended in the past, serious regional disparity persists. We will be trying new approaches to the problem, and seeking others in cooperation with the provinces and the people in those regions. While we have managed to maintain our social programs and improve the lot of some groups, such as the disabled, widows, veterans and needy families, we are taking the leadership role in addressing major needs in a national context, child care and pension benefits in particular. I am sure that child care will be one of the issues that will be discussed under women's economic issues, which is to be on the agenda of the First Minister's conference to be held in Vancouver in November. Thus, while we have improved enormously the working relationship between the federal government and the provinces, we hope to move forward on the historic challenges to national unity—constitutional reform, aboriginal rights, language reform, regional disparity. While Canada has played a strong role in organizing international action against apartheid in South

Africa, there remain the great issues of trade, aid, investment, arms control and security, reform of the United Nations, where Canadian support for multilateral approaches and Canadian leadership in multilateral institutions will be most important. There is, therefore, a great agenda before this Parliament and before the country—tax reform, trade initiatives, regional policy, child care, pension reform, repatriation of Quebec, aboriginal rights, language reform, international issues. I say, honourable senators, that this agenda is worthy of the best efforts of all of us, and one in which I am sure this chamber will play a notable and worthy part.

• (1630)

On motion of Senator Frith, debate adjourned.

## TERRORISM

### MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE—DEBATE ADJOURNED

**Hon. William M. Kelly,** pursuant to notice of Thursday, October 2, 1986, moved:

That a Special Committee of the Senate be appointed to hear evidence on and consider matters relating to terrorism as a real or potential threat to Canada and to Canadians;

That the Committee examine and make recommendations on the subject-matter and effectiveness of existing statutes, agreements and administrative arrangements pertaining to the combatting of terrorist activity;

That the Committee examine and make recommendations on the role of the media in reporting terrorist threats and incidents;

That eight Senators, to be designated at a later date, act as members of the Special Committee;

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

That the Committee report to the Senate no later than June 2, 1987.

**The Hon. the Acting Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Explain.

**Senator Kelly:** Honourable senators, once again I must preface my remarks in this chamber by referring to the fact that I am following two of the most eloquent speakers in this chamber. It is a role I keep getting pressed into and one I do not enjoy at all. I shall be very brief, but I must say that it has been an extremely entertaining afternoon. I found, I believe, two items on which Senator MacEachen and Senator Murray agreed. I did not make note of them because they passed so quickly, but I am sure that I could find them if I delved into my memory.

[Senator Murray.]

This motion is very similar to the one approved by the Senate on June 3 of this year. There are some changes, however, that I shall explain in a moment. The motion of June 3 expired with the prorogation of Parliament announced by the Prime Minister on August 28. If the committee is to get under way, therefore, the process must be initiated once again beginning with this motion.

I continue to believe that the review contemplated by this motion is both important and timely. The incidence of terrorism worldwide has not decreased since the earlier motion was approved on June 3. Since then, we have had the TWA-Beirut and Pan Am—Karachi hijackings, with a significant loss of life. We have had the "Black September" bombings in France, a French military attaché gunned down in Beirut and a synagogue bombed in Istanbul. There is no more evidence today than there was in June that Canada is immune from such barbarism. The Canadian government recognizes and is taking a leading role to combat international terrorism through organizations such as IATA and ICAO. As the Governor General stated in the recent Speech from the Throne, the Government of Canada "recognizes that security is the surest safeguard of liberty."

I and several of my colleagues have felt considerable urgency that this examination get under way without further delay. Since June 3, therefore, we have done considerable background and preliminary work within the mandate as set out in the original motion. We did this so that the formal committee hearings could get under way as quickly and effectively as possible this fall when the committee's budget was approved. Given our view of the urgency and importance of the task that faced us, we continued this work, quietly and informally, even after prorogation. In that regard, over the course of this past summer we have seen a total of 62 people. These people have included current and former cabinet ministers, federal public servants, federal, provincial and municipal law enforcement officers, representatives from the working and management levels of the Canadian print and electronic media, recognized experts who have studied some facet of terrorism and continue to have a direct interest in the subject, and a range of other people who, for one reason or another, have a valuable perspective or position to offer.

We have also been in telephone or written contact with a host of government and law enforcement people, academics and other experts in Canada, the United States, the United Kingdom and Australia in order to benefit from their views and experience.

The cooperation and assistance we have received has been gratifying. We have amassed a great deal of information, and we are becoming more and more knowledgeable about the subject. What we have learned only confirms in our minds the need for an investigation of the type contemplated by this motion. I think that we have also reached the point where committee hearings could begin almost immediately. I must also say that the idea of a Senate committee studying terrorism and its impact or possible impact on Canadians has been almost universally and warmly supported by the people to

whom we have spoken. That broad base of strong support has encouraged us to press ahead.

I promised at the outset to explain the material changes in this motion compared to the earlier motion, the one passed on June 3. There is really only one change. The earlier motion apparently gave the impression the committee was to undertake a wide-ranging review of the literature on the subject of terrorism. This was not the intention, and we have re-drafted the current motion to clarify that point. I also want to emphasize that this motion does not propose or foresee a comprehensive review of terrorism around the world. The focus is Canada, and how well the federal government is organized institutionally, legislatively and in policy terms to deal with terrorism as it impacts or may impact on Canadians, regardless of the source or rationale of that terrorism. We also wish, with the media, to examine the role of the media in reporting terrorist threats and incidents. We have already had informal meetings with a number of media representatives. Some welcome this review; some do not. We have tried to ensure the media understands that we contemplate no witch-hunt, that we have no pre-conceived notions. Nor do we contemplate the government's unilaterally or arbitrarily devising regulations or guidelines for media conduct in any respect. Those are essentially the objectives of this motion.

During debate on the previous motion, there was some attention given to the potential cost of this exercise. I do not see cost as a major factor that should enter into our consideration of this motion. However, I, together with the clerk, have prepared a draft budget for the committee. It is my understanding that that budget will be presented for approval to the Internal Economy Committee following this debate. We forecast a total expenditure in the range of $175,000.

There are few subjects that I can think of that would be better suited to review by this chamber at this time. We need a forum where the issues can be discussed in a non-partisan fashion. We saw this afternoon an example of how non-partisan we are in this chamber.

**Senator MacEachen:** At least I was quite non-partisan!

**Senator Kelly:** However, I think that this committee may be able to function as an exception. We need to apply to the topic the range of disciplines and experience that is readily available in this chamber, from government organization to jurisdictional issues to media experience. We need the calm deliberation of a Senate committee to review this pressing and highly charged issue. To me, there are few better subjects to which the Senate could turn its attention at this time, and I urge approval of this motion.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, October 8, 1986**

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

Prayers.

[*Translation*]

## VISIT BY CANADIAN PARLIAMENTARY DELEGATION TO BELGIUM

NOTICE OF INQUIRY

**Hon. Paul David:** Honourable senators. I give notice that on Tuesday next, October 14, 1986, I will call the attention of the Senate to the visit of a Canadian parliamentary delegation to Belgium in response to an invitation from the Belgian Parliament, from May 11 to 17, 1986.

[*English*]

## POLAND

VISIT TO CANADA OF HIS EMINENCE JOZEF CARDINAL GLEMP—FELICITATIONS

On Notices of Motions:

**Hon. Stanley Haidasz:** Honourable senators, I seek unanimous consent to present a motion on the auspicious occasion of the presence of His Eminence Jozef Cardinal Glemp in Ottawa today.

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

**Hon. Senators:** Agreed.

**Senator Haidasz:** Honourable senators, I move, seconded by the Honourable Senator Tremblay:

> That, whereas the prime spiritual leader of the Catholic Church in Poland, the Primate, His Eminence Jozef Cardinal Glemp, has, through his moral authority, defended with diplomatic tact and firmness fundamental human rights and social justice for the Polish people, paving peacefully the way to moral rebirth and national reconciliation;
>
> The Senate of Canada express to His Eminence our best wishes for a happy and successful visit to communities across Canada.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## LABOUR

BRITISH COLUMBIA LONGSHOREMEN'S LOCKOUT—RESPONSE TO GOVERNMENT REQUEST

**Hon. Ian Sinclair:** Honourable senators, before I put my question I would like to extend, for the record, my very heartiest congratulations to Senator Murray on his elevation to the cabinet, and at the same time wish him speedy and complete success in the work that he has undertaken in regard to Quebec.

**Hon. Senators:** Hear, hear!

**Senator Sinclair:** Honourable senators, yesterday the Leader of the Government in the Senate indicated that the Minister of Labour had sent a telegram to the Maritime Employers' Association in Vancouver asking that they concur in the lifting of the lockout in order to permit the loading of grain ships in ports in British Columbia.

In view of the national emergency that has existed in regard to the movement of cereals out of Canada, could he advise the chamber whether there has been a reply?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, first, I wish to thank the Honourable Senator Sinclair for his personal good wishes and, in particular, I express my appreciation to him for his expression of support for the efforts the government is making which we hope will lead to the inclusion of Quebec in the Constitutional Accord.

**Senator Frith:** They are included; you mean they are signing an agreement.

**Senator Murray:** Yes, to give their assent to the Constitutional Accord.

The government very much appreciates the support which is generally forthcoming on this matter from all three parties in Parliament.

In answer to the question just put by Senator Sinclair, I am informed by the Honourable the Minister of Labour that the response from the Maritime Employers' Association, which he received within the past hour or so, is, indeed, a positive one.

The British Columbia association has indicated to the minister that it is prepared to resume and continue normal operations forthwith in all ports for a period of 30 days, during which time efforts will be made to resolve the issues in dispute.

I should add that the Maritime Employers' Association has also told the minister that if at the end of 30 days a collective agreement has not been concluded, it would anticipate that Parliament would take the appropriate action.

## CANADA-UNITED STATES RELATIONS

SOFTWOOD LUMBER—CANADIAN EXPORT TAX

**Hon. Jack Austin:** Honourable senators, I should like to ask the Leader of the Government a question concerning softwood lumber and the current proceedings in the United States.

The Canadian media today is reporting that the Government of Canada has decided to impose an export tax on softwood lumber removals from Canada to the United States. Could the Leader of the Government advise us if there is any further information available in this respect?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I must say that no such decision has been taken by the government.

[*Later*]

**Senator Austin:** Honourable senators, I have a question supplementary to the one I addressed to the Leader of the Government a few moments ago. Would the government leader advise whether any province which exports softwood lumber to the United States has requested the Government of Canada not to take action to tax such exports of softwood lumber to the U.S.?

**Senator Murray:** Honourable senators, I will have to look into that question and bring the information back.

## AGRICULTURE

WESTERN GRAIN FARMERS—GOVERNMENT ASSISTANCE

**Hon. H.A. Olson:** Honourable senators, I should like to follow up on the questions I asked yesterday about the $1 billion aid package to western grain farmers.

Yesterday I asked for some additional information for a very specific and, I think, understandable reason, and that is that the farmers of western Canada are facing an extremely difficult financial situation because the international grain markets, for all the reasons already known, are so depressed. They would like to have some way of assessing where they stand with respect to this offer by the federal government.

It has been pointed out that the aid will not take the form of money that has already been committed or that the government is obliged to pay under crop insurance or the Western Grain Stabilization Program and so on.

Quite understandably, the Leader of the Government, at the end of my two or three inquiries, said that I was asking for detail that it would take him some time to obtain. My problem is that if farmers are to try to ascertain, to some extent, what they may receive under this program, they need to know the amount and the rules under which it will be paid.

Since that time there has been a report in at least one newspaper, perhaps in several, that the Minister of Agriculture has indicated that the $1 billion is slated not only for western grain farmers but for farmers all over Canada, which would include the large sector made up of the corn producers in Ontario. I have no objection to their getting some assistance, but that will only mean a dilution of that which was to go to the grain farmers. Obviously, the grain farmers in western Canada have greatly anticipated this form of financial assistance. They were told some time ago that there would be put in place a $1 billion program. I believe that the Premier of Saskatchewan has made a similar announcement two or three times on behalf of the federal government. Now this financial assistance has been significantly diluted by spreading it around even more.

Could the Leader of the Government, at some time, provide us with more specific information on how much is to be distributed in the grain growing area of western Canada and the terms and conditions of that distribution? Obviously, the amount decreases every time the Minister of Agriculture tries to explain what the government is going to do.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will see whether I can bring to the chamber tomorrow some information in answer to some of the questions put by the honourable senator, but I must caution him that I will not, tomorrow or the next day, be in a position to come in here with a complete program design to lay before the Senate. I will, however, attempt to satisfy tomorrow the honourable senator's curiosity on one or two of the major points he has raised.

**Senator Olson:** I appreciate that. I suppose that the honourable minister wants to wait until the meeting of the ministers of agriculture is over, which meeting, I believe, is going on right now.

**Senator Murray:** It is to be held tomorrow.

**Senator Olson:** Would the minister, in addition to seeking information, make some representations on this issue? The farmers of western Canada expect the government to deliver $1 billion of new money. If that is not to be the case, would the minister so indicate so that the farmers will know the basis upon which they are to make plans in anticipation of some financial relief?

## INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

ALLEGED MISUSE OF MANITOBA INDIAN BAND FUNDS

**Hon. Joyce Fairbairn:** Honourable senators, I should like to direct a question to the Leader of the Government in the Senate concerning the very serious allegations we were made aware of overnight with respect to the financial dealings within the Department of Indian Affairs and Northern Development as they relate to Indian bands in Manitoba. Those allegations were made by an official of the department who has been responsible for supervising the use of federal funds, which are of the order of some $270 million per year, in Manitoba. He spoke of defaulting on agreements, of the federal department misleading Parliament—I believe he used the word "lying"—and of the department and the minister trying to keep the lid on or move aside an independent audit of last June which

indicated that the federal government was withholding promised funds to that province.

Could the Leader of the Government in any way comment upon, or inform senators of the government's response to, these very serious allegations?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, Senator Fairbairn has repeated two or three or more of the allegations attributed to a former employee of the Department of Indian Affairs and Northern Development. I believe it would be appropriate for me to ask Mr. McKnight to let us have a prepared reply on that matter and address all of the questions raised by the honourable senator.

• (1410)

**Senator Fairbairn:** Honourable senators, as a supplementary, I would be grateful if such a reply could be forthcoming as fully and as quickly as possible. I was struck by that part of his speech yesterday in which the government leader underlined the importance of the constitutional negotiations with the aboriginal people and the risks inherent in any failure to reach agreement with them by the deadline next spring. The gentleman in question indicated that similar problems existed in other parts of the country. Would the Leader of the Government not agree that a quick addressing of these concerns would be useful to the government in terms of its own credibility in dealing with constitutional matters affecting the aboriginal people?

**Senator Murray:** Honourable senators, there are one or two things that I can tell the honourable senator. First, to the extent that there is any suggestion of wrongdoing in the comments attributed to the employee, the Minister of Indian Affairs and Northern Development has asked the RCMP to investigate the matter.

Second, I should explain that with regard to the auditors' report, to which she referred, the department responded in some detail to that report, and the auditors agreed that the department's response had been satisfactory.

Since that time, the minister has asked the Indian bands in Manitoba to indicate in what respect they may have found the department's response to be unsatisfactory, inadequate or inaccurate; and the minister has informed me that he has not received any reply to his request.

The minister and the department have furnished me with a good deal of other information about appropriations through the Department of Indian Affairs and Northern Development for programs in Manitoba and across the country. I could, I suppose, put them on the record, but I believe it would be better to ask the minister to examine the questions asked by the honourable senator and to bring in a coherent and organized reply.

[Senator Fairbairn.]

## PAROLE

### BOARD HEARING PROCEDURES

**Hon. Earl A. Hastings:** Honourable senators, my question to the Leader of the Government pertains to a decision by Mr. Justice Smith of the Ontario Supreme Court in response to an application for *habeas corpus* on behalf of an inmate in the Kingston Penitentiary. Mr. Justice Smith denied a writ of *habeas corpus* in this case but, at the same time, delivered a stinging indictment of the National Parole Board with respect to the hearing that took place concerning this inmate. The application was for detention, as required under the legislation passed this summer. Mr. Justice Smith said:

> It must be remembered that this applicant, who has only grade four education, had only received notice that same morning. He acknowledged that he received some material. It is not apparent what was included in the material. He had also received, presumably the same day or at the most a day or so earlier, a copy of the new bills. In answer to a question as to whether he would waive his procedural rights, he asked: "What happens if I not do that?" He was told then that he would be held for four weeks for a regular hearing. He then said: "I'll waive my rights."
>
> He was then asked if he waived his specific right to the information. He said: "Yes." The applicant was then cross-examined by the Board.

Mr. Justice Smith had something to say about that procedure, which seems to be a common practice in these hearings. He said:

> —it is inherently unfair that a decision carrying such serious consequences for the inmate should be made so quickly and summarily without any opportunity for the inmate to prepare, to seek advice, to review the evidence and perhaps even to adduce evidence of a psychiatric nature or otherwise that could have had an influence on the ultimate decision. There was no real opportunity to cross-examine the medical witnesses.

He then ordered a new hearing, following which he said:

> There ought to be a new regular hearing, however, at once on adequate notice in order to afford a reasonable opportunity to prepare, to seek assistance and to call evidence.

With respect to that hearing, Mr. Justice Smith said:

> —I order a hearing in the interest of procedural fairness and the hearing to be in accordance with the rules in that respect which have been articulated many times by the Courts.

My question to the Leader of the Government in the Senate is: Would he consult with his colleague, the Solicitor General of Canada, and instruct the Parole Board to conduct their hearings in accordance with the wishes and directions of Mr. Justice Smith of the Supreme Court of Ontario, permitting the inmate adequate time to prepare for these hearings, to produce

psychiatric evidence and an opportunity to cross-examine medical witnesses on evidence that is presented against him?

**Senator Austin:** It is only natural justice.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am confident that the authorities will respect the decision and comments made by the Justice of the Supreme Court of Ontario. I should add that in that same decision the Court of Appeal found that the law that was passed by this Parliament a while back is constitutional and that there was no violation of the Charter—

**Senator Frith:** Because of section 1.

**Senator Murray:** —in applying that law to prisoners who were already detained at the time the law was proclaimed. As the honourable senator has pointed out, the court found that the Parole Board had not complied fully with the rules of procedural fairness in this particular case. As I say, I am confident that the authorities will govern themselves accordingly.

## ENERGY

### MONITORING OF OIL AND GAS COMPANIES FOLLOWING TERMINATION OF PETROLEUM AND GAS REVENUE TAX

**Hon. H.A. Olson:** Honourable senators, I would like to direct a question to the Leader of the Government respecting the increased activity in the oil and gas fields that was expected by the government when it announced some time ago the cessation or termination of the PGRT. At the time the government gave an undertaking that it was seeking from the industry generally a commitment that the moneys relieved from that taxation would be used for increasing activity out in the field, thereby creating more jobs. I believe that the Minister of Energy, Mines and Resources also gave an undertaking that the government would monitor the situation, company by company, because there were only about 40 companies paying the PGRT at the time, to ensure that they delivered on their undertaking.

The reason I am asking the question now is that several weeks have gone by since the agreement was made and there is no indication at all from the companies, through their budgets or statements, that they are, in fact, using this money, however much it is—I believe it is somewhere between $500 million and $700 million annually—for the purpose that they outlined. Therefore, I ask the minister to obtain some information as to the effectiveness of the monitoring of the intentions of these companies to provide real jobs for real people, certainly in the ensuing year for which they are now preparing budgets.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the honourable senator has mentioned a figure of between $500 million and $700 million annually. I do not know what the figure would work out to on a monthly or weekly basis. I say that because we are dealing with a decision that was taken a few weeks ago. However, both the present Minister of Energy, Mines and Resources and his predecessor have informed me that the capability of the Petroleum Monitoring Agency is extremely sophisticated and that it can, indeed, follow very closely the investment of additional cash-flow such as would be provided as a result of the decision on the PGRT. I will, therefore, be glad to ask them to provide the information that the senator seeks as soon as it is fair and practicable to compile that information.

● (1420)

**Senator Olson:** Honourable senators, it is obvious that the minister did not understand my question, and I want to take the responsibility for, perhaps, not stating clearly enough or articulating succinctly what I wanted to know. I would tell the minister that I was not asking what the Petroleum Monitoring Agency will be reporting after the fact; in other words, after the money has actually been spent on whatever activity has been undertaken. What I am asking about is whether or not the companies are delivering on the undertaking that the government has claimed it got from these companies when it gave them the relief, and that is that they intended to increase activity out in the field which would give rise to additional jobs. My question is: Have those companies given an indication of what their budget for exploration and development will be for the ensuing season? There are thousands of people out there who are hoping that there will be some seismographic and drilling activity taking place during the winter. That season is almost upon us and we have had no announcements that I know of, in spite of the fact that a number of people have tried to get those companies to make some commitment as to what their increased activity will be.

**Senator Murray:** Over time, the evidence of this activity is compiled by the Petroleum Monitoring Agency. However, I will see what information can be obtained in the meantime as to the plans that those companies have.

## SPORT

### DEFINITION OF AGE OF PUBERTY

**Hon. Lorna Marsden:** Honourable senators, the Leader of the Government has been asked some questions this afternoon which may have come as a surprise to him. I would like to ask a question of the leader which does not fall into that category, since it has been around for many centuries, but which his colleague, the Honourable Otto Jelinek, has just made a matter of public policy and record.

Would the Leader of the Government in the Senate tell us how the government is planning to define the age of puberty with respect to its new and laudable policy of having girls and boys involved in sports together? Further, I would like to ask how the government intends to have the sponsoring agencies administer tests, and how that policy will be played out?

I would like to say that I think the intentions of this policy are ones which we would want to support. Perhaps the Leader of the Government can tell us at the same time why the Minister of State for Fitness and Amateur Sport has chosen

the age of puberty as the point at which to terminate this policy.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, those are questions that cry out for a prepared reply from the responsible minister.

**Senator Marsden:** Am I then to take it that the Leader of the Government is telling us that he does not know the answer?

**Senator Murray:** Yes.

## ATLANTIC CANADA OPPORTUNITIES AGENCY

REQUEST FOR TEXT OF TELEX DATED OCTOBER 2, 1986 FROM PREMIER OF PRINCE EDWARD ISLAND

**Hon. M. Lorne Bonnell:** Honourable senators, I want to thank the Leader of the Government in the Senate for tabling the telex of October 3, 1986 from the Premier of Prince Edward Island to the Prime Minister of Canada. However, I believe it was a telex dated October 2, 1986 that was referred to by the Prime Minister in the other place. I wonder whether the Leader of the Government in the Senate would be able to table the telex of October 2 which the Prime Minister quoted from in the other place?

Second, perhaps the Leader of the Government in the Senate would convey to the Prime Minister that, before he uses a communication in the public forum from a premier of any of the provinces, it would be courteous to ask permission to do so of the premier involved. That is a courtesy that has been shown by all other Prime Ministers of Canada.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I was not aware that there was a second telex. The telex to which I referred yesterday had been sent to the Prime Minister, with a copy to me. I did not receive the first telex to which the honourable senator has referred. However, I will look into the matter and see whether or not we have such a telex and, if we have, whether the Premier of Prince Edward Island would agree to having it tabled here.

## TRANSPORT

PROPOSED TUNNEL OR CAUSEWAY BETWEEN PRINCE EDWARD ISLAND AND MAINLAND

**Hon. M. Lorne Bonnell:** My second question has nothing to do with telexes but with the Government of Prince Edward Island and the Government of Canada.

Could the Leader of the Government in the Senate advise me if, at this time, the Government of Canada is considering undertaking a study, conducting a survey or doing something financially or otherwise to establish a permanent crossing facility to Borden, Prince Edward Island, from Cape Tormentine, New Brunswick, and, if so, have there been any offers from private enterprise to construct such a facility?

[Senator Marsden.]

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have seen the same media reports that I presume my honourable friend has seen on this matter, but the subject has not come to my attention officially since I joined the cabinet. I will have to ask for a report.

## CANADA POST CORPORATION

CLOSING OF NORWOOD GROVE, ST. BONIFACE, POST OFFICE

**Hon. Joseph-Philippe Guay:** Honourable senators, my question is for the Leader of the Government in the Senate and is in reference to a question asked yesterday in the other place by the member for Winnipeg North Centre. The question related to the possible closing of the Norwood Grove Post Office in St. Boniface.

In answering the question put by the member for Winnipeg North Centre, the minister, in part, stated:

> We have been informed that the customers involved have indeed been consulted and that a decision will be announced in due time.

I wish to emphasize that the minister stated:

> We have been informed that the customers involved have indeed been consulted—

That almost leads me to believe that the minister was misinformed, because I received a letter on Monday, October 6, dated Friday, October 3. I am told I am one of 60 who received this letter, or a similar letter, and it requests that I attend a meeting so that I can be consulted. Because of the importance of this matter, I should like to read the letter. It states:

> Mr. Joe Guay
>
> 141 Monck Avenue
>
> WINNIPEG, Manitoba
>
> R2H 1X1
>
> Dear Mr. Guay:
>
> Canada Post Corporation has scheduled meetings with individuals served through Norwood Grove Post Office, who have identified an interest in the previously announced postal operational changes in this area of Winnipeg.
>
> These meetings will be open to designated customers only. During each meeting, the rationale for such operational changes will be fully reviewed. Our customers will also have the opportunity to offer alternatives and express their views and opinions.
>
> You are invited to attend the meeting with corporate representatives scheduled for 7:00 p.m., Thursday, October 9, 1986, at the Canada Post Corporation Boardroom, 7th Floor Richardson Building, One Lombard Place, Winnipeg, Manitoba.
>
> Please show this letter to Security personnel, Main Floor, Richardson Building, prior to accessing the building elevators.

We look forward to your attendance and thank you for your interest in Canada Post Corporation.

I was surprised to receive this letter because the citizens of the area have already held meetings without the members of the Canada Post Corporation being present. A petition containing approximately 3,000 signatures has already been sent to the Canada Post Corporation. This post office serves a large area of the community. There are only two post offices serving the St. Boniface area, one being the Norwood Grove Post Office and the other being the St. Boniface Post Office. They are some distance apart.

I should like to ask the Leader of the Government in the Senate to discuss this matter with the minister responsible for the Canada Post Corporation so that he can be brought up to date and be told what has taken place.

I will send the leader a copy of this letter, but I should like to know if the leader has any comments in this regard.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I thank my honourable friend for that.

I think I should remind honourable senators, for the record, that a previous Parliament made Canada Post a crown corporation. These decisions are not taken at the political level, but there is, as the honourable senator has pointed out, a minister who reports to Parliament for that crown corporation. I undertake to convey the senator's representations to that minister to see what report I can bring back.

**Senator Guay:** I should also like to ask why the Canada Post Corporation is using security personnel to restrain Canadian citizens from attending an open public meeting? The Canada Post Corporation is not going to allow members of the press or anyone else into that meeting, except those who have received this or a similar letter which must be produced in order to gain entrance to the meeting.

If it is the policy of the Canada Post Corporation to use security personnel to restrain people from attending public meetings, that is the last straw.

**Senator Murray:** I will ask for an explanation of that as well.

## INDUSTRY

### AEROSPACE—ALLOCATION OF CF-18 SERVICE CONTRACTS

**Hon. Joseph-Philippe Guay:** I should like to ask the leader another very important question. Perhaps the leader would like to be ahead of the members of the other place in making an announcement regarding the CF-18 service contracts and Bristol Aircraft. Would the honourable leader be prepared to make an announcement to the Senate today?

• (1430)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** No such decision has been made, honourable senators.

**Senator Guay:** Thank you.

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## SPEECH FROM THE THRONE

### MOTION FOR ADDRESS IN REPLY—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator Barootes, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Frith*) (*2nd day of resuming debate.*)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I propose to adjourn the debate on this order. However, before doing so, I wish to remind honourable senators that with respect to this order we have decided that we will have eight days of debate. We have already had two days of debate and that leaves us, obviously, six days. There are no questions about that—

**An Hon. Senator:** Great mathematician!

**Senator Petten:** Agreed!

**Senator Frith:** I worked it out on my calculator before I rose to my feet! It seems to me, honourable senators, that it would be wise for us to try to use those six days in such a way that all honourable senators who wish to speak to the order will have an opportunity to do so. I suppose we could always extend the time, if necessary. However, I am encouraging senators on this side and also on the other side to let their whips or their deputy leader know that they are interested in speaking so that we can strive for at least two speakers per side for the six days that remain. That probably means that we might not debate this order tomorrow, either. With that explanation, honourable senators, I move the adjournment of the debate on this order.

**Hon. Jacques Flynn:** The order stands, because otherwise it would be considered as having been debated.

**Hon. C. William Doody (Deputy Leader of the Government):** It is considered stood.

Order stands.

## TERRORISM

### SPECIAL SENATE COMMITTEE APPOINTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Tremblay:

That a Special Committee of the Senate be appointed to hear evidence on and consider matters relating to terrorism as a real or potential threat to Canada and to Canadians;

That the Committee examine and make recommendations on the subject-matter and effectiveness of existing

statutes, agreements and administrative arrangements pertaining to the combatting of terrorist activity;

That the Committee examine and make recommendations on the role of the media in reporting terrorist threats and incidents;

That eight Senators, to be designated at a later date, act as members of the Special Committee;

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

That the committee report to the Senate no later than June 2, 1987.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, since Senator Kelly spoke on this motion yesterday, I have had an opportunity to consult with my colleagues. We propose to support this motion for the establishment of this committee. I was persuaded by the reasons put forward by Senator Kelly and by my colleagues on this side that it would be a good idea to proceed with it.

I want to emphasize that the limitations he put on the scope of the inquiry had something to do with the support that we are prepared to give for the motion. Therefore, we are hopeful that he will remember—as I am sure he will, and as I am sure the members of the committee will—that previously there were concerns about an inquiry of this kind going further than the Senate would like it to go. As I understand it, what he proposes essentially is to consider the administrative and other arrangements in existence in Canada with respect to this threat of terrorism and, more particularly, as this threat would pertain to Canada. That is the way he explains the scope of the study.

I want to say also, honourable senators, that—and I want it understood that I do not blame Senator Kelly for this in any way—this as an example of what I think has turned out to be a failure in our rules to solve a problem that I think was shared by many senators on the question of the setting up of a special committee.

Some time ago we were concerned—if I remember the problem accurately—with the fact that when a senator proposes the establishment of a special committee or when a standing committee proposes a special study that involves or might involve the spending of money, the Senate, before authorizing the study to go forward, or the special committee to be formed, would like to have some idea of the amount of money involved before voting on it. It was in response to that problem that we adopted, after a recommendation from the Standing Committee on Standing Rules and Orders, rule 83A. which, of course, is a very short rule; it simply refers one to the appendix. Without going through all of the provisions of Appendix III, what it amounts to is that, for example, in this case Senator Kelly has not asked for the authority to do anything that would require the expenditure of special funds, such as travel or the hiring of special assistance. If he follows—as I know he proposes to do—Appendix III, he will expect us to adopt the motion, which does not ask for the spending of money. Then he will proceed to draw up a budget with his committee and present the budget to the Standing Committee on Internal Economy, Budgets and Administration. The Internal Economy Committee will then have to discuss the spending of money by a committee that has not been authorized to spend money, and will then, I suppose, make a report, according to the rules, and tell Senator Kelly its views on the proposed budget. Then all that Senator Kelly has to do, according to Appendix III, as I read it, is report, if he wishes, to the Senate. In other words, the very thing we wanted to achieve, namely, that the Senate would not approve the expenditure of funds until it knew what the amount was, is not achieved by Appendix III. I have discussed this with the clerk of the Standing Committee on Standing Rules and Orders and want to say that Senator Kelly will proceed, I assume, under Appendix III, but I think that we have to have a look at that and ask the Rules Committee to try harder to come up with something that will achieve the rather simple objective that gave rise to rule 83A and Appendix III.

So, honourable senators, I propose to support the motion of Senator Kelly in that context.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, October 9, 1986**

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

Prayers.

## INCOME TAX CONVENTIONS BILL

FIRST READING

**Hon. C. William Doody (Deputy Leader of the Government),** presented Bill S-2, to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan, and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for the avoidance of double taxation with respect to income tax.

Bill read first time.

**The Hon. the Speaker:** When shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

## COMMITTEE OF SELECTION

FIRST REPORT PRESENTED AND ADOPTED

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

Thursday, October 9, 1986

The Committee of Selection has the honour to present its

FIRST REPORT

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

Respectfully submitted.

ORVILLE H. PHILLIPS
*Chairman*

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

**Senator Phillips:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be now adopted.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

SECOND REPORT PRESENTED AND ADOPTED

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

Thursday, October 9, 1986

The Committee of Selection has the honour to present its

SECOND REPORT

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

COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Argue, Barrow, Bélisle, Charbonneau, Corbin, Doody, Guay, LeBlanc (*Beauséjour*), Lefebvre, *MacEachen (or Frith), McElman, Muir, *Murray (or Doody), Phillips, Riel and Wood. (14)

**Ex officio members.*

SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Balfour, Cogger, Giguère, Haidasz, Hicks, Kelly, Leblanc (*Saurel*), *MacEachen (or Frith), Marsden, *Murray (or Doody), Simard, Sinclair and Stewart (*Antigonish-Guysborough*). (11)

**Ex officio members.*

SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Barrow, Bell, Bielish, Davey, Graham, Langlois, MacDonald (*Halifax*), Macdonald (*Cape Breton*), *MacEachen (or Frith), Muir, *Murray (or Doody), Stollery, Thériault and Turner. (12)

**Ex officio members.*

SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators Anderson, Barrow, Buckwold, Flynn, Frith, Kelly, MacDonald (*Halifax*), *Mac-

Eachen (or Frith), *Murray (or Doody), Perrault, Petten, Roblin, Sinclair and Walker. (12)

**Ex officio members.*

SENATE COMMITTEE ON FISHERIES

The Honourable Senators Bielish, Bonnell, Cottreau, Kirby, Le Moyne, *MacEachen (or Frith), Marshall, *Murray (or Doody), Perrault, Phillips, Robertson, Thériault and Watt. (11)

**Ex officio members.*

SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

The Honourable Senators Adams, Balfour, Barootes, Doody, Hastings, Hays, Kenny, Lang, Lefebvre, Lucier, *MacEachen (or Frith), *Murray (or Doody), Olson and Roblin. (12)

**Ex officio members.*

Respectfully submitted,

ORVILLE H. PHILLIPS
*Chairman.*

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

**Senator Phillips:** Honourable senators, with leave of the Senate, and notwithstanding rule 45(1)(*f*), I move that this report be now adopted.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## BUSINESS OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, this might be an appropriate time to discuss the future business of the Senate.

We have before us now the names of the members of five standing committees of the Senate. With that in mind, it seems to me that the subject matter of various bills can be referred to those committees during the coming week or weeks. Certainly, the two most important bills in terms of progress in the other place are Bills C-5 and C-6, which were before the Senate during the last session, as, I believe, Bill C-92 and Bill C-94. One of them dealt with the Newfoundland Accord, the other with changes to the National Energy Program. They had been referred for pre-study to the Senate Committee on Energy and Natural Resources, and my memory tells me that several meetings were held and that several witnesses were heard from, and then Parliament adjourned and eventually prorogued.

Now that that committee has been reconstituted, it seems appropriate to refer the subject matter of those two bills, Bill C-5 and Bill C-6, to that committee for pre-study.

These two bills have been placed on the order paper of the other place at the same stage they had been at when Parliament adjourned; that is to say, one of the bills is at the report stage and the other is at the legislative committee stage. So, we can anticipate that these two bills will come to the Senate fairly soon.

With that in mind, and assuming that that particular committee will meet during the proposed adjournment of the Senate, I propose that when the Senate adjourns today it do stand adjourned until Tuesday, October 28.

With the Senate Committee on Energy and Natural Resources considering the subject matter of those two bills, and the other committees that were formed this morning meeting to establish their order of business, and with the probability that the Senate Committee on National Finance will meet to discuss the draft report on Post-Secondary Education, there is ample work to keep senators busy. I might mention that the Senate Committee on National Finance met informally this morning, without being duly constituted, because the members of that committee who did some preliminary work on the draft report wanted to discuss that draft report. I know that during the coming weeks that committee intends to hold further meetings.

With respect to the Senate Committee on Banking, Trade and Commerce, it is expected that the subject matter of three bills which were introduced in the other place will be referred to that committee. Those bills are: Bill C-8, to amend the Canadian and British Insurance Companies Act, the Foreign Insurance Companies Act and the Winding-up Act; Bill C-9, to amend the Loan Companies Act, the Trust Companies Act, the Bank Act and the Quebec Savings Banks Act with respect to certain regulatory matters; and a third bill which has a degree of urgency attached to it and which arises from the tabling of the Notice of Ways and Means Motion in the other place to amend the Income Tax Act—that is, the Child Tax Credit Bill—and I am told that, in order for the provisions of that particular piece of legislation to take effect for the current taxation year, the deadline is November 5. At least, that is the hope of the government. It is my hope that that committee will deal with the subject matter of these three bills during the adjournment period.

Therefore, since there is no legislation before us at the present time, and since we anticipate the legislation that I mentioned arriving during the next little while, it might be most practical to have the appropriate Senate committees meet to deal with the pre-study of the subject matter of these bills rather than have the whole Senate sit to deal with the committee work. If this suggestion commends itself to the Senate, then we would be most happy to follow that course. I might say, of course, that we are always mindful of the Senate rule

under which we can be called back if something demands our immediate attention.

**Senator MacEachen:** If there is an important cocktail party!

**Senator Doody:** I don't think I'll comment on that at all. I don't see any graceful way of handling it. So, having said that, I commend that course of action to honourable senators. If the committees can give us some reasonable assurance that they will deal with the subject matter of these bills, then I will propose, later today, that the Senate adjourn until October 28.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the program set out by the Deputy Leader of the Government seems to us to be quite reasonable, in light of the fact that there is no pending legislation coming this way, and there seems to be no indication that we will get legislation shortly. When an insider like my colleague, the Deputy Leader of the Government, assures us that that is his impression also, then we have to consider how best we can do our duty as it relates to the bills he has mentioned. It seems to me that his proposed solution is the right one. When there is no legislation to deal with immediately, our most practical course is to refer the subject matter of every pending piece of legislation to our committees. This would not only avoid the necessity of our sitting in the chamber but would also give the committees a lot more time to do their work. We will certainly cooperate with the suggested program, and I hope that we will be able to have sessions of the committees lasting, if necessary, several hours per day. In fact, some committees might want to sit a whole day to hear witnesses that might be called with respect to its study. So, we support the proposals put forward by the Deputy Leader of the Government, and I think that is a sensible way to deal with our work in the context of the opening of a new session.

Incidentally, honourable senators, I understand that Senator Doody will also be proposing that the committees have power to sit during adjournments of the Senate.

**Senator Doody:** That is entirely accurate, honourable senators; I have such a motion before me. I have a note here on my desk as well from an interested senator who asks: What about Internal Economy? The Internal Economy Committee has been constituted today. If members of that committee wish to hold an organizational meeting or a working meeting, they are perfectly entitled to do so and I suspect that such a meeting will be held.

• (1410)

**Senator Frith:** Honourable senators, the present plan is that the Standing Committee on Internal Economy, Budgets and Administration will hold a meeting next Tuesday to deal with some outstanding matters and, of course, to organize. It is the committee's intention to embark upon the consideration of the budget figures for 1987-1988.

The committee also plans to meet the following week.

**Hon. Orville H. Phillips:** Has the honourable senator opposite had an opportunity to look at the committee schedule?

**Senator Frith:** No, I have not. I discussed this matter only a few hours ago with someone from the Speaker's office who is to get in touch with the whips about this matter.

Honourable senators, I should like to correct what I have just said. The plan is to meet on the Tuesday of the following week. It is our hope that, following that meeting, our committee will meet on Thursday mornings, as we did last year, but that proposal will have to be agreed to by the whips.

[*Translation*]

## NATIONAL FINANCE

### NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

**Hon. Fernand-E. Leblanc:** Honourable senators, I give notice that on Tuesday next, October 14, 1986, I will move that the Standing Senate Committee on National Finance have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such legislation and other matters as may be referred to it.

[*English*]

That is regarding ways and means.

## FINANCIAL INSTITUTIONS

### BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-9

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-9, An Act to amend the Loan Companies Act, the Trust Companies Act, the Bank Act and the Quebec Savings Banks Act in respect of certain regulatory matters, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## INSURANCE COMPANIES

### BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-8

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-8, An Act to amend the Canadian and British Insurance Companies Act, the Foreign Insurance Companies Act and the Winding-up Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## INCOME TAX ACT

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY NOTICE OF AMENDING WAYS AND MEANS MOTION AND SUBJECT MATTER OF CONSEQUENTIAL LEGISLATION

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the Notice of Ways and Means Motion to amend the Income Tax Act tabled in the Senate on Tuesday, October 7, 1986, (Sessional Paper No. 332-45) and the subject-matter of any Bill based thereon, in advance of the said Bill coming before the Senate.

Motion agreed to.

## SELECT COMMITTEES

AUTHORIZATION TO MEET DURING ADJOURNMENTS OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*i*), moved:

That for the duration of the present Session any select committee may meet during adjournments of the Senate.

Motion agreed to.

## ADJOURNMENT

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday, October 28, 1986, at 2 o'clock in the afternoon.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## PARLIAMENTARY EMPLOYMENT AND STAFF RELATIONS

DELAY IN PROCLAMATION OF ACT

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a question for the Leader of the Government in the Senate. Towards the end of last June we were asked to give what was really rather hurried approval to Bill C-45, which had to do with parliamentary employment and staff relations. Both Senator Corbin and I raised some questions about the effect of that bill upon senators' privileges. We were then told that there was a great deal of urgency in passing this bill due to the serious effect it would have upon the bargaining rights of employees and, generally, upon their conditions of work.

I find, however, that the act has not yet been proclaimed. If I am mistaken in that respect, I would be glad to know that that is the case. Could the Leader of the Government find out whether I am correct in my understanding? Could he also tell us why, if there was such urgency to pass that bill, the act has not been proclaimed for lo these many months since June of 1986?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I cannot confirm or otherwise the honourable senator's understanding about the proclamation of that act, but I shall make inquiries and report back.

## CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—STATUS

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I direct my question to the Leader of the Government in the Senate. On Tuesday the Leader of the Government clarified to some extent the intentions of the government with respect to the trade negotiations with the United States. I would like to know what is the timetable of the government—if there is a timetable—with respect to the closing of the negotiations and when the process will be completed with respect to the signing of an agreement with the United States.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I believe that the Leader of the Opposition will be aware that according to the so-called fast track procedure agreed upon by the Congress of the United States, January 3, 1988 is the date on which the procedure expires. I would have to go back in the process somewhat to be able to calculate when our officials should have completed and initialed an agreement, ad referendum, by what time the Canadian government would have had to approve such an agreement, and by what time the administration in the United States would have had to submit such an agreement to Congress to have the whole thing over and done with by January 3, 1988. I am not in a position to speculate on that today beyond saying that, obviously, it would be prudent to plan on having an understanding between Canada and the United States some months before January 3, 1988.

● (1420)

**Senator MacEachen:** I am aware of the provisions of the American law. I wondered whether the Canadian government had given instructions to the negotiator to have his work completed by a particular date so that the necessary steps could be undertaken for debate within the Canadian Parliament, and so that everyone would know what the results of the negotiations were.

I understand there is a limit in the United States, but do we have a deadline? Has Mr. Rasminsky been given a deadline as to when he must complete—

**An Hon. Senator:** Mr. Reisman.

**Senator MacEachen:** Mr. Reisman, yes. I thank the honourable senator. They are both very important Canadians. Has Mr. Reisman been given a deadline as to when he must complete his negotiations? Has he been given any direction, or is he free to complete as he chooses?

**Senator Murray:** We have not set a deadline for the conclusion of Ambassador Reisman's work. As the Leader of the Opposition will know, elections are taking place in the United States at present. The first phase of the discussions between our respective negotiating teams has been concluded, and it is intended that they will resume the process in November.

**Senator MacEachen:** Honourable senators, I want to follow up on the same subject by referring to an editorial which appeared today in *The Washington Post* entitled "Free Trade with Canada?", in which it is suggested that the trade talks are going so badly, particularly because of the lack of enthusiasm on the part of the Canadian Prime Minister, that the talks should be broken into two stages; the first to be a discussion of current trade irritants, and the second to be an indeterminate discussion about free trade that may result, in the long-term future, in an agreement.

I wish to ask two questions based on that assertion. The first is whether the Canadian embassy has been floating this thought in Washington, and, second, whether the Canadian government is considering this two-staged approach to the trade talks.

**Senator Murray:** The short answer to the question is that we are not. Our position, and that of our negotiator, is that so far as current trade irritants are concerned there is a bilateral process for dealing with them, and they are dealt with in that process. Our position is that in the trade negotiations being conducted by Ambassador Reisman and Ambassador Murphy there is no place for the discussion of a resolution of current trade irritants.

**Senator MacEachen:** Honourable senators, can the Leader of the Government tell us whether the government is satisfied that Canada's determination to pursue these talks is understood in the United States? I find it rather disturbing that this important newspaper should write an editorial in which it states:

> Prime Minister Brian Mulroney gives every evidence of having embarked on these talks without having given any great thought to them. He seems now to have retreated from this crucial political quarrel.

I want to know if the government is taking any action to counteract the impression in the United States that the Government of Canada appears to have lost heart and appears to have lost its enthusiasm, particularly in light of the Prime Minister's comment that if he were a betting man he would bet against the success of these talks. I want to know whether the government is giving any thought to counteracting these impressions, both in Canada and in the United States.

**Senator Murray:** Honourable senators, if my honourable friend were a betting man and were betting on the possibility of concluding a comprehensive free trade agreement with the United States in the month of October, 1986 with an impending Congressional election in that country, I presume that he, too, would bet against it. The agreement that we seek will not be negotiated in the month of October or the month of November, 1986, but beyond the election date. Therefore, we remain very positively committed to obtaining the biggest, best and most comprehensive trade arrangement that we can negotiate with the United States. Those are the Prime Minister's and the government's instructions to the negotiators.

I have not read the editorial in *The Washington Post* to which the Leader of the Opposition has referred. I can only say, from the excerpts that he has read, that the editorial is very much off-base and that I doubt very much that the inspiration for such an editorial would have come from the Canadian Embassy in Washington. I suspect that the inspiration for such an editorial would have come from elsewhere.

**Senator MacEachen:** Honourable senators, I wonder whether *The Washington Post* is really off-base in light of the comment reported to have been made by the Minister for International Trade, who stated that if Canada did not get satisfaction on the softwood lumber case the trade talks with the United States would be imperilled. The word is "imperilled", and it was used by a minister of the Government of Canada. I want to know whether the Minister for International Trade was serious, and whether it is the intention of the government to withdraw from the talks if an adverse decision with regard to the softwood lumber case comes from the United States. That is the implication of her statement, and it could provide a very strong basis for the editorial conclusion of *The Washington Post*.

**Senator Murray:** Honourable senators, if there is an adverse decision in the case of softwood lumber, there are many options open to us, and we are considering several of them. One of them is not withdrawing from the trade negotiations with the United States. I have not seen the statement which the Leader of the Opposition attributes to Ms. Carney, or the context in which it was made. Since it concerns comments attributed to her, I shall ask her to prepare a reply for the honourable senator.

**Senator MacEachen:** Honourable senators, just to complete that round and to assure my colleagues that it is not a fictitious allusion, the quotation is from The Associated Press in which she is reported to have said:

> A negative countervail decision would create such an adverse reaction in Canada, I think the free-trade talks would be imperilled.

That is what The Associated Press reports that she said. That is a rather serious statement by a minister, and I think it requires some clarification if we are not to believe that *The Washington Post* is dead on.

• (1430)

BILATERAL TRADE NEGOTIATIONS—IMPACT ON INTERPROVINCIAL TRADE BARRIERS

**Hon. Stanley Haidasz:** Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. Can he tell us whether the abolition of trade barriers between the provinces of Canada is a condition *sine qua non* before the approval or ratification of a comprehensive Canada-U.S. free trade treaty?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The answer to that question is in the negative, honourable senators. I hope that we will make some progress within the next little while on the abolition of barriers to interprovincial trade. I note that at Edmonton in August the premiers gave certain undertakings and made certain commitments in that regard. It may well be that the lowering or elimination of barriers to interprovincial trade would be a happy result of a comprehensive bilateral trade arrangement with the United States.

## AGRICULTURE

WESTERN GRAIN FARMERS—GOVERNMENT ASSISTANCE

**Hon. Hazen Argue:** Honourable senators, I have a question for the Leader of the Government in connection with the proposed or suggested deficiency payments on grain. As I understand it, the initial request made by Ted Turner of the Saskatchewan Wheat Pool was for a payment of $2 billion to the Western Grain Producers. The response seemed to be that there would be a payment of $1 billion. That appears now to have been modified so that whatever is paid out will be paid out as a national payment, and, therefore, the prairie grain producers obviously would not be entitled to $1 billion but would receive very substantially less.

Also, just to throw in another very negative factor, the Minister of Agriculture was asked whether or not the payments to the farmers would be a loan; this was not denied by the Minister of Agriculture.

I ask the government leader if he can assure the chamber that the payment to farmers who are in difficult circumstances will not be in the form of a loan but will, in fact, be a deficiency payment.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the position of the government is that this is a national problem; that it requires a national solution and a national program. That is why the Minister of Agriculture has convened a meeting in Ottawa today of the deputy ministers of the various provinces. I think it is quite premature to speculate as to the design of the program that will be agreed upon. I can only say that yes, the Prime Minister in his statement indicated that our estimate was that it was a $1 billion problem. We will see how that estimate conforms to the assessment and evaluation that is made by the provinces.

As I say, it would be premature to speculate on the nature of the program that will be brought forward, except to say that we are looking at a very considerable enhancement of the cash-flow to Canadian farmers who are faced with this unfair competition in the form of subsidy and pricing practices in other countries.

**Senator Argue:** Do I take it, then, from the reply of the Leader of the Government that the farmers of Canada are expected to meet the enhanced competition from the United States by way of signing notes and agreeing to pay for a loan that they will receive? I think this is a complete denial by the government of the conditions out there. If I may say so, I think it is a betrayal of the farmers in these circumstances to have allowed them to think that there was to be a deficiency payment and then, when the time comes to inaugurate a policy, the deficiency payment is all of a sudden being turned into a loan. I would say to the Honourable Leader of the Government that those farmers out there simply do not need any more loans. They have more than they can handle now.

Also, before I sit down, I would just point out to the Leader of the Government that the state of the crop in western Canada that is not yet harvested may well mean that crops that might have been worth $3 to $4 per bushel will probably now be worth only $2 or less per bushel. I ask the Leader of the Government if he can assure the farmers that these moneys that they are to receive will not be repayable; that they will, in fact, be deficiency payments to meet a difficult situation.

**Senator Murray:** The circumstances that the honourable senator has just described, having to do with a crop that is only half in, as I understand it, in Alberta and even less than that in Saskatchewan, are in themselves good reason why it is premature to try to dot "i"s and cross "t"s and put a final definition on the program of assistance that we are working on.

With respect to the question of loan versus deficiency payment versus acreage payment versus numerous other formulae that are being suggested from all sides, I must say that certainly nothing that I have said today would warrant the conclusion drawn by the honourable senator that the government has decided that it will propose a loan program to the farmers.

**Senator Argue:** The words that the minister has used indicates that that is now one of the options that is being considered, and I do not think it should be considered.

**Senator Murray:** Honourable senators, that is precisely what the deputy ministers from the various provinces are meeting here to discuss with the federal minister and his officials now. I cannot say what all of the options are that are being considered, or what combination of programs might be brought to bear on this problem.

## ENERGY

MONITORING OF OIL AND GAS COMPANIES FOLLOWING TERMINATION OF PETROLEUM AND GAS REVENUE TAX

**Hon. H.A. Olson:** Honourable senators, I would like to ask the Leader of the Government in the Senate a further question with respect to the matter of increased activity in the energy sector in addition to my question of yesterday. The reason I am asking a further question today is not because I expect him to have specific details related to those matters that I raised yesterday, but arises from the fact that the deputy leader has moved that the Senate stand adjourned until October 28. There will, therefore, not be another Question Period in the Senate before that time.

Honourable senators, this is not a hypothetical matter. In terminating the PGRT, the government has, in fact, given tax relief in the amount of several hundred million dollars to at least 40 oil companies. I ask the Leader of the Government when he can give an undertaking that the government is going to ensure that the commitment they required from those oil companies will be honoured; in other words, that this money will be used to increase and enhance activity out in the field and to create jobs in the oil sector for several thousand people who are waiting for that kind of activity to be announced.

Honourable senators, there is some urgency to this matter because much of the activity that was expected, according to the Minister of Energy, was winter-related programs and programs out in the field that are undertaken when the ground is frozen. Apparently, these programs cannot be undertaken at any other time of year. That time is nearly upon us and it is, therefore, time for the oil companies to be putting together, first of all, their announcements and, second, the budgetary considerations involved, as well as the crews who will actually be involved in doing that type of work out in the field. That is why it is urgent that we get some answers now. It is not hypothetical as to what the program might be and so on. That undertaking has already been given.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I never suggested that it was hypothetical. I did suggest that it was rather early days for coming to any definitive conclusion on the extent to which the increased cash-flow would be re-invested by the industry.

Having said that, however, I undertake, on our first day back here, to bring to the Senate and to the honourable senator all of the available information that the Minister of Energy, Mines and Resources can let me have on that subject.

**Senator Olson:** That is a fairly good answer, but not quite good enough. The honourable leader says that he will undertake to bring to the Senate the available information. I would like the undertaking to be a little firmer than that and have the Leader of the Government undertake that he will make sure that the government is, in turn, ensuring that the oil companies are keeping their word.

• (1440)

**Senator Murray:** I think my friend can take that for granted.

**Senator Olson:** Thank you.

## BANKING

ESTEY COMMISSION OF INQUIRY—STATUS OF REPORT

**Hon. Ian Sinclair:** Honourable senators, earlier today the Leader of the Government in the Senate made reference to Bill C-9, which deals, in part, with the regulation of banks, and the Senate Committee on Banking, Trade and Commerce. Arising from that, I wonder if the Leader of the Government in the Senate could inform us when the Estey Report will be made available.

I ask that question because I noted in August that counsel to the Estey Commission, Mr. Sopinka, said that the commission's work had been done and that the commission's report had been made to the government. I also noted that the honourable Mr. Justice Estey had resumed his usual place on the bench of the Supreme Court of Canada.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am under the distinct impression that the government has not yet received the report of the Estey Commission. Certainly, the last time I inquired, which was a week or ten days ago, the report had not been received, but I will double-check that information to ensure that I am up to date and reliable.

**Senator Sinclair:** Is the Leader of the Government in the Senate suggesting that there is a difference between Mr. Justice Estey's responding to his mandate in returning the report to the person who established the commission and the report's being placed in the hands of the government? Is that what the leader is suggesting?

**Senator Murray:** One matter that sometimes delays reports is their translation into the official language other than the language in which they were written.

I was not in the cabinet at the time, but my recollection is that the commission appointing Mr. Justice Estey to undertake that inquiry was made on the recommendation of the Prime Minister, so I would assume that the report would be presented to the Prime Minister.

My latest information is that we do not have the report.

**Senator Sinclair:** Honourable senators, my information is that the report, which consists of some 700 pages, has been available for many weeks. The translation of 700 pages, in the highly efficient translation bureaus available in this great city, is not such a great task.

**Senator Murray:** I am glad to have that further information from the honourable senator. If I am incorrect in the understanding which I have just conveyed to the Senate, I will apologize to the Senate and correct the record.

**Senator Sinclair:** Honourable senators, in light of the Senate Committee on Banking, Trade and Commerce considering the subject matter of legislation dealing with banks, and in view of the importance of the findings of the Estey Commission, is there not some way—if the report is, as I understand it, available, and if there is a problem with the translation—the Leader of the Government in the Senate could impress upon his colleagues the need to let the committee members have a look at the report so that they are not chasing around in a vacuum when there is an important report on the horizon.

**Senator Murray:** I share my honourable friend's curiosity in that regard; I should like very much to see the report, too. I shall make inquiries immediately.

## HUMAN RIGHTS

### JAPANESE CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION

**Hon. Jerahmiel S. Grafstein:** Honourable senators, I have a question for the Leader of the Government in the Senate on compensation and an apology to Canadian citizens of Japanese descent for the actions taken by the Government of Canada during World War II and shortly thereafter.

In light of the previous answers tendered by the former Leader of the Government in the Senate to the contrary, would the new Leader of the Government in the Senate inform the Senate if the press reports and the press comments emanating from the Minister of State for Multiculturalism are correct and that the government is now considering a formula for individual compensation for those Canadian citizens who were injustly deprived of their property during that period of time?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I shall ask for a report from the Secretary of State.

**Senator Grafstein:** I have one other question on that same issue. While the leader is inquiring, would he seek to answer a question I asked previously—that is, whether or not the government has available to it claims made by Canadian citizens for compensation that were never dealt with?

Apparently, a series of compensation claims were made that were filed with the government but never dealt with. Perhaps the leader might inquire into that as well.

**Senator Murray:** I shall do that as well.

## NATIONAL STATISTICS COUNCIL

### MEMBERSHIP—REGIONAL REPRESENTATION

**Hon. Charles McElman:** Honourable senators, my question is for the Leader of the Government in the Senate.

Some honourable senators will recall that on a number of occasions I felt it appropriate to remind the former administration that on the appointment of persons to crown corporations, agencies, and so forth, it was important that the regions of Canada be properly represented.

[Senator Murray.]

Today I received, as I am sure all honourable senators have, a press release from the Honourable Monique Vézina, the Minister responsible for Statistics Canada. In that press release the minister announces:

> —the formation of a National Statistics Council to provide advice to the Chief Statistician of Canada with respect to the full range of Statistics Canada activities, particularly in relation to program priorities.

In the wind-up of the press release, the minister welcomes the members to the council, and says:

> "the high professional calibre of this council will help Statistics Canada play its important role in Canadian society in the years to come".

By my quick count, there were 38 persons appointed to the council, plus one *ex officio* member who is the Chief Statistician of Canada. I accept at once that they are all competent people.

However, I see that for the province of Ontario there were at least 15 members appointed, for Quebec, at least nine, for the western region—four provinces—eight, four of whom are from British Columbia and from Atlantic Canada only two. Even the United States has one member designated to it.

I also note that it is somewhat insensitive in that out of 39 members there were only nine Canadian women appointed. The member from the United States is also a woman.

I also note that there is no representative from two of the Atlantic provinces, none from the Yukon, none from Saskatchewan, none from the Northwest Territories, and I find it quite unacceptable, because of the importance stressed by the minister of the work this group is to do in an advisory capacity, that other segments of society have been forgotten. No one from the aboriginal peoples of Canada has been appointed, and this subject is vitally important to them.

• (1450)

My question is really a plea to the minister. Would he please take this up with his colleague, and if there is a council of some 39 people, surely another half dozen, or four or five, would not overweight such a council while giving proper representation to those people deserving of it? Would he please do that?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I appreciate the sentiments expressed by the honourable senator and I will be glad to examine the press release and discuss the matter with the minister.

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[*Translation*]

## POST-SECONDARY EDUCATION

### NATIONAL FINANCE COMMITTEE AUTHORIZED TO CONTINUE STUDY OF GOVERNMENT ACTIVITIES ON POST-SECONDARY EDUCATION AND TRAINING

**Hon. Fernand-E. Leblanc,** pursuant to notice of motion of Thursday, October 2, 1986, moved:

That the Standing Senate Committee on National Finance be authorized to continue its examination of the activities of the Government of Canada in its financial support of post-secondary education and vocational training;

That the papers and evidence received and taken on the subject before the Committee during the 1st Session of the 33rd Parliament be referred to the Committee; and

That the Committee report no later than February 26, 1987.

Motion agreed to.

[*English*]

## FISHERIES

### MOTION TO AUTHORIZE COMMITTEE TO STUDY FISH MARKETING IN CANADA—DEBATE ADJOURNED

**Hon. C. William Doody (Deputy Leader of the Government),** for Hon. Jack Marshall, pursuant to notice of Tuesday, October 7, 1986, moved:

That The Standing Senate Committee on Fisheries be authorized to examine all aspects of the marketing of fish in Canada, and all implications thereof;

That the papers and evidence received and taken on the subject before the Committee during the 1st Session of the 33rd Parliament be referred to the Committee; and

That the Committee report no later than September 15, 1987.

**The Hon. the Acting Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Allan J. MacEachen (Leader of the Opposition):** No; I would like to stand this motion until—

**Senator Doody:** Before the honourable senator stands it, I have a few explanatory notes here which might be helpful. After that, if Senator MacEachen wishes to stand it, certainly he has every right to do so.

Honourable senators, on February 6, 1985 the Standing Senate Committee on Agriculture, Fisheries and Forestry was given an order of reference pertaining to a study of the marketing of fish in Canada and all implications thereof. On May 14, 1986 the Standing Senate Committee on Agriculture, Fisheries and Forestry was divided into two separate committees, one being the Standing Senate Committee on Agriculture and Forestry and the other the Standing Senate Committee on Fisheries. As a result, the order of reference of the Standing Senate Committee on Agriculture, Fisheries and Forestry pertaining to a study of the marketing of fish in Canada and all implications thereof was referred to the Standing Senate Committee on Fisheries on June 12, 1986.

The first of the three components of this study, which dealt with a freshwater fishery sector, has been completed and an interim report was released on September 29, 1986. Before the prorogation of Parliament, preparations were under way for the committee to undertake the second phase of its study, the marketing of west coast fish and fishery products. A consultation tour to the west coast was scheduled for October and cancelled due to the prorogation. Senator Marshall hopes that the committee will re-schedule these consultations for the second and third weeks of November. This portion of the study will specifically look into all the important aspects of marketing west coast fish and fishery products both domestically and internationally.

During the first session, the committee had submitted a budget of $176,712 for this phase of the study; it is now estimated to be $130,140, since it seems that the committee will be able to travel with DND. The trip to the west coast itself will cost $45,100; the committee will also retain the services of a director of research and of an administrative and research assistant. In this phase, there will also be a provision for the committee to attend the Seafood Trade Show in Boston, which should cost about $13,000.

Senator Marshall has provided me with this information. Obviously, it is a continuation of a program which had been approved in the previous session of the Senate. Therefore, I am pleased to move the motion on his behalf.

**Senator MacEachen:** Honourable senators, I want to assure the Deputy Leader of the Government that I am seeking to adjourn the debate on this motion simply so that I can have some consultations with my colleagues who are particularly interested in the question of fisheries, so that when the motion is passed it will have been passed after full consideration.

On motion of Senator MacEachen, debate adjourned.

## CANADA PETROLEUM RESOURCES

### ENERGY AND NATURAL RESOURCES COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-5

**Hon. C. William Doody (Deputy Leader of the Government),** pursuant to notice of Tuesday, October 7, 1986, moved:

That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the subject-matter of the Bill C-5, An Act to regulate interests in petroleum in relation to frontier lands, to amend the Oil and Gas Production and Conservation Act and to repeal the Canada Oil and Gas Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

**The Hon. the Acting Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. H.A. Olson:** Honourable senators, I will not object to this, but I wonder if the Honourable Senator Doody could give the house some assurance that the minister will appear before this committee if it meets next week, or some date soon, because I would like to ask him the same questions I asked Senator Murray a few minutes ago. Perhaps we can get some information that is useful to those people who are unemployed in the oil and gas business.

**Senator Doody:** I can assure the honourable senator that every effort will be made to have the minister in attendance. Certainly, there is no objection from this side; we have found the ministry to be most cooperative in previous meetings of

that particular committee and, indeed, in all the committees. I think that it is reasonable to assume that the minister will present himself to the committee to answer any questions relating to this matter or to other energy matters.

**Senator Olson:** I appreciate that, but I don't want to do only those things that it is reasonable to assume; I would like to have the deputy leader give us an undertaking that he will do his best to ensure that the minister appears there so that we can get into these questions that we all have such a great interest in. I don't think that we can assume that he will be there, because, if we hold a meeting and he doesn't come, what can we do about it?

**Senator Doody:** Well, if the honourable gentleman will feel better by having me say that I will do my very best to get him there, I will certainly be only too happy to do that. I thought you would have been happier with the assurance that the minister will do everything reasonable to assure that he will be there, but certainly I will do my very best to ensure that he comes—even if I have to drag him there in chains and whips to please the honourable gentleman. You know how cooperative I am!

**Senator Olson:** And if you are supported by Senator Murray in that undertaking, it will be worth even more.

Motion agreed to.

## CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION

### ENERGY AND NATURAL RESOURCES COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-6

**Hon. C. William Doody (Deputy Leader of the Government),** pursuant to notice of Tuesday, October 7, 1986, moved:

> That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the subject-matter of the Bill C-6, An Act to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on offshore petroleum resource management and revenue sharing and to make related and consequential amendments, in advance of the said Bill coming before the Senate or any matter relating thereto.

He said: I might, for the sake of my honourable friend and others, give the assurance that I will do my very best to ensure that the minister arrives to discuss that very important bill as well.

**Senator Olson:** Very good.

Motion agreed to.

The Senate adjourned until Tuesday, October 28, 1986, at 2 p.m.

# THE SENATE

**Tuesday, October 28, 1986**

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

Prayers.

## THE HONOURABLE EARL A. HASTINGS

FELICITATIONS ON JOHN HOWARD SOCIETY OF ONTARIO AWARD

**Hon. H.A. Olson:** Honourable senators, I should like to take a few moments of the Senate's time to draw to the attention of those who do not already know and the thousands of people who read the record that one of our members has been awarded the Distinguished Humanitarian Service Award of the John Howard Society of Ontario. I refer to the Honourable Senator Hastings.

**Hon. Senators:** Hear, hear!

**Senator Olson:** This is the highest award that the John Howard Society can bestow on anyone and, since the citation is fairly brief, I should like to read it into the record. It states:

> This Award honours a man who, as a member of the Senate of Canada, has been for over 20 years, an active, knowledgeable and courageous social reformer for the legal human rights of prisoners in Canada.
>
> This Award is made with great respect and admiration for his unwavering concern that offenders be considered as individuals. Moreover, it recognizes his responsible leadership and commitment to the cause of just and human treatment of offenders and to developing a criminal justice system that is fair and effective for all members of the community.

Honourable senators, on October 25, last Saturday, I had the privilege of attending the presentation of this honour to Senator Hastings which was held at the Couchiching Centre near Orillia, Ontario. This proved to me again something that I have noticed a number of times in this chamber—and in the House of Commons when I was there—which is that whenever a member of Parliament takes on some tasks and seems to be terrifically exercised about them, we should be very careful to look behind what he or she is doing because there may be a large number of people who are vitally concerned about and, indeed, very intensely interested in what that member of Parliament is doing. That was certainly demonstrated again to me at the presentation to Senator Hastings.

The citation says that Senator Hastings was "courageous" in doing this. I think another word is even more descriptive of what he was doing here in this chamber and, indeed, across the country, and that word is "guts." He had the guts to stand up and to put up with the scorn, or whatever the right word may be, of some of his colleagues because at one point he refused unanimous consent which, in turn, necessitated a recall of Parliament which caused severe inconvenience to a number of senators. That took some courage and, as I said, the connotation of the word "guts" more properly describes what happened.

Since I am sure a number of other senators will want to say a word, I shall be brief, but I do want to draw this distinction to the attention of all honourable senators.

I repeat that I want to offer my congratulations to Senator Hastings. I think we can all take a great deal of justifiable satisfaction and pride in what Senator Hastings has achieved.

**Hon. Senators:** Hear, hear!

**Hon. Nathan Nurgitz:** Honourable senators, I rise to add my comments to those of Senator Olson in offering the congratulations of senators on this side of the chamber to both the John Howard Society on its excellent choice and to our colleague, Senator Hastings, on being a very worthy recipient. I do not think that he received the award for instigating the recall of Parliament last summer but, rather, for the 20 years of distinguished service which we all recognize. I suppose he found, through most of those years, the need to speak out against authority in the advancement of the cause of the less fortunate. To that end, we on this side congratulate him.

**Hon. Joyce Fairbairn:** Honourable senators, I should like to echo the comments of Senator Olson and Senator Nurgitz in offering my congratulations to Senator Hastings on the honour he has received from the John Howard Society of Ontario through its award of the Distinguished Humanitarian prize.

Senator Hastings is quite a guy.

**Some Hon. Senators:** Oh, oh!

**Senator Petten:** Explain!

**Senator Fairbairn:** As we are all aware, his interests range all over the place from the area of energy, which is so vital to our province of Alberta, to his work in recent years as part of the Canadian delegation to NATO in the North Atlantic Assembly. Important as these areas are, however, perhaps nothing reflects the humanity and the character of Senator Hastings more than his single-minded crusade for fairness on behalf of a segment of our society which many Canadians and, indeed, many politicians are all too often quite happy to ignore, and I speak of all of those who are incarcerated in federal penitentiaries in our country.

I have admired and respected Senator Hastings for many years, but never more than when we travelled, along with Senator Doyle, to the prisons in western Canada, and with others of our colleagues to the prisons in the Kingston area during the study of Bill C-67 last spring, at which time we

were travelling on behalf of the Standing Senate Committee on Legal and Constitutional Affairs. In the most difficult situations and in the most uncompromising surroundings, Senator Hastings showed his great knowledge, his compassion, his humour and his common sense, not just with the prisoners but with the guards, the wardens, the doctors and everyone in the prison community.

Honourable senators may not be aware that because of this work over the years Senator Hastings was, back in 1971, placed on honorary lifetime mandatory supervision by the warden of the Drumheller institution. Presumably, he is still on it. He is also known fondly as Honourable Inmate No. 11 at Saskatchewan penitentiary—something that they were pleased and proud to remind him of when we were there last spring.

Honourable senators, the reality of prison life is really incomprehensible to outsiders, and Senator Hastings, on his own initiative, has taken the trouble to learn that reality over the last 20 years. Nothing can describe his contribution better than the citation read to this house by Senator Olson.

Senator Hastings has brought honour to all of us in this chamber. I congratulate him and I sincerely urge him never to lose his interest in or cease the activity which has brought him this recognition.

**Hon. Senators:** Hear, hear!

**Hon. Earl A. Hastings:** Honourable senators, may I seize this opportunity to express my appreciation to all of my colleagues for the kind wishes expressed to me on my being presented with the Distinguished Humanitarian Service Award by the John Howard Society of Ontario. I accepted the award on Saturday night at the annual general meeting of the John Howard Society of Ontario held at the Couchiching Conference Centre. In accepting it in my own right, however justified or unjustified that might be, I did so in the name of the Senate of Canada and, in particular, in the name of the Standing Senate Committee on Legal and Constitutional Affairs under the chairmanship of Senator Joan Neiman. I said at the time, and I repeat it here, that of all the Canadian legislative assemblies, there is not one that is more interested in or has more knowledge of corrections in Canada than the Senate of Canada. We acquired that knowledge over the period of the past 20 years, first under Senator Goldenberg, the former chairman of the committee, when we undertook an extensive review of parole in Canada which led to reform in that area; through our examination of Bill S-31; and also through our subsequent examination of Bills C-67 and C-68 in the last session.

Over and above that, the Senate has shown its interest in corrections by going to the institutions, by talking to the on-line staff who deliver the service, and by talking to the recipients of that service, namely, the inmates. As a result, this chamber has an expertise in corrections above and beyond anything to be found in any other legislative assembly in Canada. I can only hope that we will maintain that interest in this chamber because we have the ability to examine legislation from time to time from a long term point of view and not from a short term point of view, which is the case with respect to so many legislatures.

Honourable senators, I again express my appreciation to all honourable senators. Whatever service I have been able to give as a humanitarian, and whatever effort I have been able to make, I have been able to do so in this chamber.

**Hon. Senators:** Hear, hear!

[*Translation*]

## OFFICIAL LANGUAGES

### STANDING JOINT COMMITTEE—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Wednesday, October 15, 1986

*Ordered*,—That a Message be sent to the Senate to acquaint Their Honours that the names of Mr. Allmand, Mrs. Blouin, Messrs. Desjardins, Duguay, Epp (Thunder Bay—Nipigon), Gauthier, Gervais, Girard, Hamelin, Jourdenais, Kilgour, Plamondon, Skelly, Thacker and Turner (Ottawa—Carleton) have been appointed to serve on the Standing Joint Committee on Official Languages;

And that the Senate do unite with this House in the formation of the above mentioned Committee.

*ATTEST*

MICHAEL B. KIRBY

*For the Clerk of the House of Commons*

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

On motion of Senator Doody, message placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

## PARLIAMENT

### JOINT COMMITTEE—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONSL/ECANADA

Wednesday, October 15, 1986

*Ordered*—That a Message be sent to the Senate to acquaint Their Honours that the names of Messrs. Chartrand, Côté (Lac-Saint-Jean), Graham, Gravel, Hamilton, Malépart, Mantha, McCuish, Moore, Robichaud and Riis have been appointed to serve on the Standing Joint Committee on Parliament;

And that the Senate do unite with this House in the formation of the above mentioned Committee.

*ATTEST*

MICHAEL B. KIRBY
*For the Clerk of the House of Commons*

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

On motion of Senator Doody, message placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

JOINT COMMITTEE—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Wednesday, October 15, 1986

*Ordered,*—That a Message be sent to the Senate to acquaint Their Honours that the names of Messrs. Attewell, Cooper, Corbett, Crosby (Halifax West), Dorin, Gravel, Holtmann, Kaplan, Kindy, Lapierre, Roman and Waddell have been appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments;

And that the Senate do unite with this House in the formation of the above mentioned Committee.

*ATTEST*

MICHAEL B. KIRBY
*For the Clerk of the House of Commons*

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

On motion of Senator Doody, message placed on the Orders of the Day for consideration at the next sitting of the Senate.

• (1410)

[*English*]

## CANADA PETROLEUM RESOURCES BILL

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-5, to regulate interests in petroleum in relation to frontier lands, to amend the Oil and Gas Production and Conservation Act and to repeal the Canada Oil and Gas Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*Translation*]

## INCOME TAX ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-11, an Act to amend the income Tax Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*English*]

## BANKING, TRADE AND COMMERCE

FIRST REPORT OF COMMITTEE TABLED

**Hon. Ian Sinclair,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

## ENERGY AND NATURAL RESOURCES

FIRST REPORT OF COMMITTEE TABLED

**Hon. Earl A. Hastings,** Chairman of the Standing Senate Committee on Energy and Natural Resources, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of the National Energy Program, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

## INCOME TAX ACT

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT-MATTER OF BILL C-11

**Hon. Ian Sinclair,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, October 28, 1986

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Notice of Ways and Means Motion to amend the *Income Tax Act,* tabled in the Senate on Tuesday, October 7, 1986, (Sessional Paper No. 332-45) and the subject-matter of any Bill based thereon, in advance of the said Bill coming before the Senate, has, in obedience to the Order of Reference of Thursday, October 9, 1986, examined the subject-matter of the Bill C-11, intituled: "An Act to amend the Income Tax Act" and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

IAN SINCLAIR
*Chairman*

[*Translation*]

## NATIONAL FINANCE

FIRST REPORT OF COMMITTEE TABLED

**Hon. Fernard-E. Leblanc,** Chairman of the Standing Senate Committee on National Finance, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

[*English*]

## CANADA-EUROPE PARLIAMENTARY ASSOCIATION

MEETINGS IN ITALY—NOTICE OF INQUIRY

**Hon. Heath Macquarrie:** Honourable senators, I give notice that on Thursday, November 6, 1986 I will call the attention of the Senate to the meetings of the Canada-Europe Parliamentary Association held in Italy from March 21 to 31, 1986. Honourable senators, this was a case of prorogation *interruptus.*

**Senator Frith:** You mean session *interruptus* by prorogation.

## SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY CONSULTATION PAPER ON TRAINING AND DOCUMENT ENTITLED "EMPLOYMENT OPPORTUNITIES: PREPARING CANADIANS FOR A BETTER FUTURE"

**Hon. Philippe D. Gigantès:** Honourable senators, I give notice that on Thursday next, October 30, 1986 I shall move:

That the Standing Senate Committee on Social Affairs, Science and Technology

—if it has been formed by then—

be authorized to study and report upon the Consultation Paper on Training, issued by the Department of Employment and Immigration, tabled in the Senate on 11th December, 1984, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future", tabled at the First Ministers' Conference held in Regina, Saskatchewan, on 14th and 15th February, 1985;

That the papers and evidence taken on the subject and the work accomplished during the 1st Session of the 33rd Parliament be referred to the Committee; and

That the Committee report no later than December 1, 1987.

## ENERGY AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

**Hon. Earl A. Hastings,** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Energy and Natural Resources have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matter of bills and estimates as are referred to it.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, before we vote on the motion, I want to take the opportunity once again to voice my opinion that this is not the sequence in which we wanted such matters to appear before us. However, as was the case with Senator Kelly's motion earlier, so it is now in this case: Both Senators Kelly and Hastings are following the procedures that have found their way—in my opinion wrongly—into the rules of the Senate.

It was the intention that before the Senate was asked to vote on a motion regarding the spending of money by any committee, we would know roughly what that amount of money was to be before we were asked to vote on it. However, if you follow the procedures as they are presently set out in the rules, then both Senators Kelly and Hastings are quite right, because these procedures say the opposite: namely, that the chairman of a committee cannot prepare a budget and get approval or even an opinion from the Internal Economy Committee until a reference has been agreed to by the Senate.

Honourable senators, what we were trying to avoid was having to vote blindly on a motion with respect to the spending of money, and that is what we are being asked to do today. However, until the rules are corrected, I suppose we cannot object to senators' following this procedure. I am not for a moment suggesting that these senators are attempting to

exploit the position. That procedure is established in the rules and they are simply following it.

**Hon. Gildas L. Molgat:** Honourable senators, on the point of order raised by Senator Frith, I have a different reading of the rules of the Senate and of what we intended to do. It seemed to me that the discussion was to the effect that we would not initially receive budgets in the chamber. But the procedure as it now stands forces the committee to bring a budget before this chamber if money is to be spent.

**Senator Frith:** Yes, after we have voted on it.

**Senator Molgat:** No. We are not voting now; all we are saying right now to the chairmen of these committees is that these matters might be good subjects for study; now go and prepare your budget.

For example, how can Senator Kelly prepare a budget until such time as there is a committee to which he can speak? Right now, if no committee has been established, Senator Kelly is on his own and cannot call upon the advice of other members of that committee and, therefore, cannot prepare a budget. What Senator Kelly must now do is prepare a budget and have it approved by the Internal Economy Committee. After the Internal Economy Committee has dealt with that budget and approved or disapproved of it, the chairman must then place that budget before the Senate, together with the approval or the comments of the Internal Economy Committee. Then the Senate decides what it wants to do. If no expenditure of money is involved, then there is no problem.

• (1420)

**Senator Frith:** Honourable senators, unfortunately, that is not what the rules of the Senate state. All a chairman of a committee has to do now is prepare a budget and take it to the Standing Committee on Internal Economy. He already has a reference, but the words used in the rules of the Senate are "The committee may report to the Senate."

What Senator Molgat has said is correct; I realize that. We arrived at the present procedures because we said, "If he does not have a committee, he cannot prepare a budget," but the result is to defeat completely the intention, namely, not to be asked to vote on the authority until the Senate has some information on the amount. We will have to find a way around that, and I will ask the Rules Committee to study the matter. We can debate it at a meeting of that committee, but, at the moment, we are voting on this motion without being able to see a budget.

**Hon. Hartland de M. Molson:** Does the report of the Senate Committee on Internal Economy on budgets approved not, in effect, give the Senate an opportunity to refuse the budgets in that report?

**Senator Frith:** Yes, providing they do, but all that is required, according to my reading of the rules of the Senate, is that they "may report".

We would have an opportunity for debate, but what we were trying to avoid was the fact that someone could go, with authority from the Senate, to the Senate Committee on Internal Economy. That was always the problem, and the committee could say, "We think this is not right and that you are paying too much money for that." But at that point the chairman of the committee can say, "Look, I have the authority. You only have to look at this and approve it. You can make comments, but I now have the authority." It is just a matter of working out the dollars and cents. For the reasons Senator Molgat has explained, I think that is where we got it turned around.

**Senator Molgat:** I do not want to extend the debate now because, undoubtedly, this will be debated at the next meeting of the Rules Committee, but I would refer honourable senators to the *Rules of the Senate*, page 79, Appendix III, Rule 2:08 where it says, in effect, that no money can be spent until the budget has been approved by the Senate.

**Senator Frith:** That is quite right. We will not have an opportunity to vote on that.

**Hon. George van Roggen:** Honourable senators, I, too, do not wish to extend the debate because this can be dealt with by the committee, but I do wish to raise the following point: I think we have to be careful that the Senate Committee on Internal Economy does not substitute itself for the Senate in deciding what subjects Senate committees may study. The idea that we have to go to that committee first and get a budget approved before we have a reference from the Senate seems passing strange to me. It seems to me that the function of the Senate Committee on Internal Economy is to say: "You have a reference to study such and such. Here is your budget. We think it is out of line. You do not need to be spending this amount of money on staff, or you do not need to be spending this amount of money on this, that or the other thing." It is not for the members of that committee to tell honourable senators what should be studied or whether a committee should be formed.

**Senator Frith:** Of course not. We are not saying that; we are saying that we should have a vote on it. We decide and, before we vote on a budget, we should know what the amount is.

**Senator van Roggen:** You can always vote on the budget.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

### COMMITTEE AUTHORIZED TO ENGAGE SERVICES

**Hon. Ian Sinclair,** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matter of bills and estimates as are referred to it.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the same comments apply to this motion.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## AGRICULTURE

### GOVERNMENT ASSISTANCE—FEDERAL-PROVINCIAL DISCUSSIONS

**Hon. H.A. Olson:** Honourable senators, I should like to address a question to the Leader of the Government in the Senate, in his capacity as Minister of State for Federal-Provincial Relations, and ask him whether or not an agreement has been reached between the federal and provincial governments respecting the distribution of the $1 billion aid program that was announced some time ago by the government. I should remind the honourable minister that it is now nearly four weeks ago—not quite four, perhaps, but it is more than three—since I asked him about this. At that time I believe he indicated that there was a meeting, that day or the following day, of the federal and provincial Ministers of Agriculture to work on it. Since I have not heard that any agreement has been reached as to the programs and the vehicles for the delivery of this assistance program, I wonder if he could bring us up to date and tell us what progress has taken place.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, for the record, the meeting to which I referred a couple of weeks ago was a meeting of federal and provincial deputy ministers.

I can tell the honourable senator, in answer to his question, that the government is committed to consulting very widely on this aid package and that the Minister of Agriculture will be meeting shortly with farm leaders, at their request, to discuss the package.

**Senator Olson:** Well, honourable senators, I wonder if the government is seriously considering making some interim payment if it is going to take so long to reach an agreement and if the consultative process will be carrying on for what now appears to be an unacceptably long period of time. A number of farmers are hurting very badly now, and that situation has been exacerbated since we last met because there has been inclement weather for the harvest of much of the grain in many parts of Canada. This is the case not only in western Canada, it is true in Ontario as well. Can the minister advise whether or not consideration is being given to an interim payment if so much time is going to be spent in consultation?

**Senator Murray:** With regard to the possibility of an interim payment, I will take that question as notice.

## ENERGY

### NATURAL GAS—ALBERTA'S WITHHOLDING OF EXPORT LICENCE APPROVAL AND ALLEGED DISTINCTION BETWEEN TYPES OF GAS—ROLE OF FEDERAL GOVERNMENT IN NEGOTIATIONS

**Hon. Daniel Hays:** Honourable senators, my question to the Leader of the Government and Minister of State for Federal-Provincial Relations is prompted by an article in last week's *Calgary Herald* to the effect that the Alberta Minister of Energy has noted that his government could hold up the approval of proposed sales of natural gas. The sale in question was of 777 billion cubic feet of natural gas to Ontario by Western Gas Marketing.

Perhaps, rather than getting up again, I could ask all the questions that I am interested in receiving answers to, in sequence.

• (1430)

Is the Minister of State for Federal-Provincial Relations involved, or does he expect to be involved, in problems which may arise as a result of Alberta's withholding licence approval for sales of gas outside of Alberta? The report I referred to also indicates that the minister may hold these licences up—and some of them are being held up now—to obtain federal approval for three conditions: one being that the federal government take steps to drop the 15-year reserve test on natural gas exports—that is, that we have a 15-year surplus before we approve exports of gas; the second relates to the adjacent border price test—that is, that we shall not sell to the U.S. export market at less than the Canadian price—and that it be withdrawn possibly before these approvals are granted; and the third—and I do not know how seriously to take it—is that the federal government assist or cause Manitoba to remove a tax levy on natural gas used in compressor stations.

Is the minister involved, or does he expect to be involved, in these negotiations?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** As the honourable senator has pointed out, there are a number of questions and several hypotheses involved in the presentation he has just made, and I shall have to ask for a report from the Minister of Energy, Mines and Resources.

**Senator Hays:** The second area that I would ask the minister to check into at the same time—or perhaps he can give us an answer today—involves matters which arose last week before the Ontario Energy Board where it was stated that Alberta is developing a position to distinguish between the two types of gas used in Canada: one, the core supply—that is, to residential users; and the other the supply to users who have alternative energy sources, which means that they can switch to some other form of energy such as coal or oil. Is the federal government involved in the negotiations with Alberta to accept that kind of re-regulation of the energy industry?

**Senator Murray:** I must give the same answer. I shall have to obtain a report from the Minister of Energy, Mines and Resources.

DECLINE IN NATURAL GAS PRICES—GOVERNMENT POLICY

**Hon. H.A. Olson:** Could the minister tell us if the government is simply going to stand aside and watch natural gas prices go into a free fall, knowing full well of the surplus amounts that exist and that will be going on the market in three days? Since this will probably happen later this week, perhaps he could give us a more complete answer than simply saying that he will have to make some inquiries.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I think the very best answer I can give is that I will obtain a considered reply from my colleague.

## BANKING

DESIGNATION OF TORONTO AS INTERNATIONAL CENTRE—GOVERNMENT POLICY

**Hon. Jerahmiel S. Grafstein:** Would the Leader of the Government in the Senate, in his capacity as Minister of State for Federal-Provincial Relations, inform the Senate whether the government has changed its plan to start a tax war between certain provinces and cities by refusing to designate Toronto as an international banking centre, and by proposing federal tax incentives that would discriminate against Toronto?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I am sorry, I heard the assertions that were made, but I did not understand the question.

**Senator Grafstein:** The Minister of Finance, Mr. Wilson, has proposed that there be certain tax measures which would provide incentives for certain cities to be international banking centres, but Toronto is not included in that particular list. The Province of Ontario, the Municipality of Metropolitan Toronto and the City of Toronto have all made representations to the Minister of Finance to change this to avoid what would be a needless and quite wasteful tax war.

Perhaps the Leader of the Government in the Senate, in his capacity as Minister of State for Federal-Provincial Relations, will review those representations and discuss the matter with his colleague in the hope that he will change his mind.

**Senator Murray:** I shall be glad to discuss them with my colleague in the expectation that he will provide a report for the honourable senator.

## POST-SECONDARY EDUCATION

PROPOSED NATIONAL FORUM—GOVERNMENT POSITION

**Hon. John B. Stewart:** Honourable senators, I have a question for the Leader of the Government in the Senate in his capacity as Minister of State for Federal-Provincial Relations.

On October 1, in the Speech from the Throne, we were told that the government is proposing a conference on post-secondary education. The Speech from the Throne states:

> To help meet the challenges facing higher education, my government will propose a national forum on post-secondary education, to be held early next year.

My question to the Leader of the Government, in his capacity as Minister of State for Federal-Provincial Relations, is this: Have the invitations or the proposals for the national forum on post-secondary education gone forth? If so, to whom are they addressed, and what is the proposed date for the national forum on post-secondary education?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** As I said in reply to an earlier question on the subject, it is not a federal-provincial conference that we have in mind but, rather, one which would bring together the two levels of government, representatives of the post-secondary institutions, the research community and others interested in this subject to discuss the future of post-secondary education in the country.

The Secretary of State, Mr. Crombie, has begun the process by getting in touch with ministers of education in the provinces to ask for their views and advice on the holding of such a conference, the composition of such a conference and its agenda. He has indicated that he will be getting in touch with them shortly to discuss the matter.

**Senator Stewart:** As a supplementary question, is it anticipated that the government will be in a position to say whether this forum will take place and, if it is to take place, when it will take place? Is it anticipated that this information will be available before the end of the calendar year?

**Senator Murray:** I would hope so, honourable senators, although I repeat that this is not a forum over which we ourselves would necessarily preside or, indeed, convene. It is a forum which might be held under the auspices of, let us say, the Council of Ministers of Education of Canada or, perhaps, one of the other organizations, such as the Association of Universities and Colleges of Canada or some similar organization.

Yes, I would hope that the consultative process would be sufficiently far advanced by the end of this calendar year that we will be able to agree on the date and composition of such a conference and its agenda.

**Senator Stewart:** I have a further supplementary question. As the Leader of the Government in the Senate knows, the Senate has authorized one of its standing committees to report on federal involvement in post-secondary education. Should we take it from the minister's answer that there is no reason why that committee should not proceed expeditiously to complete its studies and to make its report?

**Senator Murray:** Honourable senators, I must say that I have no advice to offer committee members on that matter since they are masters of their own agenda. I look forward to hearing from them when they are ready to report.

**Senator Stewart:** As early as possible.

## EDUCATION

ESTABLISHMENT OF FEDERAL-PROVINCIAL TASK FORCE ON NATIONAL STANDARDS

**Hon. Joyce Fairbairn:** Honourable senators, I have a question following on from that. Would the Leader of the Government in the Senate tell me whether or not he has anything to report regarding possible government establishment of the federal-provincial task force on national standards for education, as was suggested by the Special Committee of the Senate on Youth?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Not today, honourable senators.

## IMMIGRATION

STATUS OF INTERESTED LAPLANDERS—GOVERNMENT POLICY

**Hon. Charlie Watt:** Honourable senators, my question is for the Leader of the Government in the Senate and it relates to the area of northern Norway which suffered some fallout from the nuclear plant explosion at Chernobyl in the Soviet Union.

Approximately 100 families were very much interested in moving to Canada. Has the Canadian government been approached directly on this matter by the Laplanders? If so, what is the position of the government in this regard?

• (1440)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I regret that I do not have the answer to that question, honourable senators. I shall have to inquire and make a report.

## INDUSTRY

AEROSPACE—ALLOCATION OF CF-18 SERVICE CONTRACTS

**Hon. Gildas L. Molgat:** Honourable senators, I should like to address a question to the Leader of the Government. On October 2, I asked him a question regarding the allocation of the contracts for the CF-18 fighter aircraft. At that time, the minister quite properly indicated to me that he was not current on the particular question but that he would find out further information. Since that time, there has been a great deal of speculation on the matter in the newspapers.

Obviously, for our province this matter is a very serious one. We have traditionally had some 10 per cent of the Canadian aerospace industry. It is an important industry for Manitoba. Could the minister provide any further information as to where that matter stands? If he cannot do so today, can he tell us when he could give us the information?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, that matter is the subject of a delayed answer that will be tabled by Senator Doody in a few moments.

## PENITENTIARIES

PROPOSED PRISON AT PORT-CARTIER, QUEBEC—FACTORS GOVERNING LOCATION—EFFECT OF ADDITIONAL COST ON INMATE PROGRAMS

**Hon. Earl A. Hastings:** Honourable senators, the Leader of the Government will not be surprised to learn that my first question of the day deals with the construction of the federal corrections institution at Port-Cartier, Quebec, in the electoral district of Manicouagan. I should like to ask the government leader whether, in reaching this decision, the government—or perhaps I should say the Prime Minister—gave consideration to the fact that the construction of that institution could not be justified on the ground of need, and that the problem of overpopulation in our penitentiaries is in the Ontario region and the prairie region. Today there are 486 men double bunked in Ontario—which is 49 per cent of the Canadian total—as opposed to 236 in Quebec, or 24 per cent of the Canadian total of 1,034 inmates double-bunked.

My question to the government leader is this: In reaching that decision, was consideration given to the question as to where the need for federal institutions exists?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The honourable senator has made a case for further construction in Ontario and in the prairies. He has not really made a very convincing case against further construction in Quebec. In any event, I will ask the Solicitor General for a prepared reply to that question.

**Senator Hastings:** When he is consulting with his colleague, the Solicitor General, could the government leader ask him how many educational programs are to be abandoned, how many ETA programs are to be abandoned and how many other worthwhile inmate programs are to be abandoned in order to provide the $41 million necessary for the construction of the new penitentiary? Did the government give consideration to the abandonment of inmate programs before it made its decision?

**Senator Murray:** Honourable senators, those questions are, to put it mildly, hypothetical. In any case, I will ask the Solicitor General what further information he can supply. But nothing that I have seen or that the honourable senator has seen suggests that the money for that particular institution is being taken out of the programs to which he has referred.

**Senator Hastings:** If the government leader consults with his colleague, the Solicitor General, he will learn that educational programs are being cut and that they are being cut to the extent that the prisons will only be able to offer an education up to the grade X level in the near future. That constitutes one cut. The temporary absence programs are going to be cut because there is no provision for overtime pay for the security staff on ETA programs. There is to be a general cut throughout the whole budget of the corrections service of Canada on the rehabilitation side. I repeat that the government leader will find that out when he consults with his colleague, the Solicitor General.

In view of the fact that the construction of penitentiaries is now going to be used for the benefit of economically depressed areas, as indicated by the Prime Minister, and in view of the fact that his colleague, the Minister of National Health and Welfare, now wants such an institution in his constituency, is it the intention of the government to transfer the administration of Corrections Canada to the Department of Regional Industrial Expansion?

**Senator Murray:** Honourable senators, the expenditure restraints that the honourable senator refers to may, indeed, be taking place, but they are not connected to and are irrelevant to the construction of another penitentiary in Quebec.

In answer to the second part of the question, there is nothing new about applying socio-economic considerations in deciding where to build federal institutions, including federal correctional institutions. Some 30 years ago, another Progressive Conservative government decided to locate some new correctional institutions in Springhill, Nova Scotia, after a mine disaster there. That has been done over the years in the case of various regions that were suffering from high levels of unemployment. There is nothing in all of this that the honourable senator should find scandalous. What would be scandalous is the centralization of all federal institutions within a 30-mile radius of Ottawa, Montreal or Toronto.

**Some Hon. Senators:** Hear, hear!

**Senator Hastings:** The government leader has indicated that this practice is not new. His government also built Drumheller in a depressed area. It is nothing new for his government to build institutions where they are not needed, for the benefit of the member of Parliament of that district, or the Prime Minister, as the case may be. This policy flies in the face of all of the guidelines applying to the construction of federal institutions.

**Senator Frith:** Hear, hear!

**Senator Hastings:** I tell the government leader again that these cuts are being made across Canada so as to provide the $41 million for the construction of that institution.

**Senator Murray:** How do you know?

**Senator Hastings:** We know it. Consult your colleague and you will know it.

**Senator Frith:** Don't mess around with the expert.

### DOUBLE-BUNKING—GOVERNMENT ACTION

**Hon. Joyce Fairbairn:** Honourable senators, I would like to pick up on one item mentioned by Senator Hastings. I would ask the Leader of the Government in the Senate whether he could find out if there is a concerted study within the government to deal with the question of double-bunking in prisons. Whether anyone wants to argue the merits of the location of one prison in Quebec as opposed to elsewhere in Canada, the fact remains that double-bunking is the single most alarming issue in the prison community in this country. It is very heavily felt and will be increasingly so in the next few years in the prairies, in the Pacific region and in parts of Ontario.

Is there at present, or will there be in the near future, a concerted study made of this very risky and, in some cases, frightening situation?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall make inquiries of the Solicitor General to see what information he can provide to the Senate on that matter.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have delayed answers to six questions. Some of these answers are longer than others. I propose to read the name of the senator who asked the question and give a synopsis of the question itself. If honourable senators wish me to read any of the answers, I will be only too happy to do so. Otherwise, I will ask that they be taken as read.

## INDUSTRY

### AEROSPACE—ALLOCATION OF CF-18 SERVICE CONTRACTS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question raised in the Senate on October 2, 1986 by the Honourable Senator Molgat respecting Industry—Aerospace—Allocation of Service Contracts. This is a very short answer and reads as follows:

The allocation of service contracts for the CF-18 aircraft is presently being considered by Treasury Board. A decision is expected within the week.

## ENERGY

### MONITORING OF OIL AND GAS COMPANIES FOLLOWING TERMINATION OF PETROLEUM AND GAS REVENUE TAX

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 8 last by the Honourable Senator Olson respecting Energy—Monitoring of Oil and Gas Companies Following Termination of Petroleum and Gas Revenue Tax.

**Hon. H.A. Olson:** I can read it and take it up with the honourable minister tomorrow.

**Senator Doody:** I ask that the answer be taken as read.

(*The answer follows:*)

The Minister of Energy, Mines and Resources met with the heads of major Canadian oil companies during the summer and early fall, prior to the removal of the Petroleum and Gas Revenue Tax to ensure increased cash flow resulting from the removal of the PGRT would be re-invested by the industry. At this stage, the minister is

prepared to put his trust in the companies, believing that it is in their longer term interests to re-invest and to find new reserves.

Chevron, for example, has indicated the recent withdrawal of the PGRT will assist it in carrying out its $41.7 million exploration program in the Mackenzie Valley. Chevron recognizes exploration is a high risk venture but believes the long term potential of the area guarantees production once world oil prices improve and stabilize.

The Petroleum Monitoring Agency will be monitoring the changes in company spending plans that have occurred as a result of the removal of the PGRT. Following careful consideration of the various approaches available the Agency has written to the forty largest companies reporting to the Agency to arrange interviews. Through these interviews the PMA will determine the changes anticipated in the companies' spending plans occurring due to the elimination of the PGRT. The PMA has estimated the improved cash flow position of each company as a result of this single measure. The companies will be asked to give an indication of how these additional funds will be used for exploration and development and to increase employment in the energy sector. Information obtained through the Agency's regular semi-annual surveys over the next three years will indicate to what extent companies have fulfilled their commitments.

The PMA will be reporting to the minister during the monitoring process. And, as the minister indicated before the Senate Committee on Energy and Natural Resources (October 22, 1986), when the report is received, if anything unexpected appears, the government will address the situation with the companies at that time.

## SPORT

### DEFINITION OF AGE OF PUBERTY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 8 last by the Honourable Senator Marsden respecting Sport—Definition of Age of Puberty. Once again, that is a rather lengthy answer and I would much prefer that it be read by somebody else.

(*The answer follows:*)

The press coverage of this policy tended to focus on one half of the policy statement in one only of the thirteen areas covered by the policy. The statement referred to "Sport Stratification" (page 16 of the policy document) which presents Sport Canada's support of "the concept of sport programs organized on a sex-integrated basis up to the age of puberty".

Sport Canada's mandate entails provision of funding programs and services to sport organizations at the national level. Sport Canada is not directly involved in the organization or administration of sport activities at the school and community level, and indeed the federal government has no jurisdiction with respect to schools, community clubs, etc. Thus, this statement is one of philosophical support for a *concept*—not with the idea of enforcing anything in an area over which it has no jurisdiction, but rather with the hope of playing a leadership role in encouraging community and school leaders to integrate their programs, using a working "definition" of puberty that fits into their programming needs.

In physiological terms, it is quite clear that there is wide variation in the age at which children mature through puberty—both within and between the sexes. Therefore, there is no question of defining a specific "age" at which it occurs, nor of administering any tests related to this age, or to participation in integrated programs. All our policy is intended to say is the *demonstrated* differences in actual physical skill or ability should be the prime basis upon which to divide up athletes for competition. We simply do not think that the arbitrary distinction based on gender is fair or reasonable. And among pre-pubescent individuals we know that there is almost no connection between skill level and gender.

As the second part of the statement on *Stratification* states, we are certainly not choosing the age of puberty as the point at which integrated programs should be terminated. The policy indicates that "Beyond puberty, philosophically Sport Canada supports the concept of competitive structures based on skill level". Thus, in sports where the nature of the event, at the highest level of competition, does not warrant stratification on the basis of sex, Sport Canada encourages integrated competition at all levels, including international competition. Some examples would be some events in shooting, equestrianism and yachting. Even where there is reason for separate competition at the highest levels, perhaps because of the extent to which performance depends on such gender-related characteristics as muscle mass, et cetera, nevertheless there may be levels of participation (e.g. a recreational program) where integration would be appropriate.

## ATLANTIC CANADA OPPORTUNITIES AGENCY

### REQUEST FOR TEXT OF TELEX DATED OCTOBER 2, 1986 FROM PREMIER OF PRINCE EDWARD ISLAND

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 8 last by the Honourable Senator Bonnell respecting the Atlantic Canada Opportunities Agency—Request for Text of Telex dated October 2, 1986 from Premier of Prince Edward Island.

(*The answer follows:*)

The record of the House of Commons indicates that the telex referred to by the Prime Minister on October 6, 1986, is the same telex of October 3rd, 1986, that was tabled in this chamber on October 8, 1986.

## PARLIAMENTARY EMPLOYMENT AND STAFF RELATIONS

DELAY IN PROCLAMATION OF ACT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 9 last by the Honourable Senator Frith respecting Parliamenary Employment and Staff Relations—Delay in Proclamation of Act.

**Hon. Royce Frith (Deputy Leader of the Opposition):** That answer must be short.

**Senator Doody:** It is, and I will read it.

The proclamation of Bill C-45 is awaiting the approval of the House of Commons Board of Internal Economy. The Board met for the first time with the new Speaker to consider this and other matters on October 15. The bill will be proclaimed as soon as the appropriate consultations have been undertaken.

## NATIONAL STATISTICS COUNCIL

MEMBERSHIP—REGIONAL REPRESENTATION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 9 last by the Honourable Senator McElman respecting National Statistics Council—Membership—Regional Representation.

(*The answer follows:*)

> The concerns raised by the senator have been brought to the attention of the minister responsible for Statistics Canada. The minister is looking into ways to rectify the situation.

Those, honourable senators, are the six delayed answers that are available today.

**Senator Frith:** That is a fair start—a B-minus, I would say. How many are outstanding?

**Senator Doody:** I think there are six to go.

**Senator Frith:** Sorry, I will raise that to a B-plus.

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● (1450)

## INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE ADJOURNED

**Hon. C. William Doody (Deputy Leader of the Government)** moved the second reading of Bill S-2, to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for the avoidance of double taxation with respect to income tax.

He said: The purpose of this bill is to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for the avoidance of double taxation with respect to income tax.

The four tax conventions under review follow the general pattern of the conventions previously approved by Parliament. The number of Canadian tax treaties in force at present is 41. The conventions with Cameroon, Guyana, Kenya and Zambia, approved by Parliament in 1984, 1985 and 1986, have yet to be ratified. After their ratification, the number of conventions in force will reach 45. The total number will reach 49 once the four conventions under study are ratified.

I would like to indicate briefly the main elements of these tax treaties. The country of which the payor is a resident can withhold tax, but the rate is generally limited to 10 or 15 per cent in the case of dividends, branch tax and interest, and in the case of royalties to 10 per cent.

Under the Canada-Netherlands Double Taxation Convention, the rate of withholding tax on dividends is reduced from the statutory rate of 25 per cent to 15 per cent for portfolio dividends and to 10 per cent if the recipient is a company which owns directly at least 25 per cent of the capital of the company paying the dividends. The existing convention contains a provision allowing certain holding corporations to repatriate dividends without having to pay any withholding tax. That exemption will continue to apply for qualified corporations until December 31, 1988.

The exemption in the Netherlands for mortgage interest received from Canada will continue to apply until June 30, 1987. In addition, in the existing convention, rents for the use of, or the right to use, industrial, commercial or scientific equipment are generally exempt from the non-resident withholding tax. Such payments will be subject to a rate of 10 per cent withholding tax, but for rental agreements in existence at the time of signature of the new convention, the exemption will be maintained until December 31, 1988.

In the Tax Convention between Canada and Japan, the withholding tax rate on dividends is established at 15 per cent but is reduced to 10 per cent if the beneficial owner is a company which owns at least 25 per cent of the voting shares of the company paying the dividends during the period of six months immediately before the end of the accounting period for which the distribution of profits takes place.

In the Tax Agreement between Canada and the People's Republic of China, the withholding tax rate on dividends is reduced from 15 to 10 per cent only if the beneficial owner is a company which owns at least 10 per cent of the voting stock of the company paying the dividends.

With respect to interest, the withholding tax rate is set at 10 per cent in the case of Japan and the People's Republic of China.

Some of the other matters also dealt with in these tax treaties include capital gains. The source country—that is, the country where the property is situated—retains its right to tax capital gains derived from disposition of real property, business

assets and shares in a real estate company or an interest in a real estate partnership or trust.

Under the conventions, discrimination is prohibited, but only on the basis of the nationality of the taxpayer. Accordingly, fiscal incentives, such as the small business deduction and the dividend tax credit enjoyed by Canadian residents, are not affected by the Non-Discrimination Articles.

No special concession is provided for teachers. Thus, the two-year exemption provided for under the 1957 and 1964 conventions with the Netherlands and Japan respectively will be terminated.

However, the relevant provision in the existing tax convention with Japan will continue to apply to teachers who qualify for the exemption and have entered the country before the entry into force of the new convention.

The right of Canada to tax pensions and annuities paid to non-residents is protected. Under the Income Tax Act, pension and annuity payments are subject to tax at the lesser of the statutory rate of non-resident withholding tax and the graduated personal rates. In the conventions with the Kingdom of the Netherlands and Malta, the right to tax at source is limited to 15 per cent for the periodic pension or annuity payments paid to non-residents.

War veterans' pensions as well as alimony and other similar payments are exempted.

Proper relief will be granted in each country in respect of taxes paid in the other country. In Canada, except in the case of certain dividends for which an exemption is granted, a foreign tax credit corresponding to the amount of tax paid in the other country will be allowed for the purposes of computing the Canadian tax on the income concerned. The provisions of the Income Tax Act will continue to govern the application of this foreign tax credit.

In addition, the conventions with China and Malta contain a tax-sparing provision. Tax-sparing is a technical means of ensuring that the tax incentives granted by a less-developed country will, in fact, benefit the enterprise and will not be "taxed away" by the more developed country. The tax-sparing provisions included in the conventions are similar to the ones which were approved in the conventions with other developing countries.

**Senator Frith:** Did you say "sparing"?

**Senator Doody:** Yes. It is spelled "sparing", as in "spare the rod and spoil the child."

Generally, tax-sparing is granted by Canada where a company which is a resident of Canada derives business profits, dividends or interest from the other country and such income has qualified under certain incentives in force at the time of signature of the convention. The foreign tax credit computation will take into account the amount of tax from the other country which would normally have been payable in the absence of an exemption or reduction of tax granted under specified incentive legislation.

[Senator Doody.]

On balance, the terms of the respective double taxation conventions provide an equitable solution to the various problems of double taxation existing between Canada and, respectively, the Kingdom of the Netherlands, Japan, the People's Republic of China and the Republic of Malta. Each of these countries hopes to implement the bilateral tax convention as soon as possible, and consequently I commend the bill to the favourable consideration of this house.

Honourable senators, I am told that these conventions are substantially the same as those which we have entered into before and which we have discussed in this chamber. However, I would have no objection to seeing this particular piece of legislation go before the Standing Senate Committee on Banking, Trade and Commerce for further study, if the Senate should so decide.

On motion of Senator Frith, for Senator Hicks, debate adjourned.

## FISHERIES

### COMMITTEE AUTHORIZED TO STUDY FISH MARKETING IN CANADA

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Murray, P.C.:

That the Standing Senate Committee on Fisheries be authorized to examine all aspects of the marketing of fish in Canada, and all implications thereof;

That the papers and evidence received and taken on the subject before the Committee during the 1st Session of the 33rd Parliament be referred to the Committee; and

That the Committee report no later than September 15, 1987.—(*Honourable Senator MacEachen, P.C.*).

**Hon. Royce Frith (Deputy Leader of the Opposition)**: Your Honour, we are ready to vote on that motion.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

## SPEECH FROM THE THRONE

### MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator Barootes, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session—(*Honourable Senator Frith*). (*2nd day of resuming debate*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I yield to Senator Croll.

**Hon. David A. Croll:** Honourable senators, first, I wish to table the Senate Report on Poverty, Poverty Line Update for 1985, estimated for 1986. I believe that honourable senators have already received a copy. I ask that it be appended to today's edition of *Hansard*.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

*(For text of update report, see Appendix p. 93.)*

**Senator Croll:** Honourable senators, the report has been issued yearly for the past 15 years. It has attained credibility and acceptability and attracted "clones". The original measure of poverty was developed some 30 years ago from two surveys. One found that the Canadian family spent approximately one third of its income on food; and the other indicated the cost of a minimal subsistence budget for food.

The minimum budget multiplied by three became the official poverty line threshold, adjusted each year for inflation and measured on the basis of cash income.

The Senate Poverty Report made changes in line with the present spending of poor people. Consideration had to be given to housing, clothing and other essentials. Ours was a new approach, and hence the clones. I shall discuss those details on another occasion.

• (1500)

Originally, I had intended to speak today about the elderly. I have mentioned the poverty report, so I shall add some other matters that have come to my attention. I shall discuss the details on another occasion in order to give people the opportunity to examine and appraise it.

The year is now 1971. After an extended study by devoted Senate members over a period of four years, the Senate Report on Poverty was tabled. I said then that it would remain part of the social policy debate for some considerable time, and so it has. It has attracted a great deal of attention. It became the best selling report in the history of such reports. It sold more than 30,000 copies for as high as $10 per copy. It became a reference book on poverty in every university and library in this country, and it still is. That was 15 years ago. We then recommended a guaranteed national income to replace the then welfare state, which had run its course. It had served the people well and laid the foundation for better things to come. It had become expensive, overlapping, wasteful, and here was a way to deal with it immediately. As a matter of fact, it was so ineffective that its main role was producing more customers. The then Leader of the Conservative Party, the Honourable Robert Stanfield, launched his first campaign by promising a guaranteed annual income. Unfortunately, he was not elected. The present government has taken no decision on the matter. It is not certain what position it will take. Mr. Turner, the Leader of the Liberal Party, declares he favours a guaranteed annual income, and two Liberal conventions have endorsed it.

From my point of view, the time has come for decisive action. If I may be so bold, I suggest that Mr. Turner is spending too much time trying to obtain an approval vote. I have news for him. It will be a coronation. All he needs is a computer. It is time now to put some meat into the resolution on a guaranteed annual income and to throw the full power of the leader of the party behind that resolution. The time to act is now. Unless leadership is shown, the coronation will be flawed. It is time to throw caution to the wind, and all the advisers who suggest caution and timidity are not on the ball. We need some positive action now, not tomorrow. Fifteen years have passed and now they are talking of six more years. I do not know what they have in mind, but unless they take action immediately, no one will believe what they have to say about the matter.

Let us talk about poverty. I have seen Canada change. I would remind my party to remember where they came from and to be loyal to their roots, for without their roots there is not much left. I began my public service with the hope that I could help. I remember my first act in those days in Windsor in 1929 when, as mayor, I established soup kitchens for the poor. Many people were poor and those kitchens were needed. It gives me very little pleasure, some 50 years later, to see my modern counterpart participating in food bank operations dressed in a three-piece, pin-striped suit. That is not what I had in mind originally. Somewhere the system has failed.

The concept of a guaranteed annual income has had a good debate in this country, a debate which it has passed with high marks. It has been endorsed by the National Anti-Poverty Organization, the National Welfare Council on Social Development, by Donald Macdonald, by the Fraser Institute of Vancouver and by Mr. Claude Forget, who is chairman of the committee studying the unemployment insurance system, which has not yet tabled its report, but I understand that this subject is part of it. Guaranteed income has been endorsed by every labour organization in Canada and by everybody who is anybody in the country, except governments who lack the fortitude it takes to handle the problem. It is a terrific administrative problem. There is no mistake about that, and I can understand the hesitation. However, we as a country have painted ourselves into a corner. I shall explain what I mean by that comment in a few minutes.

I never said at any time that the recommendation was made to save money. It was made for the purpose of distributing wealth and of filling gaps, of helping single women, widows, minimum wage earners and the silent and forgotten ones. To provide a guaranteed income would take a great amount of administrative skill. It will require will, guts, desire and a great deal of imagination. It will involve the provinces, the municipalities, the 27,000 employees of welfare organizations whose jobs cannot be at risk, and voluntary groups. I know that you are saying to yourselves, "Well, Senator Croll, we spent a lot of money establishing our social system." I agree. It is firmly recorded in my mind, and I have never forgotten, that there were some who, from the very first day, opposed the Old Age Pension on three grounds: Its constitutionality was always one of the first. Then it was said that we did not have a mandate. Third, it was said that we could not afford it. Those objections were raised against almost every social measure that we dealt with in those days.

• (1510)

However, what started out as $10 per month now comes to all of us who are fortunate enough to have lived long enough to collect it as $294 per month. That, at least, was my last cheque, and the country is not, to my knowledge, going bankrupt as a result of it.

However, honourable senators, I have news for you; news that is a little startling: Of the ten industrial nations in the world, we are not number one in social expenditure: We are number eight. I think it is time we stopped crying. Let me just say this, and I am talking to the country as a whole and not to any specific political party: We find ourselves with two competing welfare systems. As I said earlier, we have painted ourselves into a corner. We have one welfare system under the Canada Assistance Act, which is of a permanent nature. Now we find we have another welfare system of a temporary-permanent nature and that is the Unemployment Insurance fund. That program has taken a special position in the hearts of the communities in the poorer provinces and has become vital to their assistance and their welfare. Today, honourable senators, they are drawing on the Unemployment Insurance fund. As I said, we now have two systems running in tandem. Unless we do something, and quickly, we will be stuck with these two systems for years to come.

Honourable senators, the only thing to do is to roll these systems back, and it can be done. No matter what the recommendations of the Forget commission study on Unemployment Insurance, it will be impossible for any political party or any government to hack away at those benefits or, in fact, to sever them. These people are dependent on that fund for their bread and butter and, no matter which government is in office, no one will interfere seriously with these benfits. Therefore, I suggest that the only alternative is to do what the fishermen and others in some of these places are doing on their own. They have arranged things so that they fish half the year, and the other half of the year they draw unemployment insurance. They have, in effect, a guaranteed income, and I say good luck to them. If it is our intention to withdraw unemployment insurance benefits from the people who depend on that fund for part of their annual income, then we must replace that benefit with something else.

As I said before, we should stop crying. I recall that those who supported Medicare said, at that time, that that was the last of the great social benefits that we would have to deal with; that there would be none that would follow. I think they were mistaken. We must begin to put into effect a guaranteed income or we will get ourselves into a terrible situation which no one will enjoy. In my opinion, we need to deal with that situation immediately.

When I started out to speak today, honourable senators, I intended to talk about the elderly, and I got side-tracked. I just want to make sure that my party is not led to believe that they can wait for tax reform before they can deal with the guaranteed income, or that they can wait for years before they deal with it. This is an immediate problem and it must be dealt with on that basis.

[Senator Croll.]

As I said, I started out originally to talk about the elderly. I think the elderly have a priority problem in this country today. For the elderly, this is the age of nostalgia. Almost everything in the past is seen through the rosy glass of selective memory. The good old days are celebrated as though nothing could match their splendour. Let me tell you, as a survivor of those early days, they were not all that great. Half of the people lived in poverty; the unemployment rate sometimes averaged 28 per cent; wages were low and the hours of work were brutally long. There was no minimum wage. I remember, in 1935 I introduced the first minimum wage law for men in Canada. That action attracted national attention and even attracted American attention. I had no idea that my measure was so important at that time. The five-day work week was a theory. Most people worked six days and had Sunday as their day of rest. There was no such thing as Medicare, or even health insurance plans. There was no such thing as family allowance, and unemployment insurance was not dreamt of.

To help the elderly, an old age pension of meagre amount was proposed, and for a year it was bitterly resisted, despite the stringent means test that came with the proposal. It was said that such payments would bankrupt the country. Only a fortunate few of the old people had retirement pensions. Most older people kept on working until age or infirmity stopped them, and then they retired to poverty. It was not, however, the poverty that we know today. The poor and their children had shabby clothes and worn-out shoes. They had poor housing and both looked and were hungry. It was a society that left many of its citizens without decent incomes, especially in their twilight years. It was a society that did not seem to care. At that time, I entered public life because I thought I could help.

We have come a long way since the bad old days of the depression, but there are many more miles to go. It has been wisely said that it is wrong for those who have made it up the ladder to pull the ladder up after them. No one really makes it alone. We all achieve whatever our talents and character make possible only because the institutions of a democratic society create an environment of opportunity.

In those days, only a handful of the elite went to the universities in Canada. Even in the late 1930s there were only 40,000 students enrolled in the universities, or less than 5 per cent of Canadians between the ages of 18 and 24. Fifty years later, more than 400,000 students were enrolled.

Honourable senators, these are different times and this is a different and better country. It is a country with problems, but not without compassion. Today, the network of social legislation has been helping the helpless in Canada over the past half-century. We have not yet achieved Utopia in this country but we have come a long way since the bad old days of the depression.

With respect to the elderly, honourable senators, there is one thing I would like to say. It is to the credit of all of us that, over the period of years since I have been in this chamber, we have brought the elderly up from the basement and down from the attic and we have brought them to the main floor. However, somehow or other, we have abandoned them, or at least

we have stopped looking after them in the way that we should. We have given them no new direction; we have provided for them on a paltry scale. What we need today, and need very badly, is someone to take a special interest in them. In fact, we need a department for the elderly in this country. Most people do not understand how governments operate and what is happening in this country. For example, they do not know that lobbies have become a very important force in our legislative life. Lobbies are now a familiar force in Ottawa. Many of them serve legitimate interests; others serve issues and interests not so legitimate. There is nothing wrong with lobbies in principle. They can often bring real concerns and useful points of view to the attention of our lawmakers.

However, the principle is flawed. Lobbying is an expensive activity and only the most affluent special-interest groups can make the most of it.

Meanwhile, there are 2,500,000 Canadian men and women sharing the same interests and problems who have no lobby. No one speaks for them collectively in Ottawa, and the government makes no attempt to concentrate the services it provides to them. I refer to the 10 per cent of the Canadian people who are over the age of 65.

● (1520)

These older Canadians have shown they do know how to lobby. They did so only once, but with tremendous impact, when the issue of de-indexing their old age security led to an upsurge of public opposition that stopped the government cold. Where are they now? Well, they are at home.

We still have no one federal department in which all services to older Canadians are concentrated. Economic, social and retirement programs for the elderly are scattered and uncoordinated. Why are these services not brought into focus? Besides striking a blow for efficiency and cost-saving, it would bring new respect and dignity to the fastest-growing sector of our society. That is urgently needed.

I would be the last Canadian to minimize the importance of the Department of Veterans Affairs; I think all veterans are special, but ex-servicemen and women are now a dwindling minority whose members are now mostly in the over-65 age group. Their concerns, other than those directly related to their war-time service, are the same as the rest of Canada's older people. There are 65,000 veterans in Canada and they have a powerful lobbying force in the Royal Canadian Legion and other similar organizations, while other older Canadians have neither a department nor a lobby to speak for them.

Older people showed their potential for political clout when they beat back the attempt to remove the protection that indexing gave their pensions. The public response to their hastily-organized campaign was stunning in its impact. I call for a rekindling of that spirit of political action. I urge the formation of a national organization to speak for older people on major issues, an organization that could be a major force in the making of policy decisions affecting the elderly. Such an umbrella organization could be funded by individual dues as modest as a dollar a year. An initial membership of even one out of every five older Canadians would provide a half-a-million-dollar annual budget. This organization could address provincial and regional issues as well as those of Canada-wide concern. A small central office and a continuing newsletter or similar publication could keep members in touch with major concerns.

While much has been done to remove the extremes of poverty in Canada, we still have our own Third World situations in this country. Only one in every ten retiring Canadians receives a full private pension. The elderly still form a high proportion of the invisible poor. They need the dignity that comes from having their voices heard in the political forum. There are powerful organizations that speak for manufacturers, lawyers, physicians and accountants. No one speaks for our elderly people, although they far outnumber all those other groups combined.

I say that a department dealing with policy for the aged is an urgent national need. As long as that need is neglected, we will have nursing home scandals and other examples of exploitation of the elderly. The greying of Canada is an accelerating process, along with the potential for political action. A national organization of the aged could light a fire in Ottawa that would ignite the conscience of all Canadians. Older Canadians have tested their strength once, and they can do so again and again. If the right pressure is applied, the federal government can bring about the overdue consolidation of agencies and services for the elderly which now operate in fragmented fashion.

The greatest need is not new money but dignity, communication and national respect. Older people must not let themselves be shut out of the political process. Their participation would be of benefit to all of us.

It was Ontario-born economist John Kenneth Galbraith who correctly pointed out that today's poor are the first in history not to be seen, the first poor the politicians could safely leave alone. Much the same can be said of the elderly if they pass up the opportunity for political organization. In demographic terms, they could be a new force in public affairs.

Our world is vastly different from the one I knew as a child. At the turn of the last century, the average life span was 49 years; 50 years earlier, few countries had an average life expectancy of more than 40 years, and the average working life was only 20 years. Today, many people may be at their peak at 65 or 70. We have to redefine "old age."

The extension of the average working life has been even more significant than the improvement in mortality figures. It has more than doubled the lifetime earning potential of Canadians and greatly increased our national productivity. Most of this was accomplished by people who are now in the over-65 sector. Other Canadians might well say, "We owe them." But what do we owe them? No one is appealing for great amounts of extra money, just a readjustment of present spending to make it more productive. For that, we must encourage the elderly to organize on their own behalf. If I sound emotional about this, it is because emotional involve-

ment is just as important as financial aid. Compassion, dignity, respect and love are all emotional needs of the elderly, needs that money alone cannot satisfy. These are the people who created our national heritage in long years of work, depression and war. Many of them missed out on the rewards that today's younger Canadians take for granted.

Older Canadians are not complainers. They rarely protest or demonstrate or form picket lines. They are the silent ones in a society that gives them occasional—and patronizing—notice, but generally ignores them as a political presence. Many of the poorest among them are elderly women who live alone; three out of four of them live below the poverty line. Our welfare system has become "womanized" for some reason or other, and that is a regrettable thing in our society. These are the people who would be helped the most by an organization of the aged, an organization that could end their condition of invisibility. These women are often victims of a social condition; most men die while married, while older women mostly die alone. Men tend to marry women their junior in years, and female longevity has increased, so that on average women tend to out-live their spouses by several years.

● (1530)

Moreover, fewer women in their time were in the work force and, therefore, there are few of them who receive employment pensions, or, if they do, the pensions are meagre. No wonder elderly women have become the poorest of the poor. They live and die quietly, unnoticed by the society that benefited from their work—tea and toast, tea and toast!

As the proportion of older people in the Canadian population increases, it can be predicted with some certainty that pressures will arise to restrict both the principle of universality and the full indexing of public pensions. Retired federal public servants have formed their own organization to make a case for protecting their pensions. The rest of the elderly would be wise to note their example and join in forming a larger organization to fight for the rights of all.

Each dying day in their lives, older people are reminded of their economic isolation and their political unimportance. They have it in their hands to do something about this lack of recognition through participation. They are not just percentages and long columns of numbers and statistical reports, they are the men and women who made this country. They have shown their capability for social action. Surely, we must give them encouragement to do so again, and in that way all Canadians will benefit.

Now I want to wrap up my speech in a way that I have never had a chance to here before. I now speak for the "hungry '30's," the "'30's generation." I was there; I participated. What came out of that generation? Well, we were all poor; we did not have much. We shared. We went for our assistance to the churches, to the clubs and to the womens' auxiliaries. When they could not carry it any more, then, of course, we turned to the government. We provided the $30 pension, the first pension, under very similar circumstances, but we did do something about it in the 1930s to help ourselves. We continued to improve it as we went along—it was never enough—but the governments helped it along.

I also want to talk for the generation of the '40s. I was there; I participated. The '40s and '50s gave us universality and family allowance. I know some of you people are not very warm to universality. It is a mistake not to be. I'll tell you why. Universality is fairness. The woman upstairs receives the same as the woman downstairs. The bank director receives the same as the chauffeur who drove him there. That is an important concept; I like the feel of it. Perhaps we are wasting some money on the rich—it isn't a great deal, but we are—but look at what we are doing: We are giving the middle class, the important people in our society, a few dollars on the side. They never get any deductions, and they never get any free drinks on the company. They have very little. This is one of the ways in which we help them somewhat. Some may want to bring it to an end so that one year a person may be a middle-class earner, and the next year he hasn't any money so he has to reapply. Well, I think it is a great mistake if you interfere with it in the slightest.

Then, of course, in the '70s we introduced the Canada Pension Plan. I was on that committee. We got a bad deal on that due to then Premier Davis of Ontario. If we didn't agree to the lower return, we would not have had any plan at all. So we had to agree, but it has been hard to increase. On the Canada Pension Plan, we pay 2 per cent. There is not an industrial country in the world that pays less than 5 per cent—and some of them pay as high as 9 per cent—but those provinces won't let you raise that income, they are always crying. However, my generation brought that about.

In the '70s, my generation brought about Medicare. It certainly was the best of the lot. Despite the fact that we have not completed some things that we need to do, Medicare is the best possible social measure we have on our books at the present time. Medicare is important, but equally important will be the guaranteed income which will do away with problems people can have when they are well, just as Medicare deals with problems when people are not well.

I want to take the opportunity to say to you people of the '70s: What have you done on social security, really? There hasn't been one new thing or one new suggestion in the '70s. You have applied band-aids to the various programs, and you have done very well. As a matter of fact, I am jealous of the fact that, in the last Parliament, you passed a bill that deals with flexible retirement age, improved disability, extended pension splitting upon retirement, improved combined benefits, and will soon handle a homemaker's pension and survivor's benefits. I am very jealous of you on the other side because we have been trying to get that across to our party for years; it just didn't seem to make an impact.

Well, I am really telling you what we did. I think it is time that you did something, and I do not know of anything better that you can do for the future of this country than to deal with the matter of a guaranteed annual income as quickly as you can—if it doesn't come into effect tomorrow, then the next day—in order to provide people with the minimum living

standards, all of which they are entitled to. That is all I have to say at the present time.

**Hon. Senators:** Hear, hear!

**Hon. Nathan Nurgitz:** Honourable senators, I am pleased today to rise to make some modest contribution to the debate on the motion for an address in reply to the Speech from the Throne.

First, I would like to congratulate Senator Croll. However, I have a brief criticism. He implied somewhere in the middle of his speech that the elderly do not have people to speak out for them. I think that Senator Croll—-

**Senator Croll:** I said, "collective spokesmen."

**Senator Nurgitz:** Oh, collective spokesmen.

**Senator Croll:** Yes, that is what I said.

**Senator Nurgitz:** Well, I am not so certain, Senator Croll, that they need collective spokesmen. I think you are a very able spokesman for the elderly, as you have been for many other disadvantaged people over the years. We on this side certainly congratulate you on that.

**Hon. Senators:** Hear, hear!

• (1540)

**Senator Nurgitz:** I should like to congratulate Senators Cogger and Barootes, the mover and seconder, on their outstanding contribution. I was not in attendance on the day they spoke, but I have read both of their speeches, as I have read the concerns of some friends opposite, and I must say that, in spite of some of the comments, I thought they were well considered, intelligent speeches by two thoughtful Canadians.

I have had the pleasure of knowing Senator Cogger for the last 15 or 20 years, and I agree with my leader, Senator Murray, when, several weeks ago, he commented on the credentials of Senator Cogger. I, too, look forward to his contribution in this chamber.

Senator Barootes comes from that same part of the world as I do, western Canada, and, while I knew him somewhat before he arrived, as I am sure is the case for many of us here, I have come to know him better over the last two years. I am finding, as I am sure all of you are, that he is a man of great charm and sensitivity, and I am certain the experience he had as a medical doctor whom his peers saw fit to appoint President of the Canadian Medical Association and, generally, his contribution in his own community in Saskatchewan will stand him in good stead. I am saying that because he is my roommate and he wrote this.

**Senator Frith:** End of quotes!

**Senator Nurgitz:** I should also like to congratulate Senator Barootes. He was not with us in the last few weeks; he was back in his own province on some other endeavours. He was accompanied by his audience, Senator Steuart. I believe they both succeeded in what they set out to do.

I should also like to offer my congratulations and good wishes to my former seat-mate, Senator Murray, on his elevation. I want to mention to Senator Tremblay that he is indeed in a very good position. Honourable senators will recall that during my first five years in this chamber I had as my seat-mate Senator Charbonneau who was elevated to the position of Speaker in September of 1984. My next two years were spent sitting next to Senator Murray and he is now government leader in this chamber.

**Senator Frith:** Just another effort by the rainmaker! Senator Tremblay is next.

**Senator Nurgitz:** I do not make rain but sometimes a little shower. We have many things to look forward to from Senator Tremblay.

**Senator Frith:** You should sell that seat.

**Senator Nurgitz:** I would like to sell the seat.

Senator Murray's is a most deserving appointment and I know all honourable senators applaud it and wish him well. As we have seen over the last month and a half or so, he is performing and will perform his duties at a standard which is always displayed in this chamber.

While speaking of standards displayed in this chamber, I regret that Senator Roblin is not present because I should like to make some brief comment about him. Senator Roblin, as some of you may know, was my political mentor. He served with great distinction in his home province of Manitoba. As a fellow Manitoban, I am very proud of his service in this chamber. I would like to mention in passing that I am sure there is still a good deal to hear from Senator Roblin. He may have left the leadership of this side of the chamber, but he has not left the chamber and he still has several years here.

Honourable senators, I look forward to working with our newest colleague and friend, Senator Atkins, who is an old and dear friend of mine. I am sure he has much to contribute to the country and to this chamber.

I am pleased that my old sidekick and chairman of the Standing Senate Committee on Legal and Constitutional Affairs is back in her seat. Senator Neiman is near and dear to many of us, especially those of us who are members of that particular committee. You will all know the kind of leadership that she has always provided. We are pleased with her quick recovery and I am sure that I speak for all committee members when I say that we missed her and are indeed happy to have her back.

**Hon. Senators:** Hear, hear!

**Senator Nurgitz:** Honourable senators, I was pleased that reference was made in the Throne Speech to a topic of concern to those of us serving on the committee which Senator Neiman chairs, and that is the question of child abuse and neglect.

In Roman times, history tells us that the father of the child had great power over that particular child—even the power of life and death. English mediaeval law introduced a concept whereby a father had an obligation to care for his children. In the 18th and 19th centuries, children, under English common law, were still regarded as mere chattels.

As the law evolved—the law which we inherited in this country—parents had three basic duties which were: one, to maintain the child; two, to protect the child; and three, to provide some educational service to that child. Of course, as a result of that, there was an obligation on the child to submit to the authority of the parent.

Children's rights have been very slow in evolving in most of the world, and this is certainly true of North America. It has only been since around the turn of the century that we have had legislation to protect children. It is interesting that the first real cause was taken up in the city of New York in 1871 when a social worker, who found some children in abject neglect and in dire circumstances, could not fight a case to take custody of those children. That social worker was not able to find assistance until, finally, after exploring every avenue, some help was offered by the Society for the Prevention of Cruelty to Animals. As a result of that first initiative in 1871 in the city of New York, there was formed, for the first time, a society for the prevention of cruelty to children. That was a forerunner to a society formed in the city of Toronto around the turn of the century, the first in Canada, called the Children's Aid Society.

Around the turn of the century, my province introduced a Child Welfare Act. This type of legislation came under varying names in different provinces. These laws were really the first challenge to parents' absolute right over children. The state recognized an obligation to protect children.

It is interesting to note that even today the evidence of a child has limited acceptance without independent corroboration. It obviously had much less weight at the turn of the century so that evidence of a real beginning of awareness of child abuse came as a result of the findings of radiologists. Since the law indicated that you could not convict on the uncorroborated evidence of a child, and because children were wary of complaining, especially about parents, the first stories of child abuse came about as a result of the evidence of radiologists who had found old fractures on x-rays. It was not until the 1930s that we saw some evidence of this and doctors started discussing this problem.

In 1946, there was a revelation of a good deal of child abuse in the United States. I refer to an American paper by a prominent pediatrician by the name of Dr. John Caffey who first spoke the words, "baby-beating syndrome." This article which was published in the United States refers to many instances of multiple fractures all brought about as a result of this problem of child abuse.

The publicity generated in the United States about child abuse in the 1960s led to the enactment of legislation in that country requiring medical doctors and others to notify authorities. To that end we, too, have a variety of acts in provincial statutes which impose varying degrees of requirement on the part of the medical community and others to report instances of what we now call child abuse.

[Senator Nurgitz.]

• (1550)

In 1974, the U.S. Child Abuse Convention and Treatment Act created, in that country, a national centre on child abuse and neglect—an institution which provides grants to states and agencies for child abuse programs as well as for research. It has served well in the U.S. as a means by which to study the connection between child abuse and delinquency, teen-age prostitution and wife battering, which, indeed, are all problems in this country as well.

It is interesting to note that the House of Commons Standing Committee on Health, Welfare and Social Affairs issued a report on child abuse and neglect in July 1974 indicating that a registry ought to be established on a provincial, not federal, basis. One begins to get into the whole constitutional argument about property and civil rights within the provinces and the reasons for which information gathering cannot be compelled on a national basis. The Badgley committee, for example, which reported in 1983 or 1984, found that to be an ineffective, inefficient and, as a result, an unhelpful way to report these matters.

Honourable senators, child abuse and neglect is as life-threatening as many other problems and it is clear from all of the evidence that a central registry for all of Canada is mandatory. Such a registry would assist in the obtaining of global statistics on the nature and extent of the problem in order to assist governments to plan and program effectively, as well as to provide child protection workers with information from other local or provincial protection agencies where a child has been previously reported to one of them. Needless to say, it would also facilitate research in child protection by making basic data uniformly available to *bona fide* researchers.

We have the problem in this country now where some provinces have large numbers of what appear to be child abuse cases while other provinces do not. This does not reflect a disparity in the occurrence of these events as much as it reflects a disparity in what each province considers to be an abuse. My thoughts on the matter, therefore, are that if we have one uniform method of reporting, we would be able to provide uniform statistics that are helpful to researchers.

In some provinces, sexual abuse cases are on the increase by as much as 60 and 70 per cent over previous years. I do want to be fair about that statistic in saying that, when one speaks to workers in this field, one will find that there is at present a better awarenesss of these abuses and a greater willingness on the part of people to talk about them and to report them—a willingness that I regret to say was not there years ago.

Whether one reads the Badgley report, the national police force survey or even such reports as those issued by the child protection centre in my home city of Winnipeg, it is abundantly clear that the total number of sexual offences involving children is, in the words of Badgley, "alarmingly high," and that they are committed so frequently and against so many persons that there is an evident and urgent need to afford victims greater protection than is now being provided.

There have been many surveys done over the past number of years, both those commissioned by the current government and, indeed, those commissioned by the previous government under the auspices of both the Department of Justice and the Department of National Health and Welfare, all necessitated by the lack of information about the actual incidents of sexual offences. Apparently, without this kind of data, it is difficult to get to the root of the problem. In a moment or two I will deal with the need for a national centre on child abuse and neglect, but, in the meantime, I should like to raise with honourable senators some very startling statistics. These have been taken from the Badgley commission report.

The first such statistic is that at some time during their lives, one in two females and one in three males has been a victim of unwanted sexual acts. These unwanted sexual acts include being threatened, being touched and attempted or completed sexual assaults. Over 80 per cent of those incidents took place when the children were under the age of 18 years.

While all of this is both alarming and frightening, one of the major problems is that, in the majority of the cases, assistance is not sought. In fact, to use the words of police authorities, assistance is sought on an irregular basis. This stems from many factors, not the least of which is shame or blame, embarrassment to the family, a feeling of guilt on the part of the child, the general taboo of not speaking about sex, and, of course, the difficulty with the law itself in that, in most of these instances, there is a requirement for corroborative evidence in order to convict. Quite apart from the need to treat victims of this kind of abuse, that latter point could be dealt with expeditiously and would go a long way towards assisting with these problems if an amendment to those laws of evidence were introduced which would remove the necessity for corroboration in many instances of abuse cases.

Honourable senators, the special needs and vulnerability of children must be better protected by a strengthened criminal law. I applaud the Badgley report for its recommendation that we must be more precise in targetting forbidden conduct and, further, that we must better communicate to the public both the forbidden conduct and the deterrents to it.

Again, I point out that all of the amendments to the substantive sections of the law either sharpening the focus on various offences against children or, indeed, creating new ones, will be to no avail unless the laws relating to evidence are also amended. It is interesting to note that not only did the Badgley report make strong recommendations in this regard but the Fraser report did so as well. That report recommended that reform of the criminal law of itself is insufficient unless we can get into that situation where the offence can be proven in court. Needless to say, we are all aware that these situations take place, by and large, in private circumstances, and that often one is really left only with the evidence of the child.

The law as it now stands has the fundamental assumption that a child's evidence is inherently unreliable. One would hope that in the re-introduction of the amendments to the Criminal Code, we will find amendments of this nature that will deal with a child's testimony not on the basis of admissibility. A child's evidence, like anyone else's evidence, ought to be weighed fairly.

Returning to the question of root cause and the provision of proper care and treatment to victims, in my view there is a requirement for some form of national organization with an ability and a willingness to gather information on a national basis. I am proud to say that, in my home city of Winnipeg, there has been established the Children's Hospital Child Protection Centre. This centre has provided outstanding service, initially in the core area of Winnipeg and now extended somewhat beyond that because of the crying need for it. It is a tribute to the dedicated people in that centre that young people in Winnipeg are being mended in the hope and expectation that they, too, will have the opportunity for a future. The problem, honourable senators, is one involving run-aways and teen-age suicides. Much is now being learned of child abuse as the very root of both of those tragic circumstances—there are times when, in the child's view, his only alternative is to run away or to commit suicide. In addition, we have in this country thousands of missing children.

I should like to mention briefly that the Winnipeg centre is a unique experience in terms of inter-agency cooperation; that is, it attempts to take the services of the police, of social agencies, of welfare agencies and of various community agencies and integrate them in attempting to deal with the root of this problem. I need not say that this centre, like many others of its kind in the country, is both underfunded and understaffed. One would hope that the government, in reviewing the whole question of child abuse and neglect, will see the need for some national centre so that there will be equality across this country in providing services to victims. It is clear that because not all provinces have such services, there are needless disparities. A national centre would remove such disparities and would provide a uniformity in reporting by way of national statistics.

I would hope that, with a greater awareness of the problem, we could provide national platforms for discussion and analysis for those problems relating to child abuse and neglect through the sharing of this information with people from all across the country. We must provide continuity in the role of child advocacy by the state for children who are deprived in some cases of their primary source of advocacy—their parents.

We must urge governments at all levels—municipal, provincial and federal—to assist in the funding of a national centre or a national committee from which would flow the obvious: research projects and better systems of collecting and analysing research data.

Honourable senators, child abuse and neglect is a major national concern that threatens the well-being of children and the integrity of the family. It requires our attention and the attention of the government.

On motion of Senator Sinclair, debate adjourned.

## FISHERIES

INTERIM REPORT OF COMMITTEE—DEBATE ADJOURNED

**Hon. Jack Marshall** rose pursuant to notice of Tuesday, October 7, 1986:

> That he will call the attention of the Senate to the Interim Report of the Standing Senate Committee on Fisheries, tabled in the Senate on 2nd October, 1986.

He said: Honourable senators, I should like to comment on the interim report of the Standing Senate Committee on Fisheries, tabled in the Senate on October 2, 1986.

First, I wish to pay a compliment to the members of the committee for their support during our visit to the three prairie provinces and the Northwest Territories, where we conducted our investigation and examination of the freshwater fishery. I am sure that I speak on behalf of the members of the committee when I say that we are indebted to the various interested parties across Canada who provided well over 40 submissions on the marketing of fish in Canada. I apologize to them for not having the report available sooner. I am sure that I speak on behalf of the committee when I express my gratitude to the staff, who were untiring in their efforts in preparing the report and in helping us with the examination. When the final report is presented next year, we will pay our respects in a more definitive manner.

The freshwater fisheries constitute an important industry in Canada, having harvested approximately $100 million worth of fish, in market value, in 1982-83. Of course, we should qualify that by saying that it is of minimal importance to the national economy, and even to the respective provincial economies, when compared with the fisheries of the east and west coasts. We must remind ourselves, however, that some remote communities in the north are more dependent on commercial fishing than are communities in some Atlantic provinces. In many locations up to 90 per cent of fishermen are of native origin, and the industry is important to them from the point of view of their isolation, lack of transportation and other amenities. Often commercial freshwater fishing is the only hope that local communities have for moving their economies in the direction of self-sufficiency.

I might say that it was very pleasant for the committee to visit not the provincial capitals of the provinces but the northern and more isolated communities, which enabled fishermen there to speak to a parliamentary committee. I refer to places such as Hay River in the Northwest Territories, Lac La Biche, Alberta, La Ronge, Saskatchewan, and Thompson, Manitoba. It was most gratifying to note the appreciation they had for our reaching into those small communities to discuss their problems.

Under "organization", there are two regimes handling the marketing of freshwater fish. One is referred to as the free enterprise system, which operates in Ontario, and the single-desk selling system, which operates in the west under the aegis of the Freshwater Fish Marketing Corporation.

**Senator Frith:** What was that term?

**Senator Marshall:** "Single-desk selling." They produce 97 per cent of both the landed value and quantity of freshwater fish harvested in Canada.

The establishment of the FFMC in 1969 ushered in a new era for the freshwater fish industry. Prior to the consolidation and centralization of processing and marketing, the vast western region was much like the open, fragmented and competitive system which characterizes the Ontario region today.

In theory, centralized single-desk selling in a geographically-dispersed area of the fishery ensures the most rational marketing at every level of the industry and the best and most stable prices possible for the fishermen's catches. During the committee's hearings, some concerns were raised with respect to the conduct of the operation of the FFMC. For example, demands were made for more local processing to create employment in local communities and reduce transportation costs and delays which could affect quality in getting the product from lakeside to the market. But, generally speaking, most concerns were not about the fundamental principle that the corporation represents.

Some fishermen, for example, in the Northwest Territories voiced strong opposition to the FFMC's role in the region. They maintained that the sales of their higher quality whitefish subsidized the returns of fishermen from other FFMC regions. The report proposed the classification of that species of fish according to quality grades. Rather than throw them all into one basket and get the same price for all of the fish, they would prefer that they be graded for quality so that the fishermen who have good quality control and who look after the fish would get a better price.

With regard to the desire of the Northwest Territories fishermen to be exempted from the Freshwater Fish Marketing Corporation completely, the committee proposed a pilot project designed to assess whether private enterprise has a role to play in revitalizing the fisheries of the Northwest Territories for certain species of fish. They are contained in recommendations 13(a) and 13(b). The report says:

> Witnesses and participants in this investigation expressed strong feelings about the advantages of either single-desk selling or a free enterprise marketing system. As the two systems were developed in response to the needs of the time, however, it is the Committee's considered opinion that there is more to be gained by improving the existing systems than by changing them completely.

I must stress that there was strong objection in the Northwest Territories, because of their vastness and isolation, that the FFMC is not doing the proper job for them, and I understand that a member of the other place, Dave Nickerson, has introduced a private member's bill to get rid of the FFMC. However, I do not believe that the committee found that to be the case. However, the FFMC could improve its marketing, and that has been recommended in our report.

To date, the management of the FFMC has been largely responsive to the needs of approximately 3,500 licensed fishermen spread out over an area encompassing approximately 5.34

million kilometres. So honourable senators can imagine the difficulties they are under regarding transportation, and so on. The FFMC is certainly not satisfactory to all of those involved, but it would be something of a miracle if it were.

It should be noted that more latitude in marketing fish for intra-provincial trade has been allowed to fishermen in Alberta, Saskatchewan and Manitoba. That is a positive step which should increase fresh fish consumption at the local level. In short, it is hoped that the FFMC will continue to evolve, as all such operations must, so that all concerned will continue to be well served.

With regard to consumption, although more Canadians are eating more seafood than ever before—I believe that the per capita consumption is 16 pounds per year—the Canadian freshwater fishing industry is losing rather than capitalizing on this growing market. The proportion of freshwater fish consumed in Canada decreases as seafood consumption increases. Observers, however, believe that the trend toward increased marketing of fresh fish at the retail level could increase domestic sales of fish and fishery products by up to 50 per cent.

With regard to markets, despite the tremendous potential for domestic growth, foreign sales have been more important to the industry as a whole. Canadian channels of distribution would appear to be less developed than those in the United States. Only 15 per cent of the product is sold in Canada. Most exports go to the United States where prices are generally higher, in Canadian dollar terms. But our prospects south of the border rest on an uncomfortable and narrow base. Canada's freshwater fish exports do not figure prominently if one considers overall U.S. freshwater fish production. In addition to commercial landings of natural stocks, a substantial quantity of freshwater fish—approximately 156 thousand tonnes—particularly catfish—is produced in the United States through aquaculture, and we are producing only 50 thousand tonnes. Aquaculture is one of the world's fastest growing industries. Competitively priced fish, such as Norwegian-farmed salmon, are already making impressive inroads into the market.

The game plan that makes most sense is for the industry to build up its sales at home. There is a lot at stake for Canada, such as the retention of revenue and jobs. A stronger domestic market would also be a good ballast should protectionist measures in the United States be brought to bear on the Canadian industry. Canada should be taking these necessary steps to protect its freshwater fishing industry. Complacency in the current circumstances is certainly a recipe for disaster.

● (1610)

The development of fish and seafood sales in the large retailing chains is a most important factor in attracting Canadian consumers to freshwater fish. The industry must pursue its markets, aggressively seeking the opportunities they offer. Improvement in packaging, merchandising, new promotions, innovative retail fish displays and so on are needed to achieve deeper penetration in the Canadian market.

Fish teem with nutrients that keep us healthy. As researchers study the significance of these elements, they discover more benefits than had previously been suspected. But using the health angle in promotion is not enough. I must say that the health angle has become a very marketable element of the fishery as a whole. We gathered some very important material on which I would like to introduce an inquiry some time in the next few weeks.

An emphasis on quality improvement and image enhancement is the key ingredient in marketing Canadian freshwater fish, both domestically and internationally. The Canadian name on a product has to bring automatic recognition of top quality. World leaders, such as Norway, have successfully achieved this recognition for their product in the United States through regular advertising in the media.

As outlined in the report, an association representing the industry should be formed, with the help of government, for the purpose of developing an effective generic advertising campaign to promote the consumption of Canadian freshwater fish. I do not think that the Department of Fisheries and Oceans is doing enough in generic advertising. For example, Alaska spent $2 million in promoting salmon out of a total advertising budget of around $7 million. Canada was spending $7 million on advertising, but it did away with the expenditure and directed funds into the industry itself, I understand.

Under the aspects of supply, it appears that would-be consumers of freshwater fish in Canada face a scarcity of fish year round. Obviously, you cannot sell fish unless you have the fish to begin with. The development of winter fishing in Northern Ontario may provide a solution to the fisheries' long-term supply problems. It may even out the highly seasonal nature of its marketing pattern.

In the west, the FFMC faces the problem of holding large inventories of species that have limited marketability, and must often freeze products which would fetch better prices if sold fresh. In this respect, the report encourages the implementation of variable pricing on a larger scale than at present to control surges in delivery as well as quality levels.

The committee received representations with regard to problems between the freshwater fishery and the recreational fishery, and the matter of the recreational fishery needs to be mentioned. How to allocate stocks between recreational and commercial fishermen was a question raised on many occasions in the western region. It would appear that provincial policy, especially in the west, has favoured the recreational fishery over the commercial fishery because of the generally accepted notion that recreational fishing generates more net economic benefits to communities. In some areas, for example, commercial fishermen are restricted to harvesting fish, such as whitefish, that do not qualify as game fish. Game fish, such as pike, pickerel and sauger, on the other hand, usually command higher market prices. The report noted that:

> While the allocation of stock does not fall within its mandate, the Committee . . . [stresses] that the dwindling access by commercial fishermen to the higher value game

> species has decreased their ability to make a living from their trade . . . (p.27)

Future stock allocation decisions should, therefore, take into consideration all relevant information, including the economic hardship of commercial fishermen. Stock enhancement programs are needed to increase the quantities of high value species and the allocation of some species for commercial fisheries. In Ontario, the Department of Natural Resources should create a ministerial advisory committee which could, among other things, help foster better understanding between recreational and commercial fishermen. In the west, a permanent inter-provincial freshwater fishery committee should be created to co-ordinate policies and share information on matters of provincial jurisdiction.

I come now to the problem of rough fish. There is the whole question of rough fish and whether enough effort has been put out in seeking markets for these varieties. Underutilized and unsaleable species of fish, such as carp, mullet and ling cod, are difficult to market because of their characteristics and consumer misconceptions. Surimi, the raw fish paste used to make simulated crab and other seafood analogs, is a possible long term solution to the rough fish problem. But as long as surimi producers can obtain cheaper fish, such as Alaskan pollock, there will be resistance to using freshwater species.

The report calls for more research and development work to find alternative uses for freshwater rough fish species. As well, the responsibility of granting licences for the purchasing, processing and marketing of these species in the west should be given to an impartial body composed of federal and provincial officials, as well as FFMC representatives. The net result of this should be an overall increase of freshwater fish sales.

Honourable senators, you will be happy to know that I am coming to the end. One good fish story generally begs another; indeed, this report identifies a number of issues which need further study and evaluation. First, an in-depth economic comparison of the single-desk selling and free enterprise systems needs to be undertaken. Without such a study, comparisons between elements of regional fisheries are difficult at best because of the wide variety of species and the diversity of equipment and techniques used by the large number of fishermen involved.

Second, surprisingly little is known about market demand in Canada—its size, nature, price sensitivity and potential.

Third, the market viability of local processing in the western region needs to be investigated.

Fourth, we have to wrestle with the problems of over-participation and over-capitalization in both the western and Ontario regions. Too many fishermen, it seems, are chasing too few fish. Even with the harvestable quantities of fish, efforts need to be made to balance capital investments and the number of people employed in the fisheries.

Fifth, there is the need for continued evaluation and monitoring of large industrial projects, such as the Churchill River and Garrison water diversion projects, which can seriously threaten the freshwater fisheries.

Finally, there should be a careful monitoring of developments in aquaculture with a view to assisting the consolidation of the freshwater acquaculture industry in Canada.

These are but some of the issues that require further investigation. In short, a number of changes in the marketing structure, the strategy, and the resource management system are proposed to ensure a permanently prosperous freshwater fishing industry in Canada. We found that little was known about many factors of the freshwater fishing industry. I understand that the Canadian Wildlife Association, which appeared before our committee, has also put out a report which agrees with some of the recommendations in our report and some of the problems we encountered. As we continue our report on the west coast fishery and the east coast fishery, we hope to learn about the problems they face and to come up with definitive recommendations in our overall report on the marketing of fish in Canada.

On motion of Senator Frith, debate adjourned.

[*Translation*]

## NATIONAL FINANCE

### COMMITTEE AUTHORIZED TO ENGAGE SERVICES

**Hon. Fernand-E. Leblanc,** pursuant to notice of October 9, 1986, moved:

> That the Standing Senate Committee on National Finance have power to engage the services of such counsel and technical and other personnel as may be necessary for the purpose of its examination and consideration of such bills and other matters as are referred to it.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the comments I made about the motions of Senators Hastings and Sinclair also apply in this case. I think it would be for a few months only. In any event, it seems we will have a chance of closing the barn door after the horses have gone.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 83*)

## POVERTY IN CANADA

SENATE REPORT ON POVERTY

POVERTY LINE UPDATE — 1985

**POVERTY LINE REVISIONS: BASED ON CALCULATIONS WHICH INCLUDE ADJUSTMENTS FOR DISPOSABLE PERSONAL INCOME, FAMILY SIZE AND CHANGES IN THE NUMBERS OF FAMILY UNITS OF VARIOUS SIZES IN CANADA EACH YEAR**

**COMPARISON BETWEEN SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA LOW INCOME LINES BY FAMILY SIZE FOR 1985**

| Family Size | Senate Committee Poverty Lines 1985 (nearest $10) | Senate Committee Estimated 1986 | Statistics Canada Revised Low-Income Cut-offs 1985 * |
|---|---|---|---|
| 1 | $ 9,330 | $ 9,810 | $ 7,568 to $ 9,719 |
| 2 | 15,550 | 16,350 | $ 9,891 to $12,815 |
| 3 | 18,660 | 19,620 | $13,244 to $17,115 |
| 4 | 21,770 | 22,890 | $15,310 to $19,779 |
| 5 | 24,880 | 26,160 | $17,803 to $22,963 |
| 6 | 27,990 | 29,430 | $19,436 to $25,026 |
| 7 | 31,100 | 32,700 | $21,415 to $27,606 |

* Base year 1978 — amounts vary with degree of urbanization.

The Senate Committee poverty lines are based on a formula which is updated annually on the basis of a measure of **disposable** personal income in Canada and changes in the distribution of families of various sizes.

**THE SENATE POVERTY LEVEL** is approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product. For families of sizes 2, 3 and 4, the Poverty Lines are almost exactly half of the average income for families of those sizes.

**STATISTICS CANADA:** Poverty Level Lines are based on changing consumption patterns which now indicate that families who spend 62% or more of their income on food, clothing and shelter (as opposed to the 70% criterion used at an earlier date) are in straitened circumstances. These limits are also differentiated by size of area of residence.

**THE SENATE COMMITTEE POVERTY LINES & STATISTICS CANADA REVISED LOW-INCOME LINES FOR 1985**

| 1985 Family Size | Percent and Number Below Senate Committee Poverty Lines 1985 | Percent and Number Below Statistics Canada Low-Income Cut-Offs for 1985 * |
|---|---|---|
| Unattached Individuals | 35.9% *** (985,000 persons) | 36.6% (1,003,000 persons) |
| Family Units of two or more persons | 21.1% ** (1,444,000 families) | 13.1% (901,000 families) |
| Total Number and Percentage of Persons Below Poverty Line | 22.8% ** (5,783,000 persons) | 15.9% (3,900,000 persons) |

* 1978 base for revision
** Senate poverty lines include more families
*** Senate and Statistics Canada almost similar

| 1984 | | |
|---|---|---|
| Unattached Individuals | 37.8% (1,025,000 persons) | 38.4% (1,040,000 persons) |
| Family Units of two or more persons | 22.3% (1,501,000 families) | 15% (1,007,000 families) |
| Total Number and Percentage of Persons Below Poverty Line | 23.9% (6,024,000 persons) | 17.8% (4,300,000 persons) |

Statistics Canada figures for 1985 show that the lowest 20% of families and unattached individuals (lowest income quintile) received only 4.7% of total income. In contrast, the highest 20% of families and unattached individuals received 43.0% of total income. In contrast to recent years, however, these figures represent a very slight narrowing of the disparity between the lowest and highest group compared to 1984.

**CANADIAN STATISTICAL REVIEW, JUNE 1984 — The Senate Committee Poverty lines (Senate).** The Special Senate Committee on Poverty, chaired by Senator David A. Croll, developed poverty lines based on income levels which reflected "items of basic need". These lines are differentiated

by family size and adjusted each year by an escalator based on living standards as reflected by the amount of disposable personal income available in Canada in any given year. The annual escalator is designed to adjust for real as well as nominal changes in income and for change in average family size over time. The resulting poverty levels are close to half of the average income for families for sizes 2, 3 and 4 in 1981. Senator Croll releases periodically an update of the Senate Committee poverty lines and those released for 1981 were used in this note.

**Produced by**
**Senator David A. Croll**
**October 1986**

**Poverty in Canada**
**Updated Poverty Line**

## SENATE REPORT ON POVERTY
## UPDATED
## 1977 — 1986

### POVERTY LINE REVISIONS: BASED ON CALCULATIONS WHICH INCLUDE ADJUSTMENTS FOR DISPOSABLE PERSONAL INCOME, FAMILY SIZE AND CHANGES IN THE NUMBERS OF FAMILY UNITS OF VARIOUS SIZES IN CANADA EACH YEAR

| Family Size | Senate Committee Poverty Line 1977 | Senate Committee Poverty Line 1978 | Senate Committee Poverty Line 1979 | Senate Committee Poverty Line 1980 | Senate Committee Poverty Line 1981 | Senate Committee Poverty Line 1982 | Senate Committee Poverty Line 1983 | Senate Committee Poverty Line 1984 * | Senate Committee Poverty Line 1985 | Senate Committee Estimated 1986 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | $ 4,770 | $ 5,300 | $ 5,860 | $ 6,610 | $ 7,370 | $ 7,940 | $ 8,540 | $ 8,850 | $ 9,330 | $ 9,810 |
| 2 | 7,940 | 8,840 | 9,760 | 11,030 | 12,300 | 13,240 | 14,240 | 14, 750 | 15,550 | 16,350 |
| 3 | 9,530 | 10,610 | 11,710 | 13,230 | 14,760 | 15,890 | 17,090 | 1 7,700 | 18,660 | 19,620 |
| 4 | 11,110 | 12,390 | 13,660 | 15,440 | 17,210 | 18,530 | 19,940 | 20,650 | 21,770 | 22,890 |
| 5 | 12,710 | 14,140 | 15,610 | 17,640 | 19,670 | 21,180 | 22,790 | 23,600 | 24,880 | 26,160 |
| 6 | 14,300 | 15,910 | 17,560 | 19,860 | 22,130 | 23,830 | 25,640 | 26,550 | 27,990 | 29,430 |
| 7 | 15,890 | 17,690 | 19,510 | 22,060 | 24,590 | 26,470 | 28,490 | 29,500 | 31,100 | 32,700 |

SENATE REPORT 1984 * POVERTY LEVEL for families of sizes 2, 3 and 4, is almost half of the average income for families of those sizes.

### NUMBER & PERCENTAGE OF UNATTACHED INDIVIDUALS & FAMILY UNITS BELOW THE SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA REVISED LOW-INCOME LINES FOR 1985

| 1985 Family Unit | Percent and Number Below SENATE COMMITTEE Poverty Lines 1985 | Percent and Number Below STATISTICS CANADA Low-Income Cut-Offs for 1985 * |
|---|---|---|
| Unattached Individuals | 35.9% *** (985,000 persons) | 36.6% (1,003,000 persons) |
| Family Units of two or more persons | 21.1% ** (1,444,000 families) | 13.1% (901,000 families) |
| Total Number & Percentage of Persons below Poverty Line | 22.8% ** (5,783,000 persons) | 15.9% (3,900,000 persons) |

* 1978 base for revision
** Senate poverty lines include more families
*** Senate and Statistics Canada almost similar

| 1984 | | |
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| Total Number and Percentage of Persons Below Poverty Line | 23.9% (6,024,000 persons) | 17.8% (4,300,000 persons) |

**SENATE REPORT: POVERTY LEVEL** is approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product. For families of sizes 2, 3 and 4, the Poverty Lines are almost exactly half of the average income for families of those sizes.

**STATISTICS CANADA:** Poverty Level Lines are based on changing consumption patterns, which now indicate that families who spend 62% or more of their income on food, clothing and shelter (as opposed to the 70% criterion used at an earlier date) are in straitened circumstances. These limits are also differentiated by size of area of residence.

Statistics Canada figures for 1985 show that the lowest 20% of families and unattached individuals (lowest income quintile) received only 4.7% of total income. In contrast, the highest 20% of families and unattached individuals received 43.0% of total income. In contrast to recent years, however, these figures represent a very slight narrowing of the disparity between the lowest and highest group compared to 1984.

**Produced by** **Poverty in Canada**

**Senator David A. Croll** **Updated Poverty Line**

**October 1986**

# THE SENATE

**Wednesday, October 29, 1986**

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

Prayers.

[*Translation*]

## YOUTH

REPORT OF SPECIAL COMMITTEE TABLED

**Hon. Jacques Hébert,** for the Special Senate Committee on Youth which was authorized by the Senate on Tuesday, April 10, 1984, to incur expenses for the purpose of hearing evidence on and to consider the problems and issues facing Canadian youth between 15 and 24 years of age, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

## L'ASSOCIATION INTERNATIONALE DES PARLEMENTAIRES DE LANGUE FRANÇAISE

FIFTEENTH GENERAL ASSEMBLY, QUEBEC CITY—NOTICE OF INQUIRY

**Hon. Eymard G. Corbin:** Honourable senators, I give notice that on Tuesday next, November 4, 1986, I will call the attention of the Senate to the Fifteenth General Assembly of the Association internationale des parlementaires de langue française, held in Quebec City, from September 6 to 13, 1986.

[*English*]

## COMMONWEALTH PARLIAMENTARY ASSOCIATION

THIRTY-SECOND CONFERENCE HELD IN LONDON, ENGLAND—NOTICE OF INQUIRY

**Hon. Heath Macquarrie:** Honourable senators, I give notice that on Thursday, November 6, 1986 I will call the attention of the Senate to the Thirty-second Conference of the Commonwealth Parliamentary Association, held in London, England, from September 23 to October 2, 1986.

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# QUESTION PERIOD

[*English*]

## FOREIGN AFFAIRS

CANADIAN RELATIONS WITH SYRIA—GOVERNMENT POSITION

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I wonder if I could ask the Leader of the Government to bring us up to date on the position of the Government of Canada with respect to Canadian relations with Syria.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not know that I have very much to report beyond what the Right Honourable the Secretary of State for External Affairs has already told Parliament and the country. We have recalled the Canadian ambassador from Damascus for consultations. We are consulting with our western partners with a view to taking concerted action that would persuade the Government of Syria to renounce and abandon state terrorism.

**Senator MacEachen:** Honourable senators, I know that the Government of Canada has recalled our ambassador from Damascus and I know that the Prime Minister, when asked about this, stated that the Canadian government was examining the evidence which had been brought forward to link Syria with terrorism, evidence which caused the British government to break diplomatic relations with Syria. The Prime Minister said that the Government of Canada would be examining the evidence. He went on to say that any state that sponsors terrorism should be treated as a pariah and would not deserve to have relations maintained with other countries.

My questions are really as follows: Has the Government of Canada concluded that Syria itself is a source of terrorism, and, if so, will it follow through and break off diplomatic relations with Syria, as has been done by the Government of the United Kingdom? Presumably consideration is being given at the present time to those questions.

**Senator Murray:** Honourable senators, the statement of the Secretary of State for External Affairs is that certain elements of the Syrian government have been directly involved in terrorist activities. I am informed that the minister has seen sufficient of the British evidence to be satisfied that there is proof that the Syrians are involved.

**Senator MacEachen:** Therefore, one would expect that the Prime Minister, having concluded that any government linked to terrorism should be regarded as a pariah, is considering or will be proposing breaking off diplomatic relations with the Syrian government. Is that under consideration?

**Senator Murray:** As the Leader of the Opposition has noted, the British have severed diplomatic relations with Syria. They have not asked us or any of their other allies, so far as I am aware, to do that. Our position is that we believe that concerted action should be taken by the western countries with a view to persuading Syria to renounce and abandon terrorism and, in particular, to see that certain individuals and groups who are involved in terrorism should leave that country.

**Senator MacEachen:** I gather from what the Leader of the Government has said that even though Canada has concluded that Syria is the source of that terrorism, or that certain elements of Syria's government, as stated by the Secretary of State, display terroristic impulses; and even though the government has concluded that, and the Prime Minister has stated that any government that is terrorist should be regarded as a pariah, the government is not willing to follow through unless it gets help from other countries—that it will not take the stand that the United Kingdom has taken and sever diplomatic relations. It will say, "Well, we will not do anything further, even though we believe that Syria is a pariah."

**Senator Murray:** Honourable senators, we have not excluded the possibility of severing diplomatic relations with Syria, but our position is that the best action is a concerted action with other countries. The British broke relations with Syria because the attempted bombing took place on their soil. They have not asked us or other countries to follow suit.

**Senator MacEachen:** They certainly asked their partners in the EEC. Sir Geoffrey Howe went there and failed to get any action from the EEC except a statement expressing a common sense of outrage. Apart from that, he went away empty-handed. So there is no comfort in that source.

I am puzzled that the foreign policy of the Canadian government is not a clear-cut one; that even though the Prime Minister has stated that Syria is a pariah, we would not do anything unless we were asked by the British or, indeed, unless we could join a group of other countries. I find that rather inconsistent with the very strong comment of the Prime Minister.

I might as well quote the Prime Minister. According to the media tape on the Prime Minister's interview with the *MacNeil, Lehrer Newshour*, when asked, "What do you think should be done about Syria?" he said:

> Well I would want to examine more closely the evidence that is going between London and allied capitals.

We have been told now that the evidence has been examined and that the Right Honourable the Secretary of State for External Affairs has said that elements of the Government of Syria are involved in terrorism. The Prime Minister goes on to say:

> But I think that any state that sponsors terrorism should be treated as a pariah. That's exactly what it is.

Why does Canada have any kind of diplomatic relations with a country that the Prime Minister has described as a "pariah"?

**Senator Murray:** Honourable senators, let me repeat: My information is that the United Kingdom did not ask its European partners to sever diplomatic relations with Syria. The British Foreign Secretary was disappointed, as was the Canadian government, with the outcome of the meeting of the foreign ministers of the European Economic Community. I understand that a further meeting of community foreign ministers is to be held in London on November 10. Meanwhile, the Government of Canada has called in the ambasssadors from the EEC countries to urge upon them a concerted action designed to get Syria to change its ways.

**Senator MacEachen:** What is the concerted action that Canada is recommending?

**Senator Murray:** My honourable friend will know that in due course. There are various sanctions and other diplomatic weapons that can be brought into play in a situation of this kind. However, the Leader of the Opposition will have to be patient for a few days yet.

**Senator MacEachen:** Honourable senators, the Leader of the Government has said that the Canadian government, through its ambassadors, is urging concerted action, but he refuses to tell us what that action is. I suggest that he refuses to tell us because the government is not recommending any concerted action that is meaningful. The Leader of the Government has mentioned sanctions. Is Canada now asking the EEC countries to impose sanctions on Syria? I would like to know.

**Senator Murray:** What I said is that there are various sanctions that can be brought into play in a situation such as this. The Government of Canada has called in the ambassadors of the EEC countries to urge upon them that concerted action be taken by them and other western partners in this situation. I may say that representatives of the United States State Department are expected here on the weekend for further discussions with Canada on this matter.

**Senator MacEachen:** Honourable senators, it would be useful for us to know what Canada is advocating. It is asking for concerted action, including various kinds of sanctions. May we find out why we are calling in the Americans and the Europeans and urging something that is concealed from the Parliament of Canada?

**Senator Murray:** Honourable senators, I agree that it would be useful for Parliament to know, and Parliament shall know in due course.

**Senator Frith:** Some courses are "duer" than others.

## CANADA-UNITED STATES RELATIONS

### BILATERAL TRADE NEGOTIATIONS—STATUS

**Hon. Jerahmiel S. Grafstein:** Honourable senators, I have a question for the Leader of the Government in the Senate. In light of Minister Carney's statement that the current trade talks with the United States would be imperilled if the United States government or Congress imposed tariffs against Canadian lumber, and in view of the fact that the United States government and Congress have chosen to ignore this threat and, indeed, impose such punitive tariffs, are the current trade talks now imperilled or in a state of peril?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, what the Minister of International Trade was attempting, I think very sensibly, to convey is the fact that protectionist actions taken on either side can do nothing other

than to damage the relationship between our two countries. So far as the recent actions taken by the United States are concerned, we will have an appropriate response to them.

• (1410)

BILATERAL TRADE NEGOTIATIONS—GOVERNMENT POLICY

**Hon. Jerahmiel S. Grafstein:** In light of these new events and in light of the apparent change in strategy by Minister Carney to take a much more aggressive approach on the legal and negotiating side with the Government of the United States and with Congress, perhaps the Leader of the Government in the Senate could advise whether or not the Prime Minister's Office has prepared a secret plan defining key conditions that would trigger a full or partial withdrawal from the trade talks dealing with the government's search for a comprehensive free trade agreement.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** There is no change in the strategy on the part of Miss Carney or the Government of Canada. So far as the second part of the question is concerned, that is the part as to whether or not there is a secret plan, the answer is no.

**Senator Olson:** A hidden agenda, perhaps!

**Senator Grafstein:** In light of the fact that the fast-track negotiations will apparently be terminated in five months, has the Government of Canada set for itself minimum terms and conditions for any sort of agreement arising from the fact that it is now obvious that the government will not be able to obtain any type of comprehensive trade agreement with the United States?

**Senator Murray:** That is a very hypothetical question based on a hypothesis as to what we might or might not accomplish in the course of these talks. Several weeks ago I said in this place that, in the course of these negotiations, it is still our intention to work for the biggest, best and most comprehensive trade agreement we can get with the United States.

UNITED STATES TARIFF ON CANADIAN SOFTWOOD LUMBER—GOVERNMENT POLICY RE GATT DECISION

**Hon. Jerahmiel S. Grafstein:** The Minister for International Trade has chosen to press Canada's case before GATT. Has the Government of Canada determined a strategy whereby this house would be informed as to what would happen in the event that the GATT determination is made in favour of Canada, and the American government and Congress choose to ignore any such decision?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** That, again, is a hypothetical question. I may say that the initiatives of the government, in responding to the United States action, are not limited to invoking the dispute settlement mechanisms of GATT. We are also proceeding quite aggressively in bilateral fora with the United States. I understand that a diplomatic note is being sent to the United States, and the minister herself may demand a meeting with Secretary of Commerce Malcolm Baldrige to discuss the matter.

[Senator Murray.]

UNITED STATES TAX ON IMPORTED CRUDE OIL—GOVERNMENT POLICY

**Hon. H.A. Olson:** Honourable senators, I have a supplementary question. It is not a hypothetical question, because the United States has already stated that it intends to impose a surtax, or whatever the proper terminology is, on all crude oil in order to pay for an environmental program. However, the catch is that the tax on imported crude oil will be substantially more than on domestic. Perhaps the Leader of the Government in the Senate can tell us what the government intends to do about that matter, since Canada exports quite a lot of oil to the United States. I have heard that the minister intends to take some action, but so that I may not be accused of asking a hypothetical question, I will put the question simply and directly: What does the Government of Canada intend to do about this matter?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will have to take that question as notice. I thought I had some notes on that matter here before me, but apparently I do not.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have delayed answers to three questions this afternoon. Once again, if any senator wishes, I will read the answers, otherwise I will ask that they be taken as read.

## IMMIGRATION

REFUGEE STATUS—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 2, 1986 by the Honourable Senator Haidasz regarding Immigration—Refugee Status—Government Policy.

(*The answer follows:*)

> Government policy concerning refugees abroad is directed primarily at providing resettlement in Canada, from countries of first asylum, to refugees who are in need of resettlement for protection purposes. All applying must meet the criteria for being considered as refugees as laid down in the Immigration Act and be either Convention refugees or in a designated class. The refugee definition used is almost identical to the United Nations High Commissioner's definition. In addition, all applicants must demonstrate that they are capable of successful establishment in Canada, taking into consideration assistance available to them, and they must meet other statutory requirements.

In the specific cases referred to, if the persons involved had arrived in West Germany, their assumed destination, or any other Western European country and had been granted asylum and permanent residence, there would probably not have been a need for their resettlement in Canada although any one of them could apply for admission.

In regard to the news reports that there are busloads of Iranian refugees moving toward Western Europe, the government was fully aware of the news media coverage of this mass movement of people. Officials in the Department of External Affairs were asked to fully investigate these reports and they found that there was no substance to the story.

## CANADA-UNITED STATES RELATIONS

SOFTWOOD LUMBER—CANADIAN EXPORT TAX

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 8 last by the Honourable Senator Austin respecting Canada-United States Relations—Softwood Lumber—Canadian Export Tax.

(*The answer follows:*)

While there has been no formal request, some provinces have indicated that they would be opposed to the imposition of an export tax. In any event, this is not an issue, since the Government with the full support of the provinces is fighting to overturn the preliminary decision made by the Commerce department on October 16.

## INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

ALLEGED MISUSE OF MANITOBA INDIAN BAND FUNDS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 8 last by the Honourable Senator Fairbairn respecting Indian Affairs and Northern Development—Alleged Misuse of Manitoba Indian Band Funds. This is a rather lengthy answer and I ask that it also be taken as read. Perhaps the report attached to that answer could be tabled.

(*The answer follows:*)

The former Minister of Indian Affairs and Northern Development, the Honourable David Crombie, engaged in April 1986 the services of Ward Mallette, a chartered accounting firm to investigate allegations made by a number of Indian bands in Manitoba. Mr. Jim Curry, of Ward Mallette, submitted his findings to the department on June 9, 1986. These findings were distributed to the First Nations Confederacy and the Brotherhood of Indian Nations in Winnipeg on June 10, 1986.

The department completed a comprehensive review of the Ward Mallette Report and on August 20, 1986, made public the Departmental Response (attached is a copy of this report as information). Subsequent meetings were held involving the present Minister and departmental senior officials with the Indian leaders of a number of Manitoba bands during the months of September and October at which time discussions took place relative to the Ward Mallette report.

Following the resignation of Mr. MacPhee from the department's Manitoba Regional Office, the Minister requested the R.C.M.P. to investigate the allegations of wrongdoing referred to by Mr. MacPhee.

Also, the Minister asked the President of the Treasury Board to undertake a comprehensive review of the financial operations of the department's regional office in Manitoba.

Furthermore, the Minister has stated that any information regarding allegations currently being made by Mr. MacPhee regarding financial wrongdoings should be brought forward so it can be reviewed.

The Minister made a commitment to the chiefs of southern Manitoba that departmental officials were prepared to meet with bands on a case by case basis if necessary, to discuss individual band indebtedness problems.

In order to improve communications, the Minister has also agreed to meet with chiefs on a periodic basis to discuss their concerns face to face in a business-like way. He recently signed a memorandum of understanding with 40 bands in northern Manitoba establishing such a process.

## PARLIAMENTARY EMPLOYMENT AND STAFF RELATIONS

DELAY IN PROCLAMATION OF ACT

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, under the rubric of Delayed Answers to Oral Questions, an answer to a question I had asked on October 9 appears at page 81 of *Senate Debates* of October 28, 1986. The question I had asked on October 9 dealt with the proclamation of Bill C-45. The answer given yesterday states:

> The proclamation of Bill C-45 is awaiting

So, it is true that it has not been proclaimed.

> the approval of the House of Commons Board of Internal Economy. The Board met for the first time

This is in reference to the House of Commons Board of Internal Economy.

> with the new Speaker to consider this and other matters on October 15. The bill will be proclaimed as soon as the appropriate consultations have been undertaken.

The phrase "appropriate consultations" is somewhat ambiguous. Does that mean that the consultations that the government considers appropriate are those to be undertaken with the House of Commons Board of Internal Economy, or can we assume that the government will be consulting the Standing

Committee on Internal Economy, Budgets and Administration as well, since we are directly involved in the consequences of Bill C-45?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I chatted briefly with Senator Frith on this matter yesterday when I saw the content of the answer. I suggested to him then that it might be appropriate if the Standing Committee on Internal Economy, Budgets and Administration were to contact the minister and ask that a similar consultation process take place with that body.

I think it would be appropriate to have this matter dealt with at tomorrow's meeting of the Standing Committee on Internal Economy, Budgets and Administration and, if it is agreed by the Senate, a message be sent to the minister asking him that the same courtesy be extended to the Senate as is being extended to the committee in the other place.

**Senator Frith:** Thank you.

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## INCOME TAX CONVENTIONS BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips, for the second reading of the Bill S-2, An Act to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for the avoidance of double taxation with respect to income tax.—(*Honourable Senator Hicks*).

**Hon. Henry D. Hicks:** Honourable senators, first of all, I commend Senator Doody for his handling of the motion for second reading of this bill. I commend him even though, I regret to say, I was not in the chamber when he made his speech. I have, however, read his speech and have familiarized myself with the documents that are attached to and in support of Bill S-2.

This is a bill which continues the series of arrangements that Canada has been making, chiefly in the past decade—but some of them extend back before that—to simplify the tax relations with and to avoid double taxation by various countries which are parties to the several treaties that we have made.

I first participated in a debate on those taxation treaties in 1980. At that time Canada had ratified 16 such treaties, and actually signed 20; four of them were pending ratification. The number we have now ratified is up to 41, and there are four others signed and awaiting ratification, and when these four that are before us now are completed, it will bring the grand total to 49 countries with which Canada has regularized and simplified its taxation arrangements with the advantage to its citizens and to the citizens of the other countries of avoiding double taxation, or strictly limiting double taxation in a consistent manner.



The present conventions are with the Netherlands and Japan. We first had a convention with the Netherlands going back as far as 1957, and there have been two supplementary protocols changing that original convention. That convention is now replaced by the provisions of Bill S-2.

By the same token, we first had a convention with Japan in 1964, ratified in 1965, and this bill replaces that convention.

The agreements with China and Malta constitute new treaties with two countries with whom Canada has not had tax treaties heretofore. So, these four constitute the countries that we are concerned with now.

• (1420)

There are no new or unusual features in this bill, or in the treaties attached to this bill, and I do not think that it is necessary for me to repeat the explanations which Senator Doody so completely and succinctly stated in this house yesterday. I should refer to one aspect, however, because I was greatly interested in it five or six years ago, and that was the provision that existed at that time with a number of countries whereby teachers could move to Canada—and could move in the opposite direction as well—and would pay no income tax in Canada for the first two years they taught here. This was made use of, particularly by a good many of our American teachers in Canada's universities, and resulted in a very inequitable situation in relation to Canadian academics. For example, as I explained to this house some years ago, if a university administrator had $20,000 to pay to a professor and he paid it to a Canadian professor, that Canadian professor would have to pay tax on the $20,000, but if he brought in an American for two years, or someone from the United Kingdom, or from Japan, or from the Netherlands—to come down to the present situation—he could pay the $20,000 and there would be no tax paid at all. Naturally, university administrators were fairly quick to notice this and, as I say, it redounded to the disadvantage of Canadian academics, particularly in relationship to the United States. Those exemptions were removed some time ago in relation to the United States and to most other countries, and this bill, or the protocols attached to it, which will be implemented by the passing of this bill, remove similar arrangements that presently exist and which enable teachers from the Netherlands and Japan to have a tax advantage by coming to teach in Canada for a two-year period; nor will Canadians have a tax advantage by going to teach in the Netherlands, or in Japan, for a two-year period.

I do not think it is necessary for me to comment much more on this legislation. This will mean that we will have workable and sensible tax arrangements with 49 countries when the provisions of these treaties are ratified. However, I would like to say this: The working out of these agreements, or conventions, with a number of countries all over the world is an illustration of the work that goes on by those whom we sometimes disparagingly refer to as "bureaucrats" in the departments of government who have worked faithfully and persistently over a number of years to improve arrangements

to the benefit of Canadian citizens and the citizens of the other countries concerned. I would like to commend those persons whose names never get in the newspapers and whose actions seldom arouse very much publicity, either commendatory or hostile, for the steady, solid work that they have been doing, chiefly in the Department of Finance and in the Department of External Affairs.

Senator Doody commended the bill to members of this house and said that, if senators wanted, it could be referred to the Standing Senate Committee on Banking, Trade and Commerce. Personally, I do not see any reason why it need be referred to that committee. As I have said, there are no new features in this legislation. The Committee on Banking, Trade and Commerce has considered several similar agreements in years previous. So, I would be willing to give my consent to and support of this legislation without its being referred to a committee.

However, if there are other senators, particularly some of the newer senators here, who feel that they have something to gain or to learn by having the bill referred to the Standing Senate Committee on Banking, Trade and Commerce, I leave that decision to my honourable friend, the mover of the motion for second reading.

I propose to support the bill and urge my colleagues to do the same.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I certainly accept Senator Doody's and Senator Hicks' assurances that this bill is to be supported for the reasons outlined eloquently by those two gentlemen, but the suggestion that it not be referred to the Standing Senate Committee on Banking, Trade and Commerce, even for a one-session study, is, if I listened carefully, based on the fact that it resembles or is the same as many of its predecessors dealing with tax relations between other countries and Canada.

It is my suggestion that, just to be sure that is so, someone from the department should appear before the Senate committee to assure the committee that this bill is the same as previous bills on the subject. Since similar bills were referred to that committee, I believe this bill should be referred to committee for that assurance, and then the committee can report in due course.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators—)

**The Hon. the Speaker:** Honourable senators, I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Doody:** Honourable senators, I wonder if there is any way of changing that format. It sounds like the grim finality of an Air Canada pilot telling us that this is our final approach. I keep hoping there will be another approach some day, somewhere. Perhaps this will have the effect of closing the debate.

In any event, honourable senators, I have very little to add to the remarks of Senator Hicks. I thank him for his comments.

I do note that it is desired by those in the department that we move the bill along as quickly as we can, and I know that we will do so. I understand that at least one of the countries with whom agreement is being reached is anxious to have it implemented as quickly as possible, and to that end I am sure the bill will receive expeditious treatment.

I have absolutely no objection to referring the bill to committee, since I think there is merit in that suggestion. I know that Senator Sinclair is anxious to get as much practice and as much action in his new role as he can, and I have no intention of depriving him of any opportunity to get into full swing.

I thank Senator Hicks particularly for his comments about the teachers' exemption. I passed over that rather lightly yesterday. It is a matter of some significance and, naturally, with his background and talent in that particular area, it was only proper that he should bring it to our attention.

Therefore, honourable senators, with these few words, I commend second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

• (1430)

## CANADA PETROLEUM RESOURCES BILL

SECOND READING—DEBATE ADJOURNED

**Hon. Efstathios William Barootes** moved the second reading of Bill C-5, to regulate interests in petroleum in relation to frontier lands, to amend the Oil and Gas Production and Conservation Act and to repeal the Canada Oil and Gas Act.

He said: On this very gloomy and cloudy afternoon, I am here to bring honourable senators a ray of sunshine.

**Senator Perrault:** The sunshine boy!

**Senator Barootes:** It gives me great pleasure to move in the Senate second reading of Bill C-5, the Canada Petroleum Resources Bill.

This bill, honourable senators, represents a fundamental break with the philosophy of the previous administration's National Energy Program. It replaces a discriminatory and discretionary regime with a straightforward and fair set of rules to guide petroleum exploration and development in Canada's frontier lands. While the immediate prospects for a frontier oil and gas exploration and development program have been seriously impaired by current world oil prices, this bill will be welcomed by the industry, the "offshore" provinces and the Territories. It will set in place a regime that will not only recognize the rights of resource owners and resource develop-

ers but will also ensure that, where frontier opportunities exist, they may be pursued without impediment from any quarter.

Honourable senators, world oil prices will ultimately and inevitably rise. In looking to the future, this period of low prices offers us a window of opportunity to establish a frontier energy strategy which is fair rather than discriminatory—one which is responsive to markets rather than to artificial stimulation by government incentives. Such incentives can not only be costly to the public purse but by the ebb and tide and the rise and fall of world oil prices, and, indeed, of government largess, may bring about an instability both to frontier exploration and development and to the social fabric of those regions.

I should like to provide honourable senators with a little history. Since being elected just two years ago, Prime Minister Brian Mulroney's government has consulted extensively with representatives of the industry, the Territories and the provincial governments. As a result of these consultations, there have been some significant achievements. There are now joint management regimes with the provinces of Newfoundland and Nova Scotia. I have no doubt that there will be further accords with the north and the west as well, in the future. Furthermore, the Western Accord, the signing of the natural gas markets and pricing agreements and the end of the petroleum and gas revenue tax have signalled to the industry that Canada is once again depending on the industry's entrepreneurial spirit to find and develop our resources in oil and gas. The basis now is to reward success rather than to reward activity.

Let us look at the present. All honourable senators recognize that oil and gas exploration in the north and in the offshore carries a very high cost and high risk. In response to this condition, Bill C-5 sets out a simple and fair set of rules to promote the development of our frontier petroleum resources. This legislation, for example, will repeal and replace the Canada Oil and Gas Act with a law that emphasizes the rights and obligations of the people of Canada as the resource owners and the industry as the resource developer.

No longer will the responsible federal minister hold broad discretionary powers to choose, for example, who may hold exploration rights. From now on there will be a competitive bidding system for exploration rights, one based on a single bidding criterion—the best bid wins. The administration of oil and gas rights is now set out in clear, precise terms. Furthermore, there are more specific appeal procedures to balance any limited discretionary powers of the ministers involved and their departments.

Honourable senators will also notice in this bill a much reduced role for the state in the oil and gas business. Specifically, the crown share arrangement, which gave governments the right to expropriate commercial petroleum reserves, has been eliminated. The preferential treatment accorded Petro-Canada has also been eliminated. However, this bill preserves the right of the Canadian government to require a 50 per cent Canadian ownership of frontier prospects at the development or production stage in a fair manner.

[Senator Barootes.]

This bill also confirms native rights claims. It does not prevent in any way the settlement of land claims with the different native groups in Canada.

Honourable senators, as I have said, the development of our frontier resources will be a costly and risky venture. By allowing the adoption of a new profit-sensitive royalty structure, Bill C-5 will ensure that industry has appropriate incentives to take on this work.

The new royalty regime will ensure an equitable distribution of revenues between the resource owners and the resource developers. It will permit industry to earn a fair rate of return on its investment in the frontier before governments, as owners, receive justifiably higher rates of royalty. This profit-based approach, which does away with the discriminatory practices of the past, has been broadly supported in the industry and will help to create the necessary incentives for a rise in activity.

Honourable senators, the Standing Senate Committee on Energy and Natural Resources has received and is receiving representations from the major interests affected by this bill. Concerned governments, aboriginal peoples' organizations, associations representing offshore-related interests and most of the major industry players in the frontier will make known their views to this chamber through our Energy Committee. We shall continue to listen to and respond to their concerns in the spirit of consultation that characterizes this bill.

Let us look for a moment at the future. Honourable senators, frontier activity will return to its past levels because the frontier holds the petroleum reserves of our future. The government's job now is to put its house in order. This goal is being achieved with a bill which represents a new, cohesive frontier energy policy built on trust between governments and a respect for the initiatives of industry. Regional governments as well have been included in these considerations. These governments have justifiably demanded an equal say in oil and gas activities in their regions. Furthermore, the government of the Northwest Territories has indicated its interest in negotiating a northern accord as one step towards improving the economic climate in the north. In the meantime, a federal ministerial action force on Arctic initiatives has been established to consider measures which will alleviate the impact of the decline in exploration activities upon northern communities. The action force has already travelled to the north for first-hand consultations with the northern governments and residents on ways and means to more effectively support economic development in that region.

Honourable senators, the Canadian Petroleum Resources Act will be the cornerstone for the development of petroleum resources on Canada's frontier lands. Let me speak of its legislative framework. Bill C-5 is one of three principal parts of the legislative framework governing Canada's offshore areas of the Northwest and Yukon Territories. Bill C-5 puts in place a clear, less interventionist regime dealing with rights for exploration, for discoveries and for production.

• (1440)

The second part of this framework is the Oil and Gas Production and Conservation Act which deals principally with technical matters, mainly safety and the environment.

The third part of this framework concerns legislation to implement the accords. For example, Bill C-6, which will be coming forward soon, is meant to implement the accord between the Governments of Canada and Newfoundland and Labrador on offshore oil and gas resource management and revenue sharing.

The provisions of Bill C-5 in the Oil and Gas Production and Conservation Act are going to be included as our new basic framework.

For a summary of this bill, the new law will put in place three different rights: (a) The exploration licence; the right to explore for and the exclusive right to drill and test for petroleum for a period not exceeding nine years. To obtain that right, one must win on the basis of a single criterion, as I mentioned: a call for bids; (b) If one makes a discovery, there is the right to obtain a significant discovery licence. In the view of the industry, a significant discovery licence constitutes the most important part of that right; (c) A production licence, which gives the right to produce for a period of 25 years or for as long as production continues from that field or pool of petroleum.

It is important for us to realize that Bill C-5 increases the level of certainty, since discretionary powers of the minister are greatly reduced. It eliminates the crown share; it eliminates Petro-Canada's preferential treatment; it continues the Canadian ownership rate of 50 per cent before a production licence can be issued. However, some degree of flexibility of reaching that level of 50 per cent ownership is included.

The bill also ensures that the sale of shares in those companies to meet that minimum Canadian ownership rate will reflect fair market value to the seller—and that will be established by an independent evaluation.

Finally, it establishes a royalty system which is able to adapt as circumstances may require.

Honourable senators, I believe it is fitting that I try to give, in as succinct a manner as I can, the various clauses of a very long bill. I will give only an outline. Part I is a general part, and defines the designated authorities, the manner of giving notices, and provisions respecting interest in frontier areas.

Part II concerns the issuance of interests. It establishes provisions for issuing crown lands and benefit plans. It also establishes the rights issued on a competitive basis.

Part III concerns exploration, and it enunciates the provisions pertaining to exploration licences, significant discovery licences and drilling orders.

Part IV concerns production. It establishes the provisions pertaining to commercial discoveries, to development orders and production licences, which, as I mentioned, last for 25 years or longer.

Part V concerns Canadian ownership. It defines the required Canadian ownership rate for production licences, and there are provisions for achieving the required 50 per cent Canadian rate.

Part VI is an important part, having to do with royalties. It defines the provisions pertaining to the time and manner of payment, the reports and records, the assessments, the objections which may be brought by the companies, and an appeals method to the Federal Court if a dispute or discussion is not settled. The Governor General-in-Council has the final decision, unless it goes to the Federal Court.

Part VII concerns the Environmental Studies Research Fund, which applies to physical and social research. That has been retained from the Canada Oil and Gas Act, but has been renamed as a research fund. Members of the public have now been added to that board of expertise.

Part VIII refers to transfers, assignments and registration. It establishes the transfer of production licences that require approval and transfers of exploration rights that require disclosure.

Part IX concerns administration and enforcement. It defines the requirements of disclosure of information, its confidentiality, its circumstances, and which conditions might lead to the cancellation of rights of a company.

Part X concerns the transitional, consequential and commencement portion of the bill, outlining that the existing rights are to be carried forward into the Canada Petroleum Resources Act.

The government understands that the discriminatory laws and government subsidies can no longer secure energy self-sufficiency in themselves. We must be capable of looking beyond the industry's immediate difficulties and prepare it for a future of steady growth by instituting policies that encourage development rather than smother initiatives; policies that pursue the national interest rather than nationalization; polices that are based on principles of consultation and cooperation and which are shared by all Canadians.

Honourable senators, the Canada Petroleum Resources Bill meets those high standards and deserves the support of this chamber.

Honourable senators, that is the ray of sunshine that I thought you might enjoy today.

On motion of Senator Frith, for Senator Hastings, debate adjourned.

[*Translation*]

## INCOME TAX ACT

### BILL TO AMEND—SECOND READING

**Hon. Paul David** moved the second reading of Bill C-11, to amend the Income Tax Act.

He said: Honourable senators, in a press release dated September 25, the Minister of Finance, the Honourable Michael Wilson, and the Minister of State for Finance, the Honourable Tom Hockin, announced that they would be

giving the highest priority during this new session to legislation to authorize the prepayment in November of the child tax credit for 1986.

This desire of the government is reflected in Bill C-11 which was granted passage by the House of Commons on October 17. I now have the pleasure and the honour to introduce this bill in the Senate.

Honourable senators, we hope that this bill will receive quick consideration and approval so that the cheques can be sent to the recipients by the date announced in the Budget Speech of February 26.

Bill C-11 contains only four clauses which amend the Income Tax Act to meet the objectives of the government regarding prepayment of the tax credit and to specify how the payments will be made.

Clause 1: Subsection 122.2 of the present legislation provides a tax credit for children who are under eighteen at the end of a taxation year. Those eligible were children for whom an individual was entitled to a family allowance in January of the following year.

The act will be amended to provide that individuals will be entitled to a tax credit for a child who would have been eligible if he had not died during the year.

This change applies to the 1986 taxation year and subsequent years.

Clause 2: Section 150 of the act is repealed and replaced by a new provision which states that individuals who have received a prepayment of the Child Tax Credit must file a return for the taxation year in which they receive this prepayment, even if they have no taxes to pay.

This amendment is a consequence of new subsection 164.1 of the act, that is clause 4 of the bill, and applies to the 1986 taxation year and subsequent years.

Clause 3: Subsections 160.1 and 160.2 of the act are amended for the 1986 taxation year and subsequent years to take into account the prepayment of the child tax credit.

Finally, clause 4: It is essential to add after section 164 of the act a new subsection 164.1 which will provide for prepayment of a portion of the Child Tax Credit for taxation years beginning in 1986.

If the family income has not exceeded $15,000 in 1985, the amount payable in November of this year will be $300 per child. This amount will be deducted from a maximum tax credit of $454 per child for the 1986 taxation year.

If the prepayment exceeds the credit to which the individual is entitled, the surplus will go toward reducing the tax reimbursement of the individual or increasing his taxes due, whichever the case may be.

Honourable senators, I shall summarize my comments on this bill under three headings, first, family benefits, second, the social commitment of this government, and third, the evolution of the Child Tax Credit program.

Family benefits—since the Child Tax Credit was introduced as family support in 1978 and 1979, the approved amount per child under 18 was payable once a year only, after the taxpayer had filed his return.

Bill C-11 has the great advantage of having the Child Tax Credit paid in two instalments, for the time being—$300 in the fall, which represents two-thirds of the maximum amount, and a second payment in the spring. You will no doubt agree that this prepayment is better suited to the needs of families, whose expenses increase in winter and decrease during the usually more favourable summer season.

As a consequence of this fall prepayment, the government is reducing the qualifying period and also hopes to reduce the number of families who unfortunately must resort to tax discounting services.

Many groups and individuals who appeared before the Committee on Social Affairs, Science and Technology recommended such a change. The government responded to that sensible and very beneficial recommendation.

The prepayment will be made payable to the family allowance recipient, who in the great majority of cases is the mother of the child or children involved.

The provisions of Bill C-11 are in line with the objectives of the existing act, but they add to the security of the most needy families who will appreciate receiving two payments rather than a single one.

This government's social involvement—the tax credit has been increased by $70 between 1985 and 1986. The $454 maximum per child is an extra allowance to families with income below $23,500. Where the family income exceeds that amount, the tax credit is reduced by $5 for each $100 of extra income.

The November prepayment is made to families whose income was below $15,000 in 1985. Some would have preferred a higher ceiling. On the other hand, statisticians believe the suggested amount will have the great advantage of reducing the number of faulty payments. It must indeed be stressed that the cheques will be automatically sent to the previous year's claimants, those for the year 1985, as I said.

It is expected that some 725,000 families would receive a prepayment, for a total 1,300,000 children.

Since Bill C-11's main purpose is to help families that are the most in need, the government is proving in a concrete way its concern for helping those families as a priority, despite fiscal constraints.

The changing tax credit program—the income tax credit is in fact an extra family allowance for families in the lowest income group. As we have seen, the tax credit per child has been increased by $70 for 1986. With the $36 increase forecast for 1987 and a similar amount for 1988, the credit will reach $489 and then $524, a 36 per cent increase between 1985 and 1988.

Moreover, Bill C-11 contains a significant and innovative change. Until now, when a child who was eligible to a tax credit died, the taxpayer was not entitled to a tax credit for the year during which the death occurred. The new legislation will

make it possible for a taxpayer to claim the tax credit beginning in tax year 1986. It is expected that some 3,000 families will benefit from this change which emphasizes the humane attitude of this government.

I know that not all family assistance programs will experience such a generous development. Yet, honourable senators, it seems to me that it is reasonable, fair and equitable to protect first and foremost families with the greatest needs.

It is interesting to note that the research team for our Standing Committee on Social Affairs, Science and Technology, chaired during the last session by Honourable Senator Arthur Tremblay, indicated, in a study published last September, that in 1988, the total expenditures resulting from the Child Tax Credit Program would amount to $1.865 billion. If I have properly interpreted the data provided, 90 per cent of this $1.865 billion is earmarked for families whose income is under $25,000. I suggest that such statistics confirm this government's concern for social justice.

Honourable senators, it is an honour for me to present to you Bill C-11, the main purpose of which is to improve the quality of life for families living under the poverty line. The government is anxious for the Senate to adopt this bill as soon as possible, because it is being introduced for purely humane reasons. I trust that you will support my view that the Senate should adopt urgently this legislation, so that the families concerned may get a cheque in November, as expected.

I thank you for your kind attention.

● (1450)

[*English*]

**Hon. Sidney L. Buckwold:** Honourable senators, it is my privilege to respond, on behalf of this side of the chamber, to the presentation made so adequately by Senator David.

● (1500)

First of all, I want to congratulate him on giving a very broad outline of legislation which is basically good but which, as I will show as I move further into my response, does not really go as far as the mover feels it does. I suppose I could use the analogy that he, as a medical doctor, is treating his patient, but it is a fairly minimal treatment, and if he had really wanted to look at the details of the condition of his patient, he might have taken a much more adventurous course.

The government, in proposing to pay $300—which is two-thirds of the Child Tax Credit of $454—is limiting that automatic payment to those Canadians who had family incomes last year of $15,000 or less. That represents approximately 30 per cent of the recipients of the Child Tax Credit, according to evidence given by the minister, the Honourable Thomas Hockin, at a pre-study session before the Standing Senate Committee on Banking, Trade and Commerce. Thirty per cent of those receiving this very welcome payment through the Child Tax Credit system will receive these needed funds. That means that the other 70 per cent must wait until well into next year, go through the process, very often, of using a tax rebate discounter, and experience the usual problems associated with delay.

The honourable senator has indicated that it is the wish of the government to provide social justice, and certainly this is a step in the right direction. However, I would like to point out to the government that, in proposing this bill, it has taken a minimal approach in order to ensure that it does not get into any trouble through this prepayment. I can understand their reluctance. In prepaying the Child Tax Credit through the method by which they are planning to do so involves a difficult kind of mechanics.

As I have said, the Honourable Thomas Hockin, Minister of State for Finance, appeared before the Standing Senate Committee on Banking, Trade and Commerce, and at that time I asked him the question:

> Why did you pick $15,000, and why did you not pick a sliding scale? That would be fairer.

Mr. Hockin responded:

> That is an important and valid point . . .

And I read that to let honourable senators know how important my questions are—

> . . . and is something the government will monitor to see if changes can be made in future years.

I think, however, the important statement he made was this:

> I can tell you why the $15,000 threshold is there. It was picked to minimize the number of incorrect prepayments.

As I say, in a way, you cannot blame the government. They have the immense responsibility of making these hundreds of thousands of prepayments, many of which may create problems, and I am sure that their bureaucrats have advised them to make the payment as low as possible so that the government does not run into any trouble.

However, as I pointed out to the minister, this decision has no relationship to the actual hardship that may be suffered by the family that is the recipient of the Child Tax Credit. It means simply that if you earn a gross income of $15,000 as a family, you receive the prepayment automatically. However, if you earn $15,200, you do not receive it. Therefore, a family with one child, earning $15,000, will get the $300 payment, which is a substantial prepayment. However, the family with $15,200 and—using an extreme case—say, with seven children will get nothing until, in the course of time, they get the refund, probably through a rebate discount procedure.

The latter family that I referred to is in much more difficult circumstances. The living conditions of a large family with an income of just slightly higher than the broad $15,000 landmark would have problems that were very much greater than those of the smaller family. Therefore, I point out to you that, although this bill does try to cover the whole spectrum, it really just touches the fringe of the problem.

That is not to say that we are not appreciative. When we were dealing with Bill C-83, the tax rebate discounting bill, it was pointed out by the government and by the opposition that it was very important that this prepayment be issued. The government responded as quickly as possible. However, those of us on this side of the house feel that there could have been a

much better method of distributing the largess in advance; that the distribution should be more in accordance with need rather than being related to a low base maximum. The method that the government has chosen helps many, but it does not necessarily help the people most in need. I point that out to the government in the hope that, after reviewing the operation of the legislation, these levels will be raised and that, after this experience, much more adequate care will be taken in helping those who most need help.

If I were a member of the government, I would not be so very proud of the fact that you have achieved social justice by this particular bill. It does seem a logical step. I notice that the government is patting itself on the back by indicating that the payment goes up $70 this year, with a further increase next year, to a total of $524 in 1988. However, I would like to remind the government and the people who might think that this is a step in the right direction that it is also accompanied by a reduction in the maximum income, which used to be $28,500 and is now $25,000. I would also indicate to the government that there is a form of de-indexation going on which also has its effect on those who receive the payment. I would also remind the government of increases in sales tax, within the last two years, of 4 per cent, and such increases always have a very heavy effect on the lower-income families who do not benefit nearly as much as others from other forms of legislation. As all of us would agree, the sales tax is a tax on those with a lower income.

Therefore, when you look at the overall picture, I am not sure that families are going to be better off when you take into consideration the higher income tax rates, the de-indexation, the lower ceilings, the sales tax and all of the other burdens that are being placed on lower-income families. I will admit that there is some very slight compensation being made through the increases in the Child Tax Credit.

As the government pats itself on the back for this great piece of social legislation, perhaps it is appropriate for me to remind them that in 1978 this measure was introduced by the then Minister of Health and Welfare, the Honourable Monique Bégin. At that time it was a unique piece of legislation. It was a great shelter and a great safety net for those with low incomes. However, the legislation did not pass automatically. Our friends on the other side of the house did their very best to raise the normal objections that oppositions raise, but, nevertheless, it was a very important piece of legislation in providing the type of social justice that we have talked about today. I think that the Honourable Monique Bégin will go down in the history of this country as the one who introduced this form of payment to those with large families and low incomes. Therefore, all in all, I think we can all take credit for what is a very significant social program.

• (1510)

There will be some problems with prepayments and the so-called tax situation when incomes rise in 1986. I believe Senator Frith raised that point during the meeting of the committee. Those whose income totals $16,000 this year may receive this payment, although they are only supposed to have earned $15,000. That will create some bureaucratic problems. I think they will be worked out. But, as I say, the government has ensured that it has minimized benefits to eliminate as much as possible people receiving these payments who should not receive them.

[Senator Buckwold.]

All in all, we support the legislation, although we think it has not gone far enough. This is a logical follow-up to excellent legislation. I congratulate the government on at least taking this modest step in righting the inequities that were built in.

I conclude by saying that we are delighted to see tax discounters restricted somewhat. Although they may come up with all kinds of gimmicks to find out who is receiving the prepayments so that they can offer them money in July for the cheque which will be received in November, it will help to restrict them. What we really need—and I had hoped that this government had the ability and courage to do this, as I hoped the former Liberal government had—is to eliminate the right to discount altogether. That is the case in the United States. The United States does not allow tax discounters to take advantage of the poor, as they do in this particular case. We do not allow discounting of old age pensions, or other forms of discounting, yet this particular field seems to be open. American companies which cannot do so in the United States, and which control the tax discount business in Canada, are reaping millions of dollars as a result of the legislation.

I hope, now that we have already taken the first step and helped as much as we can those who need help, that the next step will be to, first, raise the limits and change the formula, and, second, to make it much more difficult for tax rebate discounters to take advantage of the poor and, if possible, to eliminate the discounters altogether.

Having said all that, honourable senators, I again congratulate the government on this step forward.

I have discussed with the chairman of the Standing Senate Committee on Banking, Trade and Commerce, the Honourable Senator Sinclair, the need to refer this bill to that committee, and he has indicated that, in his opinion, it is not necessary, since the committee has studied the subject matter of the bill. This bill is urgent in the sense that cheques should go out as quickly as possible. We would not want to delay the mailing of those cheques in any way. It is getting cold; families need winter clothing and winter boots. Christmas is coming, so I think it is important that the mechanism be set in place as soon as possible.

With that, honourable senators, we are quite prepared to accept second reading of this bill.

Motion agreed to and bill read second time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator David, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator Barootes, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Sinclair*).(*3rd day of resuming debate*).

**Hon. Ian Sinclair:** Honourable senators, in accordance with our traditions, on October 1 we listened to the Speech from the Throne. It was a bit of a surprise to me and to other Canadians to hear a senior member of the government, the Honourable Marcel Masse, say that the Speech from the Throne should be done away with, that it is a waste of time, and that people pay no attention to it. I think that was a very unkind way to deal with the skillfully crafted language of our colleague, Senator Murray. He spent a great deal of time developing language and developing thoughts. As a new member of the cabinet, he should have expected better from his colleague.

Why do I say that the Speech from the Throne is not just an empty charade? I say that because it gives one an opportunity for review, and when making that review, one applies to it basic tests, and those tests are credibility and performance. The mover and seconder of the motion for an address in reply to the Speech from the Throne did attempt to meet those tests, as did the Leader of the Government in the Senate when he participated in the debate. They failed, and an objective analysis of what they had to say shows how they failed in that attempt, at least in the area of economic renewal, and it is to the area of economic renewal that I intend to address my remarks today. Other members on this side of the house will deal with other parts of the Speech from the Throne.

The Speech from the Throne stated:

> —encouraging progress has been made towards renewing and strengthening the national economy.

Much has been made of the commitment of the government to economic renewal. The Leader of the Government in this house put it this way on October 7, at page 51 of *Senate Debates*. He said:

> Thus, while our economic renewal is under way, and the evidence is there, in investment, job creation and interest rates, we recognize that Canada's economy needs a major impetus to new growth.

Honourable Senator Barootes, in dealing with this subject, delineated what he said are indisputable facts. At page 25 of *Senate Debates* of October 2, he said:

> 1. 600,000 new jobs have been created in less than two years. . . .
>
> 2. Unemployment, though still considerable and unacceptably high, particularly in some regions and in some economic sectors, has been reduced overall from 11.7 per cent in 1984 to 9.7 per cent in 1986. . . .
>
> 3. The prime lending rate has fallen from 13 per cent-plus to around 9.25 per cent, giving stimulus to the economy . . .
>
> 4. Inflation rates have not quite been "wrestled to the ground," to requote a phrase. They have, however, dropped from highs in the 12 per cent bracket to around 4 per cent . . .

Now, honourable senators, I have to say that Senator Barootes, when he attacked this problem in a statistical way, he did so as though he were performing an autopsy, with careless abandon of the facts. He should have approached it in a clinical way, in an in-depth way.

First, let us look at job creation. He said that 600,000 new jobs had been created in less than two years. The actual figure, according to Statistics Canada, is 563,000 jobs.

**Senator Barootes:** Oh, oh!

**Senator Sinclair:** He just bloated it up. But the important thing is that in the last two years of the former Liberal regime, Statistics Canada shows that there were 534,000 new jobs created. Now, if you reduce this to percentages, you will find that in each of the two-year periods—the two years under the Liberal regime and the two years that Senator Barootes had to deal with—the increase is about 5 per cent in both cases.

● (1520)

Now, honourable senators, it is easy to understand, I suppose, that Senator Barootes would be proud that the government of which he is a part equalled the Liberals in the two-year period. That is understandable—

**Senator Frith:** Justly proud.

**Senator Sinclair:** —but it is a far cry from "jobs, jobs, jobs."

**Senator Buckwold:** It is jabber, jabber, jabber, I think.

**Senator Sinclair:** Let's look at the lending rate. The prime has undoubtedly fallen, but we should not be looking at absolutes, we should be looking at the real interest rate and that, honourable senators, is troublesome. But even more troublesome, and even more alarming, is the fact that in the last two years we have seen the Canadian dollar, relative to the U.S. dollar, at an all-time historic low. We have seen real interest rates significantly higher than they should have been because of the necessity of maintaining support for the Canadian dollar in international markets. But even more troublesome than this, and one that surely, I would suggest, honourable senators, demonstrates that our economy is being badly mismanaged, is the fact that today we have a spread between our rates and the U.S. rates of 300 base points, instead of the normal 75 to 150. On these critical criteria, the so-called "economic renewal" is a dismal failure.

The third point Senator Barootes dealt with was inflation. Certainly, it is down somewhat, but here again you should look at the figures comparatively. That is the proper way to look at figures; you have to have some comparison. In the first seven months of this year, seasonally adjusted, the increase in the consumer price index in Canada averaged 4.1 per cent. In the

United States, consumer price inflation in the same period averaged just 2.2 per cent. Inflation in Canada is about twice the U.S. level. Why is there this marked differential? Honourable senators, it is because of action—and because of inaction—taken by this government. First, inaction, such as failing to see that the fall in crude oil prices was reflected in the prices at the pumps in timely fashion; and, second, action, such as that being taken to increase markedly indirect taxes in both of the budgets that have been brought forth by this government.

The fourth point Senator Barootes said that we should look at was unemployment. "We are faced with a figure of a 9.7 per cent," he said. The comparative figure in the United States is somewhere a little under 6 per cent.

**Senator Barootes:** It is better than 22 per cent, though.

**Senator Sinclair:** I will answer your questions later. It is, indeed, difficult to accept the statement that there is room for satisfaction with that figure as it relates to where this economy is going.

Now, honourable senators, some of you may feel that it is wrong for me to use American comparisons in this statistical analysis that Senator Barootes sent me on. I would like to help you in that by recalling to you—some of you were here then—a quotation from the *Debates of the Senate* of December 8, 1983. The honourable senator speaking at that time was dealing with economic policy and characterized the economic performance of the then Liberal government as a debacle. This is what he said:

> Our inflation today is 4.9 per cent. That is a tremendous improvement over what it was, so let us be grateful for it, but it is double the inflation in the United States—

The same situation as we have today. He states further:

> . . . which competes with us for our domestic market and in whose market our exporters have to compete. . . . Unemployment has been higher and is still higher in Canada, percentage-wise, than it is in the United States.

Again, we have a similar situation today. He went on again to say that:

> . . . Canada is greatly affected by what goes on in the rest of the world. Let us not try to minimize that, because it is true, but how can we explain why we do so much worse and particularly worse than our neighbour, our principal economic partner, the United States? We must be doing something wrong ourselves;—

Now, honourable senators, those are quotations of the Honourable Senator Roblin. Using Senator Roblin's language and approach, the last two years have been an economic debacle.

**An Hon. Senator:** Hear, hear!

**Senator Sinclair:** Honourable senators, the agricultural industry in Canada is in deep trouble from coast to coast. There is fruit in the Okanagan, grain on the prairies, tobacco and grapes in Ontario, and potatoes in Atlantic Canada, all waiting to be sold in significant volumes and waiting to be sold at fire-sale prices. Without question, honourable senators, our farmers are in trouble. Our miners are in trouble in western Canada, in northern Ontario, and in Atlantic Canada. The oil and gas industry is a disaster, with rigs tied up in British Columbia, Alberta, Saskatchewan, and offshore, the Northwest Territories and in Atlantic Canada.

Now, honourable senators, we have already heard an awful lot—we have heard some more today—about what this government was and was not going to do for the oil and gas industry. May I give you another quotation? This is the quotation, and it states:

> Today the city of Calgary is an economic basket case and the province of Alberta is probably in the worst economic condition of any of the provinces of this country.

That is the end of the quotation, which is found at page 28 of the *Debates of the Senate* of December 8, 1983, the speaker again being that outstanding senator, Duff Roblin.

That was a gross overstatement of the facts that existed in Calgary in December 1983, but what I was amazed at was the clarity of vision. In 1983 he was able to see Calgary as it is today. He has great foresight.

Now the chemical industry in Alberta, in Ontario and in Quebec is in bad shape. It maintains itself only in Quebec with the support of government, and it is on the verge of having government support it in the west. The forest products industry in the west, in Ontario, in Quebec and in the maritimes has to take down-time to maintain pressure to get prices at an economic level. So, honourable senators, where is all of this economic renewal? In fairness—and I am always trying to be fair—

**Senator Barootes:** Always.

**Senator Sinclair:** —I think you could quite properly point to the automobile industry in Ontario and in Quebec, and to some of the manufacturing industry. Some of the niches in the manufacturing industry are doing all right, but that is a far cry from what is needed to sustain a vibrant economy, and one that should provide opportunities to our people, and particularly to Canada's youth.

● (1530)

Honourable senators, we have another industry to which I should, perhaps, refer. I have always considered it as vital to the economic well-being of this country, and that is the transportation industry. Surely no one is going to say that it is in good shape. Tonnage is down; employment is down; purchases of railway equipment are down; and it is not in any renewal phase.

I will say just a few words, if I may, honourable senators, on rail passenger service. I recall what action was taken by this government in regard to that part of the transportation industry. Shortly after coming to power, this government reversed decisions taken by the former Liberal government and restored uneconomic passenger rail services in Atlantic Canada, Quebec, Ontario and in the west. As a result, honourable senators, the deficits from passenger travel in Canada are piling up at a significant rate.

Honourable senators, I think you must accept the fact that there is no opportunity in this country for long-distance, viable

rail passenger travel or, indeed, rail passenger service outside of the Windsor-Quebec corridor. We have to face this fact. It has been true for some years. Surely this government should have the courage to face these facts and to accept them, recognizing that there are always some who would like to see a rail passenger service maintained, even though there is no effective demand, and I use "effective" demand in the economic sense. I would point out, honourable senators, that surely we do not need to spend, or even to consider spending hundreds of millions of dollars on new rail passenger equipment.

When I try to sum up the economic situation at this approximate midpoint of the present mandate of this government, I come to the conclusion that the recovery from the depth of the greatest recession since the '30s was demonstrably under way before the present government took office. The trend for a more upbeat economy was in place. During the election campaign, the government gave assurances to the Canadian public that this trend would accelerate so that we would have, under their direction, a buoyant and very strong economy. Those promises have not been fulfilled.

The economy is not back to the level it was at before the recession of the early 1980s, and, as I have drawn to your attention, what recovery there has been is very uneven, both in respect of individual industries and of geographic areas. Unquestionably, honourable senators, we have industries in Canada deep in recession and regions in dire straits.

It has been indicated, and I have made reference to this, that the decline in interest rates over the last couple of years, the decline in oil prices and a good stock market were economic pluses which indicated that the economy would accelerate across a broad front. Clearly, honourable senators, that has not occurred.

What has held back the acceleration is the very high level of real interest rates in Canada and the lack of a clear perspective as to what direction the government is attempting to take. The short-term outlook is certainly not encouraging. Our trading position is questionable. Indeed, we dipped into a negative position this summer. Apparently that was an aberration, but, nevertheless, aberrations are matters of concern.

Honourable senators, just recently the honourable the Minister of Finance indicated that he is going to move on tax reform. As I understand it from his statement, he is going to move by having a smaller proportion of tax revenues come from individuals and a higher proportion come from corporations. In other words, he is going to try to neutralize to change the focus.

If he succeeds in the short term, in economic terms, that will be negative. In the medium and long terms, it will be positive. However, as I said, in the short term, it is bound to have negative implications. I do hope he and his supporters have the necessary political will to make unpopular decisions. Based on what I think honourable senators have seen over the last couple of years, that support for the Minister of Finance has not been there.

Perhaps I might now summarize the short-term economic forecast. We will have relative slow growth which will continue. Consumer spending will slow down. Housing construction has peaked. Other construction is going to weaken. Business investment will continue sluggishly. The uncertainty of trade issues is a negative. Real interest rates are much too high. The Canadian dollar is under downward pressure, and we are going to have persistent high unemployment in the years just ahead.

What do we require? What is required for economic renewal is change—change from what we have had in the last two years, but change for change's sake is not enough; it has to be effective change and it must be appropriate. If it is effective and appropriate, honourable senators, we have the responsibility and the opportunity for dealing with it expeditiously in this chamber.

Given the economic climate we are in and that can be seen for the next couple of years, it is no wonder that the Leader of the Government in this chamber said—and I quoted him earlier—that we needed a major impetus to new growth. Where did he find those words? He found them in the free trade initiatives of the government.

Truly, honourable senators, this government has mishandled an opportunity of improving trade relations to the benefit of Canada. Canada lives on trade. That is a truism. The close proximity of the mass American market is an undoubted plus. Undoubtedly, the present U.S. administration has a favourable outlook towards enhanced trade.

Why do I say that the opportunity has been missed? Sufficient work was not done before the rhetoric was let loose. By "work" I mean a careful analysis of each and every major factor and danger point.

Clearly, protectionism in the United States was a problem. Clearly, the move to greater protectionism was under way in the United States. Certain expectations of advantages and expectations of success in negotiations should have been tempered. Any significant analysis would have proved these points and indicated, "proceed with caution."

What has happened? The rhetoric has taken us from "free trade" to "freer trade," to "enhanced trading environment" and now to "a comprehensive agreement—the best we can get." The spectrum shrinks as you go down the rhetoric.

Then came the announcement in Saskatoon. There that great quarterback, the Honourable Brian Mulroney, announced to all Canadians that he had given the trade initiative to a new player on his team. He said that the Honourable Pat Carney "had the ball and just watch her run with it."

• (1540)

First, honourable senators, the quarterback undoubtedly made a mistake in giving the ball to a linebacker, expecting her to perform like a running back. So what happened? In the midst of critical negotiations on softwood lumber, she dropped the ball and made an offer that destroyed her position. Surely, when our case is that there is no need for action from the Canadian side; that there is no need for action by the Ameri-

cans; that the Canadian lumber situation is fair; that we have won the case in the past and that precedent is on our side; that there is no subsidization in Canada with regard to softwood lumber—surely under those circumstances, honourable senators, we cannot offer 10 per cent to the other side and expect that they will not consider that to be a concession and an admission of weakness.

However, honourable senators, I feel for the Honourable Pat Carney in making that decision, which was a bad one. She had good company, because the government of which she is a member had already backed off and given away two trump cards with regard to trade negotiations. The first of these was the legislative process of FIRA, and the second was the back-in provision of the National Energy Program. What did we get in return for giving up those two trump cards? Honourable senators, we got nothing.

**Senator Murray:** You would rather see those two provisions still in place, would you?

**Senator Sinclair:** Honourable senators, our economy is not working. Certainly there are abuses throughout the system that should be corrected. The corporate debt position of Canada is bad. The corporations have too much debt and that acts as a brake on economic renewal. Notwithstanding that, it is unfortunate to see that some people do not seem to recognize the need for attracting equity investment to the private sector. The need to stimulate equity investment in the private sector was recognized some years ago by the Honourable Jacques Parizeau with his introduction of the Quebec stock savings plan, which, after a slow start, has turned out to be a real success and one that was recently copied by other provinces.

In the federal realm, what did the government do? The Minister of Finance did make a significant step forward with his capital gains proposal, but what happened? It was criticized from what are, to me, surprising quarters.

Honourable senators, Canada has a debt problem not only in business but in government. That problem has to be addressed. Surely, however, taxation is not the only means by which to address it. Surely, honourable senators, the most effective way to reduce the deficit is through increasing the flow of revenue from productive work. This means that people who are not now productive have to have work and that people have to have confidence that they will get work. If action is taken to increase employment, to increase competence and to increase opportunities for productive work, revenues will flow and the deficit will be reduced.

At the same time, honourable senators, we cannot afford to waste money. We cannot do stupid things like piling up deficits or providing unnecessary services, such as rail passenger services, the need for which has not really been determined by effective economic demand. We have to stop wasting money by building things that are not required, or by building them at a higher expense just for purposes of location, and I refer to the remarks made by the Auditor General concerning the proposed penitentiary at Port-Cartier.

[Senator Sinclair.]

We, honourable senators, must support the proper actions taken by the Minister of Finance. We have to hope that, once he sets out on a proper course, he is not knocked off that course by his colleagues.

Honourable senators, we have had two bad years, but we can hope for the better. Hope is one of the things that will sustain us. The Speech from the Throne did not have a clear focus on what we could expect, so I conclude by saying that we are living in hope.

**Some Hon. Senators:** Hear, hear!

**Hon. Finlay MacDonald:** Honourable senators, in participating in the debate on the motion for an address in reply to Her Excellency's Speech from the Throne, it is a formidable task to follow someone with the experience and the background of Senator Sinclair, whose record over the past number of years in private industry and whose recent appointment as Chairman of the Standing Senate Committee on Banking, Trade and Commerce—on which I again congratulate him—balanced with his new-found sense of public responsibility, will, I am sure, make him go down in history as one of the greatest chairmen of that committee.

Honourable senators, there are few in this chamber who would not be interested in or whose lives would not be touched by the suggestion in the Throne Speech that there be established, as a matter of top priority, regional industrial expansion and development in Atlantic and western Canada. There are few, if any, in this chamber who have not had a personal or professional association—one which extends beyond the emotional—with this particular matter. I speak of everyone from premiers to ministers of the Crown, such as Senator De Bané, who actually headed the department of DREE in 1981 and 1982, to those of us like Senator Graham and myself, who did work in crown corporations that were set up in provinces to assist to this end.

Honourable senators, I wish that Senator Croll were in his seat today. He said yesterday that we have come a long way from the bad old days of the depression, but that we have a long, long way to go. He referred to his days as the mayor of Windsor in 1929, when he was responsible for setting up soup kitchens in that city. Well, colleagues, in 1929 my father was the member of Parliament for Cape Breton South. Several months ago I looked up two of the speeches that he had written in the late twenties and early thirties. I swear to you that, with few changes, I could make those speeches in this place today.

What we have seen, as Senator Croll pointed out yesterday, is a series of social programs which make up a safety net, if you will, which, while it has not changed the situation a great deal, has caused it to become more tolerable. But there has been a cost for that, and the cost has not been only financial. To a large degree, the cost has been expressed in a more social or sociological way. Poverty, to some degree, has been replaced by an absolutely shocking dependency which almost comes close, in some respects, to a form of slavery.

The former Prime Minister, Pierre Elliott Trudeau, said that the problem of regional development was as threatening to national unity as was the language issue. But regional disparity remains an unacceptable reality of Canadian life, and experience has shown us that spending more money, by itself, does not solve that problem. The Throne Speech noted that for many years successive governments have sought to provide measures intended to solve this problem in good faith, and that were, in some degree, partially successful. The efforts have not been effective. So, the Throne Speech reaffirmed the government's willingness to consider new approaches and to examine how our considerable moral support for Canada's regions can be promoted more effectively and efficiently, particularly with sensitivity to local conditions and opportunities.

● (1550)

The priorities were identified as Atlantic and Western; but today I wish to make a few remarks about the Atlantic region.

The Throne Speech said that the Atlantic Canada Opportunities Agency would be constituted in Moncton, and the briefing notes which accompanied the publication of the Throne Speech read in part—and I find this a little puzzling:

> The function of this Board is to facilitate and to coordinate all federal development initiatives in the area. It will make full use of the expertise available in the Atlantic Region, and invite the maximum participation of other governments and organizations in the region.

Good words, but we must know exactly what they mean. I have no problem understanding the significance which the Prime Minister attaches to this priority, on which I congratulate him; and I can understand the frustration he expressed on Leaders' Day when he said that he had recently inquired about the Atlantic Enterprise Fund—which was put together only a few months ago—and was told that a small businessman in Atlantic Canada, who was seeking the kind of assistance that that fund was set up to provide, was told that he needed 14 signatures from 14 different levels of government before he could get the money to create a few jobs in Chatham, New Brunswick. I am left to wonder whether the fault is with politicians or with bureaucrats.

Over the past number of years we have gone from the advice given by the Atlantic Provinces Development Board to the advice given by the Atlantic Provinces' Advisory Council. They repeatedly called for a plan or a strategy for the development of the entire Atlantic Region—but we have never had one. The last study specifically concerned with promoting regional development was published in 1969. That was before the establishment of DREE, and DREE was disbanded in early 1982. We have never, ever, put our act together.

Strategies have been developed for certain sections of the provinces, fragmented, piecemeal. Earlier this year we were pleased when the government announced the "Atlantic Initiatives", consisting of the Atlantic Enterprise Program—the AEP—and the Atlantic Opportunities Program—the AOP. It appeared that a new approach had been launched, and we were supportive and very pleased, because the program addressed two of the key restraints on business in Atlantic Canada, namely, capital and markets. Initially, the program was to utilize the federal government's own purchasing power so as to provide regional development opportunities without expensive grants or hand-outs.

But here again there have been disappointments in only a number of months. The AEP appears to be tied up in red tape, and the AOP seems to have little political will to support it. We simply have to learn from the experiences of the past, the experiences of ADB, ADC, DREE, DRIE, AEP and AOP. If I did not use acronyms, honourable senators, we would be here until six o'clock.

I am impressed by the studies and the reports of the Atlantic Provinces' Economic Council over the past number of years, because one can see that at least theirs is now the clearest and most consistent voice in Atlantic Canada. Their studies found some progress in "catch-up" with incomes in other parts of Canada; but they have identified this increasing dependency of which I speak. The briefing note to which I referred suggested the maximum participation of other governments and organizations in the regions, but we have to ask ourselves: "Precisely what are they talking about?" Each provincial government has its own electorate to consider.

I am not urging political amalgamation of the maritime provinces, but I do recognize the implications of provinces going their own way in development. The political reality is that separate maritime governments want to please their own electorates—and they have to if they want to get elected. There is neither the motivation nor the pressure for the maritime provinces or the Atlantic provinces—occasionally I use the word "maritime" instead of "Atlantic" because I acknowledge that for many purposes Newfoundland regards itself as a separate region—but there is neither the motivation nor the pressure for the maritime or the Atlantic provinces to work together to the extent that the Atlantic Provinces' Economic Council rightly wants to see and which we desperately need.

We might ask ourselves: "How would they react if the federal government were to insist not upon maritime or Atlantic governments accepting a federally imposed plan but that the maritime and federal governments work out a plan jointly and then follow it?" This is going to require political courage from the federal government, courage to commit itself to a maritime or Atlantic strategy, which probably would risk offending some constituencies in the Atlantic region. But at least it would be a strategy in contrast to the piecemeal, sectional mishmash that we have had to date, which risks offending absolutely nobody and has not added up to much except the dollars we have spent.

However, I was absolutely delighted and heartened to read recently of the meeting that the Prime Minister convened with the premiers of the four Atlantic provinces in Charlottetown. It appears that there was clear enthusiasm for the concept, and the five gentlemen present agreed that they were going to take their time and were going to try to do it right.

I commend to honourable senators a recent book written by Professor Donald J. Savoie of the University of Moncton entitled *Regional Economic Development—Canada's Search for Solutions*. Professor Savoie is also Executive Director of the Canadian Institute for Research on Regional Development. Interestingly, it was only at noon today that I received this advisory that appeared on our desks. I did not know about it when I made my notes. It says:

> The Prime Minister today announced the appointment of Mr. Donald Savoie to consult with the provincial governments, the private sector and other interested parties on the establishment of the Atlantic Canada Opportunities Agency. This the Premiers and the Prime Minister consider to be Phase I. The Prime Minister indicated that Mr. Savoie's appointment, which will be for six months, is a direct outcome of the meeting . . .

et cetera.

> We want direct input from people in Atlantic Canada on the best way of proceeding with this initiative. Savoie's role is to help the government make the best use of the advice they receive.

Professor Savoie writes:

> In Canada regional development and federal/provincial cooperation are ineluctably linked. Effective efforts at regional development are simply not possible without effective federal/provincial cooperation. A provincial minister recently put it this way: If the Feds are going to tell us where they're going to build a bridge, fine. We'll tell them afterwards where we're going to put the road. A study of Ottawa's Regional Development Program is thus largely an analysis of federal/provincial attempts to cooperate—something that everyone agrees is crucial to success. That said, few observers share the same view as to the most effective means to achieve such cooperation, and there have been a variety of approaches brought forward and tried. There is recognition, however, that the nature of Canadian federalism promotes regional conflicts over economic development and that a wide number of factors influence and shape federal/provincial cooperation in regional development. By and large these factors make federal/provincial cooperation in regional development more difficult rather than the reverse.
>
> The Federal Government should approach federal/provincial negotiations with the purpose of putting in place measures to integrate regional economies. It should seek regional development efforts in a context considerably larger than individual provinces. In addition, the federal government should go to the negotiating table only after it has developed a clear set of objectives for national economic developments and a corresponding set for the regional level. Only then should a series of development strategies be formulated, and each strategy should entail an evaluation of top priority projects and the explicit trade-offs between regions.

[Senator MacDonald.]

• (1600)

I think the gentleman is referring to a matter which raised some eyebrows. That is, a development in one region might require a firm decision not to support similar initiatives in another region or references to counter-destructive interprovincial bidding for new plants.

We in the Atlantic area should look to this initiative, this new agency, with hope. We have the background and experience to know what the agency should not be. There seems to be a general agreement that we are not going to set up another level of bureauracy between the region and Ottawa, that it will not be a committee of regional bureaucrats limited to repackaging current regional development programs that do not work. We have also received the assurance of the Prime Minister and the four Atlantic premiers that the agency will not be established quickly for the purposes of political or bureaucratic expediency without full regard to its role and its parameters.

We do know that a host of factors must be taken into consideration, that there must be political will to achieve real long-term change in the economic structure of Atlantic Canada. There must be explicit agreement between the federal government and the provincial governments to co-operate and minimize destructive rivalries. There is also a growing feeling that some mechanism must be found to allow this agency, or whatever it is to be called, to cross departmental lines to resolve problems. None of this is clear as yet. None of it will be easy.

Unrealistic goals create excessive expectations and ultimately lead to bitterness and disillusionment. Some areas may never receive an opportunity for full employment. It may be time for some experimentation. It may be time to develop something which heretofore may have been unheard of in Canadian public administration. To purists, sometimes unique proposals are organizationally untidy and, given the traditional incremental bias of bureacratic officials, it could be viewed with great suspicion. There is evidence of that in the past, but we have to make a start. I pray that this new agency may now begin some master plan, obviously of a long term nature, to help solve a totally unacceptable problem.

**Hon. Dan Hays:** Honourable senators, it is my great privilege to join in the debate on the motion for an address in reply to the Speech from the Throne. I would like to congratulate Senator Finlay MacDonald and all those who have preceded me in this debate on their fine contributions.

For my part, I want to speak about the energy crisis. It is the most important regional economic concern in the province that I represent, and should be a prime national and international concern. In this regard, I was pleased to hear Senator MacEachen's admonition to the effect that the government must rise to the challenge of bringing order to energy pricing in the international context. Senator Murray's only reference to the problem highlights that, with its various regional accords, this government has made activity in our oil and gas sector a function of world prices, and that when world prices

increase, activity will increase and the energy producing regions will have more control and a greater share of returns.

The Speech from the Throne seems to me to go further than the Leader of the Government by saying that the government has taken "strong measures to support activity in a period of depressed world prices." It goes on to say that a primary objective of the government is to sustain Canada's energy prospects in cooperation with producing provinces, and that "these efforts are consistent with the true meaning and spirit of national unity."

In the abstract, the Throne Speech and Senator Murray's words to the effect that producing provinces will benefit as never before when higher prices return sound fine. The reality, however, is that to date the government policies dealing with the problems we now face on the oil and gas front, which are in sharp contrast to the energy environment at the time the policies were developed and implemented, are anything but fine. Moreover, the reaction to demands by the Province of Alberta and most sectors of the industry for policy changes to deal with the current crisis does not give rise to much hope that the government, having implemented an inadequate and overly simplistic energy policy, will now make the major revisions to its policy, which are so badly needed.

Our recent energy policy history is one of the Liberal's National Energy Program, developed at a time of price instability, starting out as a policy involving a high degree of government management of the energy sector, which tended, too slowly in my view, to a more non-interventionist policy. It has been replaced by a policy developed during a time of price stability, which involves almost no role for the federal government in directing the energy industry and which, if we are to serve the needs of the industry and thereby the country, must tend towards a more interventionist policy.

The facts are that the decline in the price of oil, which affects the price of competing fuels such as natural gas, has been and is the result of higher levels of non-OPEC production. Further, OPEC is dominated by Saudi Arabia, which wishes to have a greater share of revenues from production. That country currently controls more than 20 per cent of conventional world reserves, whereas Canada controls little more than 1 per cent of world reserves. Canada, however, has among the world's largest deposits of bitumen or tar sands. Saudi Arabia increased its production and caused the worst collapse in the Canadian oil industry's history. Saudi objectives include: bringing other OPEC members into line, asserting control over important non-OPEC producers, and causing the development of non-conventional oil, such as tar sands, bitumen and off-shore production, and other high cost oil, such as marginal wells, to be unprofitable.

Their strategy is working. First, the OPEC cartel is once again functioning in an effective way. For example, it agreed in August to reduce production by 3.5 million barrels per day for the months of September and October. Without that agreement, prices would have been as much as 50 per cent higher than the current price of around $15 U.S. Second, Third World non-OPEC producers, such as Mexico, Egypt, Angola, Malaysia and Oman, as well as some other non-Third World countries—notably excluding Britain—have agreed to production cuts. Even Premier Getty of Alberta has had discussions with Sheik Yamani of Saudi Arabia about production cuts in the province of Alberta. Third, and most important of all to Canada, the strategy to chill out non-conventional production is succeeding. We see the shut-down of our frontier exploration and development projects, as well as hope for future and, ultimately, existing tar sand, bitumen and heavy oil projects.

I would like to emphasize the gravity of our problem with an example. A newly formed group called the Engineering Contractors Association made up of chief executive officers of major engineering contractors in Canada, which companies represent about 80 per cent of the engineering construction industry in Canada, indicate their combined staff has fallen from more than 20,000 in 1981 to some 12,000 in mid-1986. Based on present work backlog, staff in western offices will, unless some major project, such as the Husky Upgrader, proceeds before year end, be down to 1,100 by January 1987.

● (1610)

The disappearance of these skilled people in such large numbers for any long period of time will, in my opinion, seriously threaten our ability to respond to our future energy needs. In other words, our ability to provide for our long term energy needs is seriously threatened.

If there is any doubt about this statement, let me remind honourable senators that the National Energy Board has predicted our production from conventional light reserves will decline from the current 1.2 million barrels per day to 650,000 barrels per day by the year 2005. That 650,000 barrels includes a forecast frontier production of approximately 275,-000 barrels per day, offshore east coast and in the Beaufort. This decline in production must be replaced by more expensive non-conventional production. This is not happening and the industry predicts that it will not happen at current price levels for crude oil.

So far my comments have focused on oil problems, but problems with the natural gas industry are closely related, because oil and gas are competing fuels in many markets.

The problems that arise as a result of the process of so-called deregulation of the gas industry are special, and I would like to comment on some serious difficulties we face.

The industry has, to varying degrees, been regulated from as far back as the 1950s, with the introduction of the requirement that Canada maintain a surplus for its future needs. The price of natural gas has been regulated since 1975. A surplus test is administered by the National Energy Board. As a result, it is necessary for the board to establish rules and hold hearings to confirm the existence of the mandated surplus and, further, to determine the extent to which volumes of gas in excess of that required surplus may be licensed for export and to whom those licences are to be granted. Another responsibility of the board, of course, has to do with facilities for transmission of energy and the cost of transmission.

The combination of this government's so-called gas deregulation policy and the collapse in oil prices has caused chaos in the industry; chaos which will heighten on November 1, the date set for completion of the deregulation of natural gas marketing. I should explain the use of the word "so-called" when referring to deregulation of the gas industry. The reason is highlighted by the gas export industry and by the Government of Alberta statements to the effect that one cannot have true market sensitive pricing as long as a surplus must be maintained to serve long-term Canadian needs, and there is in place the "adjacent area price test." That is a prohibition against exporting natural gas at a price less than that in the area adjacant to the point of export.

The industry's frustration is expressed by gas producers who say that if the surplus test and price test are to remain in effect, they cannot deal with the major Canadian purchasers of gas in a free market environment. Accordingly, the government should either truly deregulate, dropping these tests, or regulate properly. Both buyers and sellers are unhappy, or potentially unhappy, because what we are ending up with is neither a free market nor a well-regulated market.

What should Canada be doing in light of the problems we now face? First, with respect to oil, the government should pursue solutions like those suggested by the Standing Senate Committee on Energy and Natural Resources in its report on Oil Marketing: 1986, tabled in June of this year. I have already spoken in this chamber in favour of the recommendations set out in the report and will not repeat those comments now. There are, in addition, other suggestions which should be considered, including the proposal for a stabilization fund, an incentive price for new oil, more generous tax incentives to invest in the oil and gas sector, such as those which now exist for the mining sector.

Second, with respect to gas, the government has a difficult choice, which I have, in part, described above. Canada should either truly deregulate the industry by removing all obstacles to the operation of a free market or, in the alternative, regulate properly. Proper regulation would involve the difficult task of further consultation with the provincial governments and producing groups involved. The challenge would be to establish a price-setting mechanism which would ensure no loss of our potential to export more natural gas to the United States—we currently market almost half the gas we produce into that region—and, further, to have natural gas priced fairly to Canadian users, having regard to the price of competing fuels and security of supply.

I have tried to state briefly the case for policy change and suggest generally what that change should be. I would like now to comment on what is, in fact, happening now that we are some ten months into the crisis. The government has made some helpful variations in its policy by, first, increasing to $2 million the amount of oil and gas revenues exempt from the Petroleum and Gas Revenue Tax, and exempting synthetic oil production from that tax altogether and, finally, as of October 1, completely eliminating the PGRT.

[Senator Hays.]

It is important to note that these are not really changes in policy but a welcome acceleration in the planned withdrawal of the tax in response to the unexpected 50 per cent fall in the price of oil during the early months of this year, and recognition that the rationale for this tax disappeared with the high price of oil. It is most unfortunate that the Government of Alberta, until today, had not seen fit to reduce its royalties. The high royalties in Alberta were in existence for the same reason that the PGRT was in existence. The Government of Alberta has today announced a program to assist the energy sector. The only information I have is that apparently it is a stabilization program. When the program was announced, the Premier of Alberta was at great pains to indicate that he was sorry that the plan was not being participated in by the federal government. However, he pointed out that the federal government had simply refused to do so. I should not comment further because, as I say, I do not have many details.

Unfortunately, this creates a problem. The fact that Alberta finds it necessary to go it alone will contribute to differences in policy between the producing provinces and will contribute to disharmony as between province and province and as between province and the federal government. This will result in a marked departure from the stated objective of this government to use energy policy as an instrument of national reconciliation.

In any event, the government's position, apart from the PGRT relief mentioned, is that it is prepared to do nothing to encourage the industry to replace reserves which are being exploited or to ensure that we will be able to respond with more expensive production from offshore, tar sands, bitumen and heavy oil when the price of oil inevitably rises. The government seems to expect that the marketplace, which is not a particularly well-noted, long-range visionary, will look after the Canadian interest.

I certainly have no objection to reliance on the marketplace as a determinant of activity, but, quite frankly, I do not believe, as stated earlier, that it is market forces that have created the existing crisis or, for that matter, the high-price crises we experienced in the 1970s. We are being naive in the extreme not to recognize that the price is being manipulated, and we must act accordingly to protect our interests. The market-based policy can be relied on if the market truly does function as a free market, or if the price is manipulated so as to function like a free and stable market. Outside that scenario, we must recognize the necessity to intervene and ensure our long term interests are well served.

It is not often remembered in western Canada that when the government introduced its new energy policy, it gave a commitment to consumers. The communique accompanying the Western Accord states in part, and I quote:

> Canadian consumers will be protected from the volatility of international markets. If world prices escalate rapidly, or if security of supply is threatened, the federal government, in consultation with the producing provinces, would take appropriate measures to protect Canadian interests.

The Western Accord itself states that potentially negative impacts on Canada that resulted in a sharp change in price would prompt appropriate measures following consultation with the provinces. However, judging by its actions, it appears that while this government is prepared to help consumers, it does not feel committed in the same way to helping producers when the price is drastically low.

● (1620)

When pressed in western Canada, government representatives usually respond by waving the Western Accord and listing the acronyms of the various taxes which have been withdrawn with the passage of the National Energy Program. This is no longer a sufficient response to the crisis which is occurring in western Canada involving the potential loss of between 100,000 and 200,000 jobs over the next two to three years; and it is not an adequate response to the serious threat to our ability to meet the oil and gas energy needs of Canada over the long term.

In the final analysis, it seems that there is only a political answer in the event the government is bound and determined to do nothing other than stay the course of the various accords and respond with free enterprise rhetoric to those who urge the kinds of solutions to our energy problems, some of which were put forward earlier in this speech. Put in these stark terms, at least western Canadians would know that their only choice for a change in policy would involve withholding the immense political support that western Canada has given to the Conservative Party since the days of John Diefenbaker. The Pembina by-election results are a strong signal of the beginning of this process.

On motion of Senator Macquarrie, debate adjourned.

[*Translation*]

## VISIT BY CANADIAN PARLIAMENTARY DELEGATION TO BELGIUM

**Hon. Paul David** rose pursuant to notice of inquiry of Wednesday, October 8, 1986:

> That he will call the attention of the Senate to the visit of a Canadian parliamentary delegation to Belgium in response to an invitation from the Belgian Parliament, from May 11 to 17, 1986.

He said: Honourable senators, my apologies for rising for the second time today. I have the pleasure of reporting on the official visit to Belgium of a joint parliamentary delegation from Canada, from May 11 to 17, 1986.

The delegation was headed by the Speaker of the Senate, the Hon. Guy Charbonneau, and included two other senators, the Hon. Ernest Cottreau and myself. There were five members of the House of Commons, namely, the Hon. Monique Landry, Minister for External Relations, and Messrs. Jim Hawkes, Russell MacLellan, John Parry and Guy St-Julien. Mrs. Carol Chafe acted as secretary for the delegation and Ms. Claude Ouimet as the Speaker's secretary. The delegates were accompanied by their spouses.

The visit was in response to an invitation by the Belgian Parliament, and our hosts were the Speaker of the Senate, Mr. Edward J. Leemans, and the Speaker of the House of Representatives, Mr. Jean Defraigne.

I think we will all remember the very cordial welcome we received and the absolutely perfect way our very busy but also very instructive and pleasant schedule was organized. Throughout our stay, Messrs. Roger Mangen, Senior Executive Advisor and Secretary General of the Belgian group of the Inter-Parliamentary Union and Jan Claes, Senior Division Advisor and Secretary of the Belgium-Canada section of the Inter-Parliamentary Union were our guides, ever dedicated, charming and efficient and always ready to answer any questions we might have.

On Monday morning, Mr. Max Yalden, the Canadian Ambassador, assisted by his staff, gave an interesting briefing session on the economic, political, diplomatic and linguistic situation in Belgium. This overview gave us some insight into the political ambience and helped us in our conversations with the many parliamentarians we met subsequently.

Our first official act was taking part in a commemorative ceremony at the Canadian military cemetery at Agedem.

In the presence of the Mayor of Maldegem and many local officials, the leader of our delegation laid a wreath on the cenotaph on behalf of the Parliament and the people of Canada. In his speech he recalled the painful price paid by "Canadians who are still proud of having served the supreme cause of freedom, together with their Belgian friends."

The ceremony was followed by a reception at the town hall, a lunch nearby and a tour of the romantic city of Bruges, famous for its role in history, its canals, churches and museums, its parks and its crafts people.

Tuesday was spent entirely on meetings with parliamentarians: welcome speeches by both Speakers, a joint meeting with 30 members of the Senate and the House, a working lunch, a session with the chairman and a dozen members of the Permanent Commission on Language Control, and a meeting with the Minister of External Affairs, Mr. Leo Tindemans.

Honourable senators, I would like to give you some personal impressions of this visit.

The main problem besetting this nation which became independent in 1830 seems to be that of national unity, with two language groups whose numbers are about equal. This country, which covers an area of less than 31,000 square kilometers has a population of 10 million, of whom 55 per cent speak Flemish and 45 per cent French. History was responsible for drawing a dividing line between the two groups. In 1963, Parliament passed legislation making Flemish the only official language in the five provinces of Flanders in the north, and French the sole official language in the four provinces of Wallonia in the south. Brussels is considered to be a bilingual city.

This linguistic duality is also reflected in the country's many political parties. There are three main groups, each with a Flemish and a Wallonian section, whose objectives are not

necessarily the same. In any case the government is seldom in a majority position and, after a complicated consensus process overseen by the king, they appoint the Prime Minister and a coalition cabinet where both groups of people must have fair representation. The rotation system which is traditional makes central power appointments all the more complicated.

The House of Representatives is made up of 212 elected members, and the Senate has 184 members: 106 are elected by the people, 51 by provincial councils, and 26 by the Senate. Legislation may be introduced in either the House or the Senate, but it must be sanctioned in both official languages to become law.

In the end, honourable senators, political balance depends on the skill and will of senators and Belgian members to settle their differences through compromise. I noticed they all have a mischievous and realistic sense of humour, which happens to be one of the best ways to avoid the stress caused by an extremely complicated system.

The Belgian parliamentarians asked many questions of our delegates, and vice versa. One of the major topics of discussion was the rather high unemployment among youths, a situation with which we are familiar here in Canada. Then there was the budget deficit, the extent of the national debt and budgetary cut-backs, the distribution of powers between the central government and the provinces, the environment, the impact of the Chernobyl nuclear accident which had occurred just a few days before, the funding of social and health programs, free trade and the European Common Market experience, the fight against international terrorism and, finally, the deployment of missiles under NATO agreements.

The day ended with a banquet given by our hosts in a splendid Parliament suite designed for such functions. In his address our Speaker mentioned the main similarities between our two countries: two representative constitutional monarchies, our linguistic duality, our central and provincial powers, our pacifist influence on the major powers, and our active participation in international organizations. As he said: "We feel at home in Belgium because of our similar yet distinctive parliamentary institutions, and because of our common concept of a way of life inspired by our European ancestry."

In Liège, on Wednesday, the delegates visited the Val Saint-Lambert glassworks, a hundred-year-old craftshop which had to adapt to modern technology and revamp its financial structure to regain some profitability.

The mayor was our host at city hall and later in a Vieux Liège restaurant. This capital city of the Belgian French community has many industries located along the shores of the river Meuse. Our return trip through the Ardennes reminded us of our Laurentians. The day ended with a fabulous gastronomic dinner offered by the Belgian-Canadian Interparliamentary Union in a Brussels restaurant.

On Thursday in Antwerp, the main city of the Flemish region, we were taken by the local authorities to a diamond cutting workshop, Rubens's house (now a museum), the Town Hall and the port facilities on the Escaut River. One is impressed to see how dynamic, productive and industrialized this economic metropolis is, and how modern the facilities of its booming port are. The day ended with a highly successful function at our ambassador's residence.

Honourable senators, throughout that week, the parliamentarians of both countries had the occasion to feel the warmth of a longtime friendship, and to explore even deeper avenues for economic and cultural exchanges. In concluding, to sum up my impressions of that official visit, I am pleased to quote an excerpt of a speech by the Chairman of our delegation: "If we are so happy to be with you, it is because you are such a source of admiration for us. Where could one find more strongly elegant gothic architecture than in your country? Where could one find so many universities of international ranking in such a small territory? Where could one find such big factories in such a densely populated area? Finally, where could one find such avant-garde and internationally-minded economy?"

I thank you, honourable senators.

**The Hon. the Speaker** *pro tempore:* Honourable senators, if no other senator wishes to speak to this order, I declare the debate over.

• (1630)

[*English*]

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, October 30, 1986**

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

Prayers.

## COMMITTEE OF SELECTION

THIRD REPORT PRESENTED AND ADOPTED

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

Thursday, October 30, 1986

The Committee of Selection has the honour to present its

THIRD REPORT

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

JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS

The Honourable Senators Cogger, David, Godfrey, Nurgitz and Rizzuto. (5)

JOINT COMMITTEE ON OFFICIAL LANGUAGES POLICY AND PROGRAMS

The Honourable Senators Asselin, Guay, Robichaud, Rousseau, Simard, Tremblay and Wood. (7)

COMMITTEE ON STANDING RULES AND ORDERS

The Honourable Senators Asselin, Corbin, Flynn, Frith, Graham, Lewis, Macdonald (*Cape Breton*), *MacEachen (or Frith), Macquarrie, McElman, Molgat, *Murray (or Doody) Petten, Phillips, Riel and Turner. (14)

*Ex officio members.

SENATE COMMITTEE FOREIGN AFFAIRS

The Honourable Senators Asselin, Bosa, De Bané, Grafstein, Hicks, LeBlanc (*Beauséjour*), Macquarrie, *MacEachen (or Frith), Muir, *Murray (or Doody), Roblin, Rowe and Van Roggen. (11)

*Ex officio members.

SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Buckwold, Cogger, Doyle, Fairbairn, Flynn, Langlois, Lewis, *MacEachen (or Frith), *Murray (or Doody), Neiman, Nurgitz, Robertson, Robichaud and Stanbury. (12)

*Ex officio members.

SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

The Honourable Senators Austin, Bonnell, David, Denis, Gigantès, Hébert, *MacEachen (or Frith), Marsden, Marshall, *Murray (or Doody), Robertson, Rousseau and Tremblay. (11)

*Ex officio members.

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

The Honourable Senators Argue, Balfour, Barootes, Bielish, Hays, *MacEachen (or Frith), Marchand, McGrand, *Murray (or Doody), Olson, Sherwood, Sparrow and Steuart (*Prince Albert-Duck Lake*). (11)

*Ex officio members.

SPECIAL COMMITTEE ON TERRORISM AND PUBLIC SAFETY

The Honourable Senators Bosa, Cogger, Fairbairn, Hays, Kelly, Lucier, Macdonald (Cape Breton), *MacEachen (or Frith), *Murray (or Doody) and Sinclair. (8)

*Ex officio members.

Respectfully submitted,

ORVILLE H. PHILLIPS
*Chairman*

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

**Senator Phillips:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be now adopted.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## FISHERIES

FIRST REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Jack Marshall:** Honourable senators, I have the honour to present the first report of the Standing Senate Committee on Fisheries.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see appendix, p. 134.*)

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

On motion of Senator Marshall, with leave of the Senate and notwithstanding rule 45(1)(*f*), report placed on the Orders of the Day for consideration later this day.

## "A PEOPLE APART—NATIVES IN SASKATOON"

NOTICE OF INQUIRY

**Hon. Sidney L. Buckwold:** Honourable senators, I give notice that on Wednesday next, November 5, 1986, I will call the attention of the Senate to a special report by the *Saskatoon Star Phoenix* entitled "A People Apart—Natives in Saskatoon."

## CANAGREX DISSOLUTION

AGRICULTURE AND FORESTRY COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-2

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Agriculture and Forestry be authorized to examine the subject-matter of the Bill C-2, An Act to dissolve Canagrex and to amend certain Acts in consequence thereof, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## RADIO ACT

TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-3

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Transport and Communications be authorized to examine the subject-matter of the Bill C-3, an act to amend the Radio Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

[The Hon. the Speaker.]

Motion agreed to.

## RAILWAY ACT

TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-4

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Transport and Communications be authorized to examine the subject-matter of the Bill C-4, An Act to amend the Railway Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## PRAIRIE GRAIN ADVANCE PAYMENTS ACT

AGRICULTURE AND FORESTRY COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-12

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Agriculture and Forestry be authorized to examine the subject-matter of the Bill C-12, An Act to amend the Prairie Grain Advance Payments Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## BELL CANADA REORGANIZATION

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-13

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-13, An Act respecting the re-organization of Bell Canada, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## EXCISE TAX ACT
## EXCISE ACT

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-14

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-14, An Act to amend the Excise Tax Act and the Excise Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

### ADJOURNMENT

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 4th November, 1986, at two o'clock in the afternoon.

Motion agreed to.

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## QUESTION PERIOD

[*English*]

### TAX REFORM

CONSULTATION PROCESS—GOVERNMENT POLICY

**Hon. Ian Sinclair:** Honourable senators, my question is for the Leader of the Government in the Senate. The Minister of Finance has indicated that he is moving forward on a comprehensive type of tax reform. He has also indicated that he intends to enter into a consultation process some time between now and the next budget. My question is: Is it the government's intention to issue a white paper dealing with tax reform to assist in the consultation process?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I understand that the next indication of what is involved in the government's tax reform program will come at the time of the next budget.

**Senator Sinclair:** I understand that. However, the only thing I have seen is a series of principles which are very general in form. They deal with such subjects as simplicity, efficiency, and so forth. That does not leave much ground for dealing with the consultative process related to the complicated question of tax reform. Is that all we are to have before the budget?

• (1410)

**Senator Murray:** The statement of the Minister of Finance is that specific directions for change will be outlined at the time of the next budget.

**Senator Frith:** He is asking if there is to be consultation before then.

**Senator Sinclair:** What I am really driving at is: I believe the Minister of Finance made a statement to the effect that he expected the Finance Committee of the other place to consider the guidelines and to come forth with recommendations that would assist him in bringing forth comprehensive changes in time for the next budget. My question was directed toward giving some help to the members of this house to see if they could also come forth with suggestions to assist the minister.

**Senator Murray:** As I understand it, the committee of the House of Commons is being asked to review the guidelines Mr. Wilson set out in his speech and to make specific recommendations as to how his goals can be achieved.

**Senator Sinclair:** Honourable senators, to achieve the goal of fairness, which is one of the guidelines, one has to know how the minister is going to get there. One cannot just say that they agree with the guideline of fairness. That is like asking someone if they love their mother. The answer is always "yes."

Surely, that is not enough to go on, and not enough to enable any realistic assistance to be given.

**Senator Murray:** As I understand the timetable envisaged by Mr. Wilson, he expects the committee of the House of Commons to consider the guidelines that he set out in his speech and to make recommendations so that his goals can be achieved. That would happen before the minister brought in his specific proposals.

**Senator Sinclair:** One of those guidelines, honourable senators, is fairness. Does the minister want parliamentarians to come forth with ideas of fairness from Canadians generally, or ideas of fairness from Canadians earning less than $20,000 a year, or ideas of fairness from Canadians earning $200,000 a year? Just where is the guideline of fairness to apply?

**Senator Murray:** I am not sure that "fairness" is such a relative concept. As a matter of fact, I would think that the honourable senator, his colleagues and members of the committee of the other place would have, on the basis of their experience as legislators and their experience in the private sector, many ideas on how the tax structure of Canada can be made fairer than it is. The minister looks forward to receiving those proposals before developing his specific propositions.

**Senator Sinclair:** I thank the Leader of the Government in the Senate. What he has said enables me to suggest to my colleagues on the committee that we have a special reference to deal with the matter.

**Senator Murray:** I presume my friend will speak to Senator Frith about the committee's budget.

**Senator Sinclair:** He is easy on budgets.

**Senator Frith:** I am just tough on rules.

### INDUSTRY

AEROSPACE—ALLOCATION OF CF-18 SERVICE CONTRACTS

**Hon. Gildas L. Molgat:** Honourable senators, my question is for the Leader of the Government in the Senate.

On Tuesday of this week, in giving a delayed answer to a question I asked relating to the CF-18 service contracts, the Deputy Leader of the Government stated:

> The allocation of service contracts for the CF-18 aircraft is presently being considered by Treasury Board. A decision is expected within the week.

Can the leader tell the Senate whether a decision has been taken?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** No, honourable senators, a decision has not been taken, but one is imminent.

**Senator Molgat:** I wonder, then, whether the leader would care to comment on the headline today in *La Presse*, which states:

[*Translation*]

> CF-18 Service Contracts to Canadair. Prime Minister Mulroney appeals strongly to party unity.

The report adds that the Prime Minister made a statement on the subject at yesterday's national caucus. Would the minister be willing to comment or explain the situation?

**Senator Murray:** Honourable senators, the report in *La Presse* is at the very least premature. I must add it is not the first time that has happened.

[*English*]

## FOREIGN AFFAIRS

### SAUDI ARABIA—REPLACEMENT OF SHEIK YAMANI

**Hon. H.A. Olson:** Honourable senators, I should like to draw to the attention of the Leader of the Government in the Senate—and I am sure he is already aware of this—the fact that Sheik Yamani was replaced yesterday. I say "replaced" because I am not sure what other term is applicable. He was a very influential person in the international oil markets, and this has a great effect on Canada's oil industry—

**Senator Frith:** It would be quite a "shake-up," you might say.

**Senator Olson:** —and, indeed, has sent shock waves through the whole international oil industry already. In fact, I think several of the oil and petroleum commodities have gone up to the limit today. Can you tell me whether the government has any view with respect to this rather startling development?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Well, honourable senators, if I may use a form of reply often employed by Senator Frith in the past, I have no instructions on that matter.

**Senator Nurgitz:** It depends on the instructions.

## ATLANTIC CANADA OPPORTUNITIES AGENCY

### CRITERIA FOR APPROVING PROPOSALS

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, apparently Canada has its answer to Howard Hughes in the person of a Mr. Howard White. His company, Financial Engineering Corporation, had applied to the federal Department of Regional Industrial Expansion to register at least nine projects, I believe, in Cape Breton, that would cost more than $200 million to complete. The proposals included: a flying saucer that would be used as an airliner; wave energy platforms to generate electricity from ocean waves, to be built in a Cape Breton shipyard; remote pilotless aircraft equipped with cameras for surveillance; a low-cost robot arm; modular housing; and the construction of components for plants that would burn garbage.

I wonder if the Leader of the Government—and he will, perhaps, have to take this question as notice—could tell us the headings under which those somewhat exotic proposals were given initial approval so that we will have some idea as to the kind of applications that might be entertained by the agency, and, particularly, in Atlantic Canada.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I will take the question as notice, honourable senators.

## RESEARCH AND DEVELOPMENT

### NATIONAL RESEARCH COUNCIL FUNDING—GOVERNMENT POLICY

**Hon. Lorna Marsden:** Honourable senators, I would like to ask the Leader of the Government in the Senate to clarify for us, if he will, the position of his government with respect to research and development in Canada. We have been watching with great anxiety the situation at the National Research Council. I wonder if he would be kind enough to explain what the government's policy is now in that field.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, if the honourable senator is referring to the reallocation of moneys at the National Research Council, the fact is that the NRC has announced that it will be redirecting its R&D programs in order to commit more efforts to Canada's new space program. The NRC is, therefore, cutting $20 million from its annual $400-million budget.

**Senator Marsden:** The government, in coming into office, was on record as being committed to increasing the expenditure in this country on R&D. Does that policy still hold?

**Senator Murray:** Honourable senators, the government is committed to doing everything possible to increase the proportion of gross national product that is devoted to research and development in this country. Yes, that policy still holds.

**Senator Marsden:** In light of the developments at the National Research Council, does that imply that the government's policy is to expend those funds in university and private sector R&D?

**Senator Murray:** Well, I think my honourable friend is jumping to conclusions there, but I will make an inquiry and

see what further information on the policy can be brought forward.

SPACE RESEARCH AGENCY LOCATION

**Hon. Lorna Marsden:** May I ask, finally, in light of the decision which will be taken tomorrow on the CF-18 service contract and the link that has been made, at least in the minds of some people, between the decision on that contract and the location of the space research agency, or whatever form it is to take, if the Leader of the Government in the Senate will be prepared to inform this chamber, at the earliest opportunity next week, of developments in the location of the space agency.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I will bring forward all the available information next week, honourable senators, yes.

**Senator Argue:** We have it already; it is in the newspapers.

● (1420)

## TRANSPORT

CLOSING OF CN SHOPS, MONCTON

**Hon. L. Norbert Thériault:** Honourable senators, can the Leader of the Government in the Senate inform this chamber of the final outcome of negotiations between the unions involved and CN regarding the closing of the CN shops in Moncton?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am afraid I cannot be very forthcoming on that matter today.

Canadian National states that in its negotiations with the unions affected by the sale of the Moncton shops it, Canadian National, had agreed to a news blackout governing details of the package offer. It has also committed itself not to comment on union reaction until it has been officially advised by all unions concerned as to whether or not they had accepted or rejected the offer.

The company, I am informed, is aware of the news reports about the voting, which some of us heard this morning, but has not yet been officially advised of the outcome of voting. It expects to be advised later today, after which it will issue a response.

**Senator Thériault:** I am sure the Leader of the Government in the Senate is aware that the deadline for final acceptance or rejection of the offer, as established by CGE, is tomorrow. Could the minister inform this chamber if there has been any extension by CGE of that proposed deadline?

**Senator Murray:** I am not aware that that has happened, honourable senators.

## ENTERPRISE CAPE BRETON

POSSIBLE ASSISTANCE TO FINANCIAL ENGINEERING CORPORATION

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, my question is supplementary to that asked by Senator Frith with respect to the activities of the Toronto businessman, Howard White.

In his speech on October 7, 1986 the minister stated:

> We set up the Enterprise Cape Breton agency. I am told that up to now they have received over 1,000 applications. The agency has made 511 offers of assistance.

I wonder if, in making his inquiries for Senator Frith, the minister could find out whether, among these 1,000 applications, there are any applications from Mr. White, and whether any offers of assistance have been made to him among the 511 offers which the agency has made.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will do that.

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## THE ALLIANCE NATIONALE CONSOLIDATED ACT, 1945

BILL TO AMEND—FIRST READING

Leave having been given to revert to Reading of Petitions:

**Hon. Nathan Nurgitz,** for Hon. Michel Cogger, presented Bill S-3, to amend and repeal The Alliance Nationale Consolidated Act, 1945.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Nurgitz, for Senator Cogger, bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*Translation*]

## INCOME TAX ACT

BILL TO AMEND—THIRD READING

**Hon. Paul David** moved third reading of Bill C-11, to amend the Income Tax Act.

Motion agreed to and bill read third time and passed.

[*English*]

## FISHERIES

FIRST REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the First Report of the Standing Senate Commitee on Fisheries presented earlier this day.

**Hon. Jack Marshall** moved that the report be adopted.

He said: Honourable senators, the amount of funding as shown in appendix (A) of the report, $50,780, is the amount required by the committee for its trip to the west coast, from November 13 to November 25, to examine all aspects of the marketing of fish in that area. The original budget as proposed was approved by the Senate Subcommittee on Budgets prior to the end of the last session. The budget we are currently asking the Senate to consider is the same as the previous budget, less an expenditure in the amount of some $14,000.

The committee is pledged to leave on November 13. Due to the shortage of time, we ask that the Senate approve the funding in the amount of $50,780 so that we can proceed with this trip to the west coast. I would appreciate consideration and approval of this report today.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, just to continue this running serial on expenses and authorities, in this case, because the funding that goes with the authority is presented to us as part of a report of a committee, and because we are being asked only for the adoption of the report, we end up getting what we would always like to have; that is, before we are asked to vote on the matter, we can see how much it is going to cost. I propose to support the motion.

**Hon. H.A. Olson:** Honourable senators, I, too, would be glad to support the motion as it relates to the requested funding. However, I have one problem with this report. Senator Marshall has asked for authority to adjourn from place to place within and outside Canada. Since the committee is travelling only within Canada, why is he asking for authority to adjourn from place to place outside Canada?

I raise this point because it seems to me that Senator Marshall should ask for the authority that he needs to do what he proposes to do, but that he should not ask for authority beyond that, such as to travel outside Canada.

**Senator Marshall:** In response to Senator Olson's question, on its trip to the west, the committee is planning to visit Alaska, which is, of course, in the United States. That is the reason for the request for authority to adjourn from place to place outside Canada.

**Senator Olson:** Honourable senators, that, then, is the answer. I was unaware that it was proposed to visit the United States, in addition to the west coast.

Motion agreed to and report adopted.

● (1430)

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator Barootes, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Macquarrie*) (*4th day of resuming debate*).

**Hon. Heath Macquarrie:** Honourable senators, it is the custom—and, in this case, it is a very happy experience for me to repeat it—to congratulate the mover and seconder of the motion. I was sorry to be absent in the United Kingdom at a CPA conference on the day of their speeches, but I read them as soon as I returned, and I was full of regret that I had missed them.

The sparkling impartiality of Senator Barootes was interesting and inspiring. The breadth and grasp of the subject matter which he displayed was the kind of thing that makes another senator proud. The exchange between himself and Senator Steuart put the lie to a remark I read in a newspaper that it was a dull election in Saskatchewan. I said, "Good God, they should have been in the Senate that day. They would not have found it too dull," from what I read in *Hansard*. It is not always that *Hansard*, and the Senate *Hansard*, in particular, excites people and elevates the blood pressure; but that was a very lively day, most certainly, and I congratulate my colleague, Senator Barootes. He is obviously as good a parliamentarian as he is a doctor—and that is pretty good, from what I hear from those who know.

Senator Cogger I have known for a long time. The last time we were exchanging ideas was in the old days when I was a member of the National Executive of the Conservative Party. Obviously, that was in the days when they lost elections. He and I had an idea on voting within the party that made Marshall McLuhan look rather out of date. But no one took up our idea, and I suppose that in 20 years' time some bright, eager lad will pick it up, as we picked it up four or five years ago. I am glad he is in the Senate and I congratulate him.

I believe this is the first time I have had an opportunity to congratulate the new Leader of the Government in the Senate and the Leader of the Senate in the Government—which is at least as important a role for him. I have known Senator Murray for so long that I remember him as a bright-eyed juvenile-faced young man with an enormous intellect—and, by Jove, he is still all of those things, to the envy of some of us who age and age and age until we forget when we were even middle-aged.

I am very much impressed by his appointment in reference to what, in the old days, we used to call Dominion-Provincial Relations. With his knowledge of all of the provinces—where he has been involved in administration and electioneering on many occasions; once in a while he lost, and sometimes it was the other way—and with his patience and insight, I believe he is just the man to deal with that very important question.

I would also like to say a word, if my colleagues would permit me, about the late Senator MacDonald, because, again, I was not here when tributes were paid to him, who, in a way, was my predecessor in the Senate in that he designated himself as the senator for Queens, which was the constituency in the other house which I once represented. The Leader of the Opposition referred to him as being a man of great directness in his conversation and opinions—and that is exactly what he was.

At that time, in the 1950s, we had in the House of Commons another MacDonald, namely, Colonel John A. MacDonald, a gentle, kindly, wonderful man. He was my roommate in the Centre Block. He spoke so quietly that he was nick-named "Whisper MacDonald". But no one every called J.J. "Whisper"—never! J.J. spoke with great volume and certainty. I remember that when he came up here, I came over to visit him in the Senate and said, "How do you like the Senate, J.J.?" His answer was cryptic and very revealing, I thought. He said: "My God, Heath, how could you help but like it?" When I think of the number of people in Prince Edward Island who are interested in the Senate vacancy at the present time, I have the feeling that J.J. had the whole thing sized up pretty well.

I was flattered that the giant across the way, the Leader of the Opposition, brought my name into the debate early in his speech. He was kind enough to refer to what I had said two years ago, in 1984. At that time, in my usual modest, mild and objective way, I said that I was standing in the only legislative assembly in the whole of Canada in which there was a Liberal majority.

Then he, very skillfully—and he is enormously skillful in debate—reminded everyone how events had overborne my comments—and, indeed, he did it so well that some senators were asking me later if somehow I had made a mistake two years ago. I thought of that expression "Oh ye of little faith", that I should be wrong. I want it to be known that I stated the case as it then was. It was a good thing that I said it then. It wasn't for too long that I could say it. But I gave no guarantee about perpetuity. But Senator MacEachen did do me a favour. He directed my attention, and that of all of us, to important provincial contests; and now I return him the favour. I will follow his illustrious example and will bring him up to date on two elections which have occurred not only since 1984 but since he made his speech; and, in the spirit of the Mets versus the Red Sox, we look upon this as team events. I have tallied the result in these two games and, as I read it, the score is 76 for my team and 1 for his team. So, I am glad he asked me to look at these things—

**An Hon. Senator:** Another moral victory!

**Senator Macquarrie:** —and I hope that I will be able to keep looking at them with the same fervour I feel in reporting on this one.

Even on Thursday we must be serious in this deliberative assembly.

The Speech from the Throne was very well written, I thought—not quite so artistic as the on two years ago—

**Senator Frith:** Author, author!

**Senator Macquarrie:** —but it was very good and should satisfy even such a purist as Senator Frith. As many speakers have done, I will pick just one aspect. I believe we have had a fine debate so far by honourable senators doing just that. We have had senators stand and discuss subjects in a very informative way. I was pleased to see in the Throne Speech:

> Our support for the multilateral institutions and agencies of which we are members remains the cornerstone of our foreign policy.

Of course, we think *inter alia* of the Commonwealth and the United Nations. One of the sadnesses of my years of contemplation of the international scene has been the decline of regard for the United Nations in many parts of this continent. That great body has been facing serious problems in recent years. It has been castigated particularly in the United States. One hears references to "automatic majorities," as if that is a very evil thing. There are references to "voting blocs," "ganging-up," "irresponsibility" and "propaganda"—reminding me of the Canadian politician who said there was too much politics in the House of Commons. We might think of some parliamentary bodies as we refer to these charges. Another one is "wastefulness." That is always talked about by those who are out of office. Long, long ago, in the 1950s and 1960s, I had the honour of representing Canada in the General Assembly, in the days when the late Sidney Smith was our minister and, after him, the Honourable Howard Green. Both of those men served with distinction and with broad appreciation down there. I was always proud to be in their delegation and to support them in their efforts.

● (1440)

In those days there was no talk of "automatic majorities." It was not a bad thing. Majorities were good because, when the chips were down, the majority could nearly always be gathered in to support an American position. It is important that we reflect upon and try to get through some of these prejudiced judgments, because the world has changed. That organization started with 55 members. One almost had to be a war-like member of the last war to get into that peaceful body. It was an extension of the wartime alliance, and the membership process was understood. Many nations did not get in. They did not even try, because they knew that they would not make it.

However, in that broadening-out process as reflected in a larger UN membership, there was great credit to the UN itself. When I was very young, one would look at the map of Africa and relate the various colours of the countries to some country in Europe. The biggest portion of the map was red, and that was British. The red ran from Cairo to Cape Town. The French colour was purple. There were only two little spots on the map of Africa which signified the independent countries—Liberia and Ethiopia. The General Assembly's fourth committee presided over, assisted and furthered the movement from colonial status to full independence for many African countries, until, in the 14th General Assembly, its president, that distinguished diplomat from Ireland, Fred Boland, named the General Assembly the "African Assembly," because so many people there had moved from the darkness of subjugation to the light of independence. The UN was enormously helpful. When the representatives of these countries came and were received as spokesmen in the international community, it was an enormously significant thing, just as it meant a great deal to Canada a generation earlier to be accepted as a charter member of the League of Nations. Robert Borden insisted in

the discussions with the great powers that every one of the independent dominions—independent domestically—be accorded membership, and he succeeded. These things do mean a great deal.

If diversity prevails and multiplicity is the watchword, naturally, with different cultures and systems the organization becomes vastly different—more complex, far removed from the easy, comfortable days when there were 55 members. But would we really like to have the easier older way—small, likely to follow, generally speaking, a western approach and using western idioms? Of course, we would not, any more than we would yearn to get back to the days of the Commonwealth when it consisted essentially of Britain and the old dominions, a handful of nations who could say they speak the same language and thought along somewhat the same lines.

Naturally, when it comes to choosing the broad or the narrow, all of us would know what to do. That is why I was very happy to see recognition in the Throne Speech of Canada as a great UN member. In the League of Nations we were a lousy member—anxious to get in, but subsequently did a very poor job. That is not the case in the United Nations. From the very beginning that organization was marked by a Canadian care to be responsible. I often wondered if we did not spend too much time concerning ourselves with how we would vote on a certain part of a certain resolution, but the idea of careful responsibility was there. We could not, for the sake of on the spot popularity, support emotionally something that was going on in one of the committees or commit ourselves to something that we were not prepared ourselves to put into effect. That attitude held throughout, and I think it was very worth while. I see the hand of the Right Honourable Louis St. Laurent and the Right Honourable Lester B. Pearson, who would be just the types to take that responsible point of view. Some members would vote one way in one committee and totally opposite in another. They did not worry about the inconsistency. That was not the case with Canada. I think the Prime Minister was right on target the other day when he went down to the UN on UN Day, and I commend him for doing so. He spoke about one of the problems facing the UN, the nonpayment of obligations. He said, "pay up," and was not admonishing only the poor countries. Canada may take great pride in its past and in its tradition with regard to the UN.

We can be proud, too, of the people we have sent there. Mr. Pearson would be considered the greatest, and there is no question that we would all so regard him. He is a father of the United Nations. However, down through the years there have been others. I have seen many of them and know how well they were received and how effective they were. I often think that we have such a good reputation at the United Nations that it is almost painful to live up to. Yet, that is the kind of challenge we should welcome and not complain about. I pay tribute to the people—the ministers, the officials and the delegates—who, down the years, have worked hard to maintain for Canada a decent, honourable and reliable image.

We have heard a great deal in the media, occasionally in this house and frequently in the other House, about appointments. I would like to refer to one appointment and, perhaps, more than one. I do not think that the Prime Minister could have chosen a more articulate man than Stephen Lewis to go down to the United Nations to represent us. As our ambassador, he is today regarded as probably the foremost public protector and advocate of the ideals of the United Nations. Throughout the United States and beyond, he has raised the standard of regard for that institution with courage, with eloquence and with unfailing fidelity. He is a great credit to us and to our country, by strengthening the United Nations, which still serves, with all its faults and with all its weaknesses, as a great and continuing contributor to the peace of this world.

Another appointment is Douglas Roche, a man whom I have known for a long time. He was a champion of good internationalism and a determined supporter of disarmament the first time I ever heard him speak, and he still is. Political leaders all over the world have praised him and appreciated him, and so should we. That is another appointment that is a laurel to the Prime Minister and a credit to the country.

• (1450)

I now come to one appointment that is even closer to my heart. The great continent of Africa is suffering travails almost beyond endurance. Those in the south seem to be man-made, and those in the north—although man has had a lot to do with making them worse—we would have to say are God-made. In the south, it is deprivation of human liberty; in the north, it is starvation or near to it. Into this area another Canadian has been sent: Ambassador David MacDonald, a man of the utmost compassion and breadth of understanding of the problems which beset mankind here and abroad. He has been given responsibilities not just for Ethiopia but for the whole of Africa. I do not pretend to be an African oracle—far from it—but I would presume to say that I do not think you could find a Canadian who is better perceived and better received than that man from Prince Edward Island, David MacDonald. Honourable senators, those, then, are three appointments that I will mention, which should result in some restoration of faith in the political process.

The thing that I notice about some of the criticism of appointments is that they are supposed to be bad in that the appointees belong to the party that is in power. What surprises me is the people who are shocked by this. I sometimes think that they should be the last to expect that any politician would automatically exclude his friends and his constituency from anything that might be helpful to them. I never could understand that. Perhaps I am too much of a philosopher and too little of a politician to understand what it means.

Honourable senators, I could talk about all of the good things I see in the Speech from the Throne. I am certainly not going to talk about the ones I do not like, since I do not go in for negative thinking. However, I did read the Speech from the Throne carefully and thought of Senator Frith, who is an inspiration to me because he uses the language so well. In fact, he uses both languages very well. I will not judge his French, but he uses the English language extremely well—

**Senator Frith:** Look out! Something is coming.

**Senator Macquarrie:** He helps all of us to purify our manner of expression. I gave him five stars in the last days of the previous session when he addressed that terrible expression "address." I ask him to keep his eye out for that, because I see that expression in some improper places. It seems that we are surrounded by anarchists of grammar and assassins of—

**Senator Frith:** Syntax?

**Senator Macquarrie:** Yes, of syntax, and wounders of words, if you want me to go on with this alliteration. I have to watch my blood pressure, but I thought it popped a little when, some years ago, a Minister of Finance stood up and used the expression "disincentive." I immediately tried to stop that and I told him what to do with it, but he did not listen.

However, the real son-of-a-gun is the expression "at this point in time." Honourable senators, have we lost the capacity to use that simple, three-letter word "now"? It is not hard to spell and not too difficult to pronounce. Of late, I have run across another one. "Disinformation" is an expression that is now in use. I think that is a three-letter word starting with an "l".

I also have trouble with the words "patriation" and "repatriation". In the past I have lost out on this, and I probably will again. With reference to the Constitution, we used to say that what we wanted was "repatriation" of the Constitution. In other words, to bring it back. But some of these murderers of language said, "No, that is not good enough. The real word is 'patriation' since the Constitution never was in Canada." Therefore, by using that word, we repudiated what we had said for a century: In essence, we had the Constitution and all the rest was just formality. The Canadian Constitution was made in Canada. John A. Macdonald said that 95 per cent of it was decided on right there in Charlottetown. In that event, the word should have been "repatriation". In other words, bring it back home where it belongs, to Canada. However, I lost out on that.

I now hear that there is a new usage of the term, and that is the "repatriation" of Quebec. I would like to ask: Where has Quebec been these last few months? I am troubled about that. Quebec was not away and therefore does not need to come back. "Repatriation" means to come back to your country. That troubles me, but, alas, I suppose I will be troubled as long as I am able to talk and as long as I am able to listen.

I intended to discuss one more aspect of the Speech from the Throne, but there is always another day. I was also pleased with the reference to our support of the dialogue between the super powers. If we do not do that, and if they do not do that, I would not like to contemplate the alternative. There is not a great deal of room for the other alternative. I heard a plaintive comment by a teacher the other day. There was some difficulty with respect to getting contrary views from abroad into the school, and some people said: "You cannot do that." The teacher said: "I suppose if we cannot talk to them, we will have to fight them." I thought that was a pretty sad but true reflection.

I hope that the Canadian government will not lose its capacity or its interest in doing everything possible to alleviate tensions. I would like to cite one example. I do not see any better possibility for something to happen in the Middle East than to hold the International Peace Conference there. When I was at the United Nations in June, I had the presumption to suggest that the best thing the Soviet Union could do was to facilitate the re-establishment of diplomatic relations between Israel and themselves. In that process there would be a factor conducive to the holding of that conference. It might fail, but at least we would be heading in the right direction, which is peace.

Honourable senators, there is always a role for Canada with its credentials and its experience and with its basic goodwill across the world. I commend those who wrote the Speech from the Throne and those who are empowered to live up to it. There are many other points I would like to make, but those are the two that concern me so much in these days when there is great anxiety on the international scene.

**Hon. Henry D. Hicks:** Honourable senators, in rising to join in this debate, I, too, would like to dwell largely upon one or two subjects, although I will not restrict myself quite as closely as Senator Macquarrie has done. First of all, I would like to associate myself in the usual manner and in a complimentary way with the mover and seconder of the motion for an address in reply to the Speech from the Throne, and extend my congratulations to those others, right down to Senator Macquarrie—whom I always listen to with the greatest of interest and usually enjoyment, and this is also true on this occasion—on the contributions they have made in this debate. The Leader of the Government in the Senate did a very good job, indeed, and I congratulate him. If time permits, I will refer to one of the things that he said in his remarks. May I couple with that my congratulations to him on having become the Leader of the Government in the Senate and a member of the Privy Council and of the Government of Canada. As a sometime maritimer and near-maritimer, may I say how glad we are to have him representing us in the government and leading the governing party in this chamber.

I thought that the Leader of the Opposition in the Senate made a very good and constructive contribution to this debate, as also did the Leader of the Opposition in the other place. I know I am not supposed to dwell upon what is said in that chamber, but the Leader of the Opposition there made some witty, light-hearted and easy remarks in the Throne Speech debate in that chamber.

What of the Speech from the Throne? Senator Macquarrie has said that it is not quite as good and as eloquent as was the 1984 speech. I would say that, to me, it is more of the same—but not much more. That is the way the speech seems to me to be properly characterized.

● (1500)

But, as I said, I am going to refer to one or two specific points. I have been one of those who, ever since the present government took over, commended it for its concern with the deficit of Canada and its stated determination to reduce that

deficit and to start the long and difficult process of bringing it under control. I am sorry that the aims and predictions made since the election of 1984 have not been realized, and now look as if they cannot be realized. I acknowledge that some of the reasons for that are the result of events beyond the control of this or any other government of Canada, but some of them are not, and it is to those that I wish to refer.

First of all, it seems to me that the expenditure of the hundreds of millions of dollars to reimburse the creditors—mostly corporate creditors—of the Canadian Commercial Bank and the Northland Bank was a waste of the taxpayers' money and ought never to have been expended. When the depositors chose to deposit their money in those banks, they did so because they were going to receive a larger return on their money. They did so, particularly the corporate investors, knowing, or they ought to have known, that they were running a greater risk, and when that risk caused their investment to fail, they ought not to have been bailed out by the Government of Canada. That, it seems to me, undermines the very system of Canadian business and Canadian banking. In retrospect, I am sorry that I did not try harder—I do not think I could have accomplished anything—and that I did not speak more loudly and vehemently against the action of the Government of Canada at that time. Well, I hope we will see no more of that.

As another example of the wasteful expenditure of moneys, despite the stated intention of reducing the deficit and of securing good financial management in Canada, some 40 millions of dollars was expended to locate, or to relocate—and I think I may have the indulgence of Senator Macquarrie in this respect—a prison from Drummondville to another part of the province of Quebec. That seems to be an unwarranted expense, and that $40 million-plus, in relation to Canada's budget, is not that great, wait until I tell you about some of the areas where that $40 million-plus would have done a great deal to support institutions of vital importance to Canada and its future.

That brings me, of course, to the subject that I want to speak principally on in my remarks in this debate; that is to say, the faults and short-sighted economy that this government has adopted in reducing the support for research and development in the country. Talk about killing the goose that lays the golden eggs! We are putting ourselves behind our competitors now and, more importantly, in the future, because we are not maintaining our place among the developed, industrialized and technologically competent nations in the world in research and development.

I have been concerned about this subject for a long time. When I first came to this chamber, I served, not at the beginning but in the latter part of its work, on the Lamontagne Special Committee on a Science Policy for Canada. That committee first recommended that Canada should aim to increase its expenditure on R&D to figures comparable to those of West Germany, Japan and the United States. All of those countries had expenditures at or above 2.5 per cent of GNP. We set that as an objective for the Government of Canada as well. I must say that the government of the day paid no attention whatsoever to that recommendation. Oh, they may have paid a little lip service, but in practical terms they did nothing. So, when we revised that estimate later, we lowered our sights and said, "At least you must try to get it up to 1.5 per cent as soon as possible." We even fixed a date and said 1985.



The government did acknowledge that this was an attainable objective and started to move in that direction, and almost reached it. But what has happened over the past two years is that that figure has dropped back to 1.3 per cent. Nevertheless, our Prime Minister says that he is trying to "save our scientists in Canada." He is saving our scientists by cutting millions of dollars of support for scientific research through granting agencies such as the National Research Council, the Natural Sciences and Engineering Research Council, the Medical Research Council and the Social Sciences and Humanities Research Council. No, we are taking a very short-term view if we try to save a few million dollars here and allow our effort in basic scientific research to fall further behind those nations of the world with which we must compete.

Our most recent Nobel Prize winner, Dr. John Polanyi of the University of Toronto, is reported to have said to young scientists that they should consider moving to the United States where their efforts will be more realistically supported.

Honourable senators, we cannot afford to lose these people if we hope and intend to maintain our place among the developed nations of the world. It is too bad that we have slipped back even further than we were before in the efforts that we are giving to research and development.

Well, we need money; we need government support; we need government programs as, indeed, every other developed country in the world is doing to support its R&D effort, and we do not need more fancy words and promises that are not followed up by substantial policies.

The Prime Minister again is quoted in the same article to which I referred a moment ago as saying that the Liberals did too little, but it appears that his government is doing even less.

I want to give one other example, which rather surprised me. The following was published in a Halifax newspaper. I apologize for not having the date; however, this is from a reprint of a letter written to the *Globe and Mail* in Toronto, if you like, by one Sandy McRae, who stated:

> "In 1898, the first government fisheries research station in Canada was built after it was shown that Canada was the only civilized country in which no marine biological station had been established. Fisheries Minister Thomas Siddon apparently wants to return us to this 19th century state of affairs.
>
> Over the past 88 years, fisheries and oceanographic research in Canada has grown from a summertime pursuit of a handful of university professors, into a national network of laboratories, ships and research stations which represent one of the few branches of science in which Canadians have achieved international renown. It has

> been a long struggle to advance this far, and the current disbanding of the Marine Ecology Laboratory at the Bedford Institute of Oceanography is a serious setback. In 1986, the federal government has at last succeeded in effectively crippling basic fisheries and oceanographic research in Canada, without recourse to the tiresome formality of parliamentary processes or the nuisance of listening to scientists.
>
> Mr. Siddon's supposed saving of jobs by shifting staff from basic research sections to his new 'priority areas' of policing fisheries only disguises the fact that he is transmuting Fisheries and Oceans from a functional research division of the government—into a decerebrate monster—all twitching limbs and no brain. This is a fish story with far more serious implications for Canada's future than the tainted tuna scandal. It ought to be causing a much bigger stink."

I am sorry that he ended on the use of that rather inelegant word, but it is, nevertheless, descriptive.

• (1510)

Well, I commend to the government again, even at this late date, the necessity of supporting our research and development activities not only in government institutions and in laboratories, and so forth, but also in our universities, because practical research cannot exist without basic research lying behind it. It is the basic research which is largely done at Canada's universities. I am very skeptical of the proposal which the government has made that they will enable basic research at the universities to be supported by—as stated in one report in the *Chronicle-Herald* of October 27—as much as $1 billion of research funding. But where is this money to come from? It is to come from private industry, and the government will then match the contributions that private industry makes. The minister, the Honourable Frank Oberle, a person whom I respect and whose judgment I respect, has said that he is pleased with the response which the universities have given to this proposal. It is to the credit of the universities that they have said, "Yes, we will give it a try." But I happen to know, Mr. Oberle, if you don't, that there is not a university in Canada that is sanguine about the likelihood of this kind of research money being derived by this sort of government policy. Yes, the universities will try, as they ought to do, but I think the scheme is doomed to failure from the start, and I doubt if it will procure very much effective money for the research laboratories of the universities of Canada, let alone the $1 billion which is referred to in this release from Ottawa, from the Minister of State for Science and Technology, Mr. Oberle, which is before me. I think this is a very serious matter, and if it should by any chance succeed—and the money, remember, is not to go directly to the universities, it is to go from private businesses through the granting agencies and then to the universities in order to qualify for the matching amount from government— despite my skepticism of the program, I gravely fear that it will induce the same donors to decrease the support that they are making directly to Canada's universities and other research institutions at the present time. However, I am glad that the universities will try to make it work; I predict that they won't succeed and that the government will have again effectively cut down basic research being carried on in the universities of Canada.

I could say more about post-secondary education, but the Senate Committee on National Finance is coming to the end of its labours in producing a report on post-secondary education in Canada and the federal government's support and involvement, and there will be an opportunity to discuss this subject more thoroughly when that report is before us. So, I shall not talk further about my favourite subject—which some of you in this chamber may think that I have already talked to death—the question of the support of education, particularly post-secondary education.

Senator Murray assured us in his remarks that the present government is improving, or is going to improve, the financial management of our public funds. Well, I hope that this is true, and I hope that there will not be many more examples of the financial management of our public funds such as those to which I referred earlier in this address. It may very well be that if there is to be some improvement in the financial management of our public funds, the government's interest should be extended to the Canadian Broadcasting Corporation. I really am troubled and worried about the budget of the Canadian Broadcasting Corporation and the enormous deficit that is supported by the taxpayers of this country. Is there justification for a government broadcasting agency that costs the people of Canada upwards of $1,000 million dollars or $1 billion a year when it, in my view, does not do anything any better than is being done by other television networks in this country? Some countries that have government supported broadcasting systems pride themselves on being able to give programs of high quality, which are not interrupted every ten minutes—sometimes it is every seven or eight minutes—by juvenile and inane advertisements addressed to people—

**Senator Doody:** Hear, hear!

**Senator Hicks:** —with the intelligence and education level of a five-year old child. Really, it destroys one's enjoyment of a serious television program. It seems to me that there is no justification for Canada spending a billion dollars a year on the Canadian Broadcasting Corporation, because it does not give us objective reporting, and its prejudices, or the prejudices of the employees of the Canadian Broadcasting Corporation, are manifest and are known to all of us. It does not give us attractive programming which is not dominated by juvenile oriented, inane advertising, as I have put it. I don't know what we should do with the Canadian Broadcasting Corporation, but I have an idea that the quality of Canadian life would not suffer one bit if this billion dollars were taken out of the budget of Canada entirely.

The other great crown corporation which worries me is the Canada Post Corporation. Again, I don't know whether this government can have any more success in dealing with it than previous governments have had, but I have some hope from Senator Murray's assurances that the present government is improving and will improve its financial management. They

had better look at the Canada Post. It is dreadfully overstaffed, it is incompetent in the performance of its duties, and, again, it costs the taxpayers of this country a lot of money.

I know that the labour unions associated with the Canada Post, including Shirley Carr herself, have made all sorts of declarations that this is not the fault of the employees of the Canada Post but is entirely the fault of the management. I should like to remind Mrs. Carr that I went the other day into a small sub-post office in the city of Halifax—I will not be more specific than that—to register a letter. There were only five people in the post office seeking service. One had to go and pull a tag out of a vending machine to be waited upon. We were waited upon in a very slow and deliberate manner by one person who was working at the wicket, but there were four other persons walking around, talking to him and talking to one another during that time. At least it seems to me that the postal unions might tell their members that when they are in a post office in the public view and have nothing to do, they might at least stay out of sight of the customers who are standing in line waiting for the slow service that is meted out to them.

Well, I do not have any solution for the Canada Post Corporation. The only portion of it with which I have had any intimate connection, of course, has been the philatelic section, and the philatelic section is the only division of that postal corporation that operates at a profit. It brings in a profit of some $20 to $30 million a year to Canadians.

Well, honourable senators, I will make one other comment by way of commendation, if you like, to the government. The previous Liberal government, after neglecting our defence forces throughout most of the 1970s, began certain initiatives in the early 1980s which seemed to me to be altogether commendable and which started to improve not only Canada's Armed Forces but the lot of the men and women who serve in them. The present government appears to be carrying on that program and I wish to tender my congratulations to them. But they did promise in 1984, at the election time and shortly after, that they would produce a white paper on defence policy in Canada. This white paper has been sought, at the urging of our Senate Committee on National Defence, for several years, going back, of course, well into the time of the previous government. The previous government would never say that they were going to produce the white paper; the Mulroney government said that it was, and I wish it would. I understand now that we have had one final delay—I hope it is a final delay—and instead of expecting a white paper for the end of 1986, we can look for it at some time in the spring of 1987. This is an important matter. Canadians ought to know the policy and the policy direction of our defence effort, of our relationships with NATO and our commitments to NATO, and to our other allies. I think the production of a white paper will be eagerly awaited by a great many responsible Canadians who are concerned about our defence effort and about the great cost that it brings.

Finally, honourable senators, I want to make a reference to the maintenance contract for the CF-18s. I have never been one who felt that there should be undue special treatment accorded to various regions of Canada. I have always felt that we should try to find what different regions of Canada could do well and support them in the doing of those things rather than try to bolster up uneconomic industries. Indeed, as at least some honourable senators could attest, I have made myself most unpopular in parts of Nova Scotia by stating that we cannot continue to bolster up uneconomic industries and that we should expend our efforts to find something that is viable and that will create employment on an economic basis.

• (1520)

In Atlantic Canada in the last few years we have had a most enterprising group known as the IMP, run or dominated by a brilliant man named Kenneth Rowe. IMP was the lowest initial tenderer for the maintenance contract for the CF-18. After it was apparent that they were the lowest tenderer, the contract was reworked and things were changed to try to engineer the allocation of the contract to someone else, either to a consortium based in Winnipeg or a consortium based in Montreal. It does not appear that the Nova Scotia tender has been taken even as seriously as the Winnipeg one. Nevertheless, it still remains as the lowest tender. Here is something that a company with a proven record is capable of doing and that could be done in Atlantic Canada and that ought to be done in Atlantic Canada.

I also read the article referred to during Question Period which indicated that the contract had already been awarded to Canadair in Montreal. I am glad to have the assurance of the Leader of the Government in the Senate that the contract has not yet been awarded, but my experience is that newspaper leaks of this kind very often turn out to be true, and it looks to me as if the more powerful political influence of the larger province of Quebec has again shut out the opportunity for Nova Scotia to perform a service for the whole of Canada, which this company could do well and could do in a location which is every bit as suitable to the doing of the job as Montreal or Winnipeg or anywhere else in Canada. All I ask is that the lowest tenderer, being a competent tenderer, be awarded the contract.

Honourable senators, I have spoken as much as I ought to. I again commend the previous speakers in this debate, and thank you for the attention that you have given to my contribution.

**Hon. Senators:** Hear, hear!

**Hon. John B. Stewart:** I wonder if Senator Hicks would permit me to ask him a question related to his speech.

**Senator Hicks:** Of course.

**Senator Stewart:** I was interested, honourable senators, in what Senator Hicks just said with regard to the tender from the IMP group for the servicing of the CF-18s. I notice that he says that this is a competent organization; competent to do this work. Certainly, everything I have heard about the group would bear out his assertion.

Nevertheless, it seems to have been reported by somebody that the IMP group was being set aside on the ground that

they did not have the engineering or technological capacity for this. Is this leak inaccurate? Does Senator Hicks interpret this allegation against this Atlantic province firm as simply part of a smoke screen to cover up a political decision which was made in favour of another part of the country? What can he say to enlighten us with regard to the competence of the IMP group to perform the work for which they submitted the lowest tender?

**Senator Hicks:** I think that Senator Stewart, by posing it as a question, has really answered the question. I do not think there can be any truth at all in allegations as to the inadequacy of the engineering expertise available in Nova Scotia and to the IMP group. After all, the Technical University of Nova Scotia has a national standing which is enjoyed by only one or two other engineering schools in the whole country. Nova Scotia, centred in Halifax, has one of the greatest agglomerations of high tech industry that you will find anywhere in Canada, except in the national capital itself.

I do not think there can be any real truth in the assertion that there is not sufficient engineering competence to do this work out of Halifax under the auspices of the IMP group, but I suppose those who seek to wrest the contract away from them must manufacture some reason which they hope will be plausible for doing so.

**Hon. Brenda M. Robertson:** Honourable senators, I should like to offer my congratulations to the mover and the seconder of the Throne Speech debate. Although I was not in this chamber at the time they made their speeches, I read their interesting remarks and they are, indeed, deserving of warm congratulations.

Although Senator Murray is not in the chamber at this time, since this is the first occasion I have had to speak in this chamber since his appointment to the cabinet as government leader in the Senate, I should like to extend to him my warmest congratulations and add my voice to the voices of the many who applaud his experience in this particular area of his responsibility. Senator Murray and I go back a few years, and I know that the Prime Minister has chosen well in this particular appointment.

Honourable senators, since this is also the first opportunity I have had to address the Senate in this session, and although Senator Atkins is not in the chamber, I should also like to offer him my warmest felicitations.

To many Canadians, regional disparity is something that they read about or complain about because of needed tax support. For those citizens living in disadvantaged regions, the only yardstick by which we can measure our standard of living is to compare ourselves with other Canadians. When we examine our situation, we find many inequities, and that many government programs have done little to change that situation.

I am sorry that Senator Hicks has left the chamber because I was bemused by his reference to the relocation of a prison. Although I am not very experienced in politics, my memory goes back, at least, to the building of Mirabel Airport. I recall that the Department of Supply and Services opened a federal office in Shediac, where my husband and I live. That move created much appreciated jobs. I also recall the controversy and discussion about the initial expense when the Department of Veterans Affairs was moved to Charlottetown. I am in no way implying that the residents were ungrateful for these changes. Many things are done in the name of helping those who live in disadvantaged areas.

This afternoon, honourable senators, my remarks will concentrate on social justice. I was most encouraged by the references in the Speech from the Throne to social justice.

Before I direct my remarks to particular concerns I have, it might be helpful for those honourable senators in the chamber who live in more advantaged areas of Canada if I quoted some statistics. Those of us who live in areas such as Atlantic Canada or other disadvantaged areas accept these statistics as a daily fact of life. What I shall quote to you will be information gathered from my own province, because I have ready access to that and know that it is accurate. Nothing leads me to believe that my figures are dissimilar to those which would be applicable to other disadvantaged areas in Canada.

In New Brunswick the number of families living on a low income is 15.5 per cent of all families. New Brunswick has 15.5 per cent of its families living at what we would standardize as a low income level, honourable senators, while the national average in Canada—which includes all of the other disadvantaged areas like Nova Scotia, Prince Edward Island and Newfoundland—is 13 per cent. The per capita income in New Brunswick is 74 per cent of the national average; $10,700 compared to $14,400. The Province of New Brunswick, on a per capita basis, spends approximately $1,100 on health care, while the national average is approximately $1,250—a 12 per cent difference. We are ranked eighth amongst the provinces. On education, New Brunswick spends on a per capita basis approximately $1,050, whereas the rest of Canada spends approximately $1,200. The percentage of the population in New Brunswick receiving unemployment insurance is 8.2, while the national average is 4.5 per cent. The percentage of the population of New Brunswick receiving social assistance is 8.2, while the national average is 6 per cent.

● (1530)

In considering the services provided to people, we might first think of medical services. In New Brunswick there is one doctor for every 830 people, while the national average is one doctor for every 600 people. Our gross domestic product per capita is 64 per cent of the national average.

I thought that by pointing out some of these statistics, it might help those who do not live in areas like New Brunswick to understand the concerns not only of the citizens who live there but of the governments who try to minister to them.

Honourable senators, talking about social policy is always difficult, because we must talk about split jurisdictions. There are certain things that neither a province nor the federal government can do individually—they must be done by way of a joint effort. I was certainly pleased to hear in the Speech from the Throne the reassurance that there will be a revision

or a review of policies to make sure that they are achieving the result that they were designed to achieve. We certainly cannot afford to waste dollars on ineffective social programs. New problems, of course, require new programs. Adequate research must be done before tax dollars are spent so as to ensure maximum benefits from those expenditures. In the research and social areas, this is very important, indeed.

Generally speaking, the Canadian government has lacked specific policies in social areas. We cannot really have specific policies unless we have the proper research—proper research on aging, on youth and on poverty. I submit, honourable senators, that this really has not been done by this government or by previous governments.

Honourable senators, I want to spend a few moments on a social concern of mine—and I hope it is a social concern of yours—the problem of aging in Canada. As all senators are aware, the aging population is growing very quickly. The problems of our senior citizens could well develop into the most real and serious social problems that this country will have to solve, merely because of the sheer numbers involved, but I will not bore honourable senators with a list of percentages and statistics.

Some time ago we debated the matter of indexing senior citizens' pensions. If I had thought that the indexing of those pensions would have eliminated poverty amongst our elderly, I would have been the first one to hit the streets with a placard. But we have had indexing of our senior citizens' pensions since the current Leader of the Opposition in the House of Commons was the Minister of Finance, and we still have a lot of poverty amongst our elderly. I suppose that is what bothers me the most. What I find even more disturbing is what I have learned about those senior citizens who live alone. Of all senior citizens living unattached in our country in 1985, 46.1 per cent were living in poverty. Honourable senators, that is a lot. Of those living in a family environment, 19.6 were living in poverty. But I say to honourable senators that it is unacceptable that 46.1 per cent of our elderly who live alone are living in poverty. I could not help but think of some of these figures during the debate on the indexing of pensions. Something has to be done. We cannot allow 46.1 per cent of our senior citizens who live alone to live in poverty.

I suppose that the policy for the aging will only be effective if it offers to our senior citizens certain rights—the right to exist legally, the right to exist economically and the right to be involved, in terms of their daily lives. Those are three basics that any citizen of Canada would and should expect. Honourable senators, I am a nutritionist, but speaking from a legal perspective, the elderly are not full members of our society. There are senior citizens in this chamber—God knows that—but many senior citizens in this country are not full members of our society.

One of the basic rights of any citizen is to earn his livelihood in the manner in which he sees fit. Under mandatory retirement legislation, that basic right has been denied to most of those over the age of 65, without regard for their ability or their desire to continue as a valuable member of the labour force.

[Senator Robertson.]

The Canadian Human Rights Act, which governs the majority of cases of discrimination, has found that mandatory retirement is a *bona fide* occupational requirement. That is, provided that mandatory retirement is imposed honestly, in good faith and in the sincerely held belief that it is in the interests of adequate performance with all reasonable dispatch, safety and economy. Notwithstanding this, it must also be reasonably necessary to ensure the efficient and economical performance of the job without endangering the employees and the general public.

The legal justification for continued discrimination based on age can be found as recently as a 1982 Supreme Court of Canada decision in the Etobicoke firefighters' case, where it was agreed that an arbitrary retirement age was demonstrably justifiable in a free and democratic society. It is decisions such as this one that have allowed the practice of legal discrimination to become entrenched in both the public and private sectors.

However, there is hope. Under the Canadian Charter of Rights and Freedoms, which came into effect last year, it is no longer believed that the reasons given under the Canadian Human Rights Act which permitted mandatory retirement can be justified under section 1 of the Charter. Whereas the act must conform to the Charter, there is reason to believe that mandatory retirement will be abolished.

This becomes even more encouraging when we examine the findings of the parliamentary committee on equality rights. The committee not only suggested that mandatory retirement be abolished but it recognized that there are a number of changes the government should consider to accompany the abolition of mandatory retirement. Honourable senators, there are, perhaps, two very important recommendations in this regard. The first is the extension of unemployment insurance coverage to those past the age of 65 who choose to remain in the labour market. The second is making available the full range of employment-training benefits offered by the Canadian Employment and Immigration Commission, without reference to age.

● (1540)

That would help to strengthen the role of the elderly in the community by allowing those who wished to remain in the work force the legal right to do so. More importantly, if the recommendations of the Task Force on Equality are followed, it will allow for seniors to re-enter the work force with the appropriate supports that are now unavailable to them—that is, retraining and the upgrading of their past skills.

We have only begun to address the problem of the role of the elderly in the community. I believe that the greater question in the Canadian context is "How do those seniors who choose retirement survive economically as vital members of the community?" Some of us become very discouraged, and sometimes are reduced to despair, at the lack of research in the area of gerontology. It is common knowledge that there is immedi-

ate need for a review of all existing policy related to the aged in this country; but we lack coordination and any consistency in the development of a national policy on aging that pieces together the fragments that now exist.

Ideally, some of us would like to see a Minister of State for Aging, similar to the Minister of State we have to examine the concerns of youth. Realistically, I suppose, we should at least expect a certain division within National Health and Welfare specifically to deal with the concerns of the elderly—but we do not have it—a group responsible for the coordination of all of the moneys earmarked for research in the field of gerontology. It does not sound like a difficult request, but we do not have it—and there is no adequate research going on—none.

The two major federal government sources of money for research are the National Health Research Development Program and the National Welfare Grants. The administration of the National Health Research Development Program estimates that less than 10 per cent of its meagre $1.2 million budget was used for gerontology in 1985-86. But it is not really sure, because it does not break its projects into specific categories. So, it is just a guess.

The National Welfare Grants are broken down by category, but the results are not encouraging. We are now into 1986. Since 1980 there have been only 22 projects relating to the elderly funded under this program; and, for the past seven fiscal years, only $1.9 million has been spent to increase awareness of the concerns of gerontology, the problems of the aged.

Seniors are finding themselves in a world that is ever changing to accommodate the repercussions of the ongoing technological explosion. We see an aging population that has been forced to accommodate and to compromise in a world that places ever-increasing emphasis on achievement, efficiency and economic returns. It is easy to conclude that the aged have been victims of a changing social philosophy, an ongoing change in our social mentality; and, as a result, the future of the aged—the question of living versus surviving—will be determined through the development of a social philosophy and mentality that recognizes, respects, understands and, finally, believes that our senior citizens have a major contribution to make in every community of our country.

I guess I am stating a truism when I say that the role of the elderly must be one of vitality and of contribution. It is a problem that someone will have to address. We cannot walk away from it, and they are not going to walk away from us.

Of course, as I read through the concerns contained in the Throne Speech, I agree that the government must give its highest priority to those who are in greatest need. Although all Canadians can expect the highest quality, for instance, in health care, I believe it is essential that we priorize our population with regard to social services. Adequate child care must, of course, be made available to those who require it. They are mostly single-parent families, headed by women who have lower incomes. The National Council on Welfare says that while the number of families considered low-income and headed by men fell by 10.6 per cent, the number of low-income families headed by women fell by only 1.1 per cent.

The average income of families headed by women in 1985 was $19,205, whereas the income of families headed by men was $40,697. In 1985, 56 per cent of unattached women had pre-school children and 69 per cent of unattached women whose youngest child was between the ages of 6 and 15 were working. The total number of children looked after by child care services rose by 70 per cent between 1977 and 1983. But we still have a long way to go, and I am pleased that the government is ready to initiate discussions with labour and business on child care, following the recommendations of the committee's report on child care.

I am sorry that Senator Hastings is not in the chamber this afternoon, because, when I was preparing my notes for my speech today, I could not help but insert a comment about the requirement for early intervention where children are abused emotionally and physically in what one calls a home environment. If we are honest with ourselves, we accept the fact that common law is biased toward the parent. It is not biased toward the child. A child can be treated in whatever way the parent wants to treat that child. Certainly, provinces have legislation, but, generally speaking, many of the children fall through the cracks. I believe that as we press for a national day care service, we must also press for early intervention where there is a requirement on parents, if they are to keep their children, to receive some parenting skills. We should not have a social worker come in, grab the children one day, keep them out for three months, put them back in again, and then bring them out again and put them back in again. The revolving door does not exist only in the prisons; it exists in foster-parenting, and it is a disgrace in this country, an absolute disgrace.

**Some Hon. Senators:** Hear, hear!

**Senator Robertson:** Honourable senators, I really believe that we have to demand that we do a better job there.

I will explain further why I wish Senator Hastings were present in the chamber. During the summer I had a young, bright law student in my office, because my regular staff was on education leave. As a summer project for that young man, I asked him to search through the legal system, through the penitentary system, and research the data which would show where those mandatory supervision cases came from. I wanted him to find out what happened to them when they were three years or four years old, and where they came from.

Honourable senators, there is no research in Canada. After two and a half months on that project, I can tell honourable senators that there is no research. What have we been doing? What has the Justice Department, the Attorney General's Department or the Parole Board been doing? We are going to perpetuate this problem. We should be more concerned not with mandatory supervision but with preventing the problem.

**Senator Frith:** Violence in society!

**Senator Robertson:** We should make a start. We should get them early; and if parents cannot give them a good environment, then, as a society, we should do so. I do not have to tell honourable senators that there is no talent in creating a child. We all know what the Humane Society would do if it saw animals in the community being treated in the way that some of our children are being treated. It is time that we stopped talking about it and started doing something about it. I am very concerned about this matter, and I do not like the way that foster parents are used, how the children are brought in and the parents have a holiday. The children go back and forth, and it is just ridiculous. Perhaps I will have a chance to return to that subject another time.

I am pleased that our national priority will continue to remove barriers that keep women from participating fully in the workplace. We are making progress. We have not done enough, but we will get there.

• (1550)

Women with a university degree—and I am sure that the women in this chamber know this—on average earn only as much as men with a high school education. Yet, they are forced to carry the burden of domestic responsibilities. Usually, they work 40 hours a week with very little compensation from the tax system. According to Statistics Canada, the value of unpaid work in 1986 is estimated to be $160 billion. Only 25 per cent of all families are supported by the husband alone. In the absence of the support payments, many dependent spouses and children, of course, are forced on to welfare. It is estimated that Canadian taxpayers spend $1 billion annually to support dependent spouses and their children. However, between 75 per cent and 85 per cent of the support and maintenance payments are breached either in whole or in part. This occurs even though 80 per cent of the supporting spouses are able to afford their payments. If it is out of your pocket, it is out of the citizens of Canada's pocket, and it should not go on! I am pleased that our government is recognizing this problem.

The growing instance of sexual assault against women has risen still further. Current statistics show that there have been 453 cases of aggravated sexual assault, 805 cases of sexual assault with a weapon, and 16,900 cases of sexual assault. Given that we know that most cases are never reported, these figures are all the more alarming. It is important that the Throne Speech has promised tougher legislation in this regard.

Our government has made major reforms to pension plans, but much work needs to be done before we have adequate pensions for homemakers.

The government's commitment to the fight against drug abuse is a most important commitment. Families, both young and old, are being torn apart by those who traffic illegally in drugs and by those who indulge in personal abuse. I think that we have been complacent too long. We sit back and say, "It is not going to happen to us," though it is happening all around us. Sometimes it does happen to us. We really have not created that much of a commotion about the matter. I am pleased with what I have seen in the international arena where, increasingly, more countries are concerned about this problem. I believe that we are on the right track.



Our government has promised tougher initiatives in the problem of missing children. To date there are 910 reported cases, 331 of which are in contravention of custody orders. I could go on and on, but, like everybody else, I watch the clock, too.

I am pleased with the comments in the Throne Speech about social justice, and I am sure that members of this chamber will make a major contribution in our efforts to solve, or at least lessen, the many social problems that Canadian citizens face. They are depending on government, depending on people like you and me to do something constructive, not to sit back and wait. In many of these areas, I do not think that we can wait much longer.

On motion of Senator Petten, for Senator Rowe, debate adjourned.

[*Translation*]

## FISHERIES

INTERIM REPORT OF COMMITTEE—DEBATE ADJOURNED

On the order:

> Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the Interim Report of the Standing Senate Committee on Fisheries, tabled in the Senate on 2nd October, 1986.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, on behalf of Senator Molgat, I move adjournment of the debate.

On motion of Senator Frith, for Senator Molgat, debate adjourned.

[*English*]

## OFFICIAL LANGUAGES

JOINT COMMITTEE—SENATE MEMBERS—MESSAGE TO COMMONS

The Senate proceeded to consideration of a message from the House of Commons requesting the Senate to unite with that House in the formation of the Standing Joint Committee on Official Languages.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I move, seconded by the Honourable Senator Phillips:

> That a Message be sent to the House of Commons to acquaint that House that the Honourable Senators Asselin, Guay, Robichaud, Rousseau, Simard, Tremblay and Wood have been appointed to act on behalf of the Senate as Members of the Joint Committee of both Houses on Official Languages, Policy and Programs.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, before we go to the next order, and just for the sake of those thousands of scholars across this land who pay scrupulous attention to procedural questions in the Senate, I think we should have something on the record to explain that the message that was sent to us by the House of Commons was

that we should unite in the formation of the standing joint committee. Our response is not to unite but to tell them what senators we are appointing to serve on the joint committee. The reason is that the message from the House of Commons is really inappropriate because the committee is a standing joint committee, which is provided for in the rules, and, therefore, we are not required to unite in the establishment of the committee, as we would be if it were a special committee. In this way, we are quietly telling the other place who our members are rather than trying to unravel the whole thing and start with a different message. My comments also apply to Order No. 7. Senator Doody and I have discussed this matter and he is aware of the point I am making. I am not calling him to order on it.

Motion agreed to.

## PARLIAMENT

JOINT COMMITTEE—MESSAGE FROM COMMONS REFERRED TO STANDING RULES AND ORDERS COMMITTEE

The Senate proceeded to consideration of a message from the House of Commons requesting the Senate to unite with that House in the formation of the Standing Joint Committee on Parliament.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourble senators, I move, seconded by the Honourable Senator Phillips:

That the Message be referred to the Standing Committee on Standing Rules and Orders.

Motion agreed to.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

JOINT COMMITTEE—SENATE MEMBERS—MESSAGE TO COMMONS

The Senate proceeded to consideration of a message from the House of Commons requesting the Senate to unite with that House in the formation of the Standing Joint Committee on Regulations and other Statutory Instruments.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I move, seconded by the Honourable Senator Phillips:

That a Message be sent to the House of Commons to acquaint that House that the Honourable Senators Cogger, David, Godfrey, Nurgitz, and Rizzuto have been appointed to act on behalf of the Senate as Members of the Joint Committee of both Houses on Regulations and other Statutory Instruments.

Motion agreed to.

• (1600)

## SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO STUDY CONSULTATION PAPER ON TRAINING AND DOCUMENT ENTITLED "EMPLOYMENT OPPORTUNITIES: PREPARING CANADIANS FOR A BETTER FUTURE"

**Hon. Philippe D. Gigantès,** pursuant to notice of October 28, 1986, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to study and report upon the Consultation Paper on Training, issued by the Department of Employment and Immigration, tabled in the Senate on 11th December, 1984, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future", tabled at the First Ministers' Conference held in Regina, Saskatchewan, on 14th and 15th February, 1985;

That the papers and evidence taken on the subject and the work accomplished during the 1st Session of the 33rd Parliament be referred to the Committee; and

That the Committee report no later than December 1, 1987.

Motion agreed to.

The Senate adjourned until Tuesday, November 4, 1986 at 2 p.m.

## APPENDIX

(*See p. 118*)

## FISHERIES

FIRST REPORT OF STANDING SENATE COMMITTEE

THURSDAY, October 30, 1986

The Standing Senate Committee on Fisheries has the honour to present its

### FIRST REPORT

Your Committee, which was authorized by the Senate on Tuesday, October 28, 1986, to study and report upon all aspects of the marketing of fish in Canada, and all implications thereof, respectfully requests that it be empowered to adjourn from place to place within and outside Canada and to retain the services of professional and clerical staff for the purpose of such study.

Pursuant to Section 2:07 of the "Procedural Guidelines for the Financial Operation of Senate Committees", the interim budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon approving interim funding for the amount of $50,780 of that Committee are appended to this report.

Respectfully submitted,

JACK MARSHALL,
*Chairman.*

### APPENDIX (A) TO REPORT

Interim Funding for the Standing Senate Committee on Fisheries with regard to its trip to the West Coast

| | |
|---|---|
| Professional and Other Services | |
| A. Administrative and Research Assistance and Director of Research | $5,800.00 |
| B. Advertising | 5,000.00 |
| Transportation and Communications | |
| A. Hotel Accommodation | 23,500.00 |
| B. Per Diem Allowance | 12,980.00 |
| C. Ground Transportation | 2,000.00 |
| D. Contingency | 1,500.00 |
| Total | $50,780.00 |

### APPENDIX (B) TO REPORT

THURSDAY, October 30, 1986

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the interim budget presented to it by the Chairman of the Standing Senate Committee on Fisheries for the proposed expenditures of the said Committee with respect to its study of the marketing of fish in Canada and all implications thereof, as authorized by the Senate on October 28, 1986. The said interim budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 10,800.00 |
| Transportation and Communications | 39,980.00 |
| | $ 50,780.00 |

Respectfully submitted,

GUY CHARBONNEAU,
*Chairman.*

# THE SENATE

**Tuesday, November 4, 1986**

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

Prayers.

## CANADIAN BROADCASTING CORPORATION

### FIFTIETH ANNIVERSARY CONGRATULATIONS

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I ask leave to make a few comments about the Canadian Broadcasting Corporation, and to express a few words of congratulation to the corporation on its fiftieth anniversary.

First, I should declare an interest or a bias that will soon become apparent from my comments. The CBC won my heart very early in life for other than purely altruistic reasons. The CBC as it is now took over from the CRBC, the Canadian Radio Broadcasting Corporation—as Allan McFee still calls the CBC—in 1936. It was only two years later in 1937 or 1938 that I first performed on the CBC. At the time I was at Parkdale Collegiate where Dr. Leslie Bell was the music teacher. At the time I was in either the first or second form and had the pleasure of singing in a choir under his leadership. I believe the headquarters of the CBC, if I remember correctly, was at the old Eddy Battery Factory at the corner of Davenport and Bathurst in Toronto, where the TTC marshalling yard was then located. We did a program every Saturday night for 13 weeks—which was always the life of a series.

**Senator Phillips:** And you've been ringing bells ever since.

**Senator Frith:** Thank you, senator. I will take that as a compliment. The rarest of compliments in this direction are from you.

**Senator Doody:** I would examine it closely before I accepted it.

**Senator Frith:** I do not intend to examine it closely. I will take it as said.

Anyway, from that time on I had a program of some kind on the CBC, almost right through high school and university.

I suppose I was what would be called a "studio singer," in that I was on the list of basses, and often when an opera was presented or there was some special performance, I would get a call.

As a result—and this is where the lack of altruism comes in—the CBC, in addition to giving me a free musical education and many lifelong musical and other friends, actually helped me get through law school; and even during my early days of practice I was active with the corporation. I remember all of the heroes of the day, including Andrew Allen. I often sang on programs that he produced in the famous "Stage" series. Also, I was a charter member of the Festival Singers, and at one time Elmer Eisler called me after I became a lawyer. I had been practising law for some time and thought that I no longer needed benefits from music. He told me that the CBC was giving an eightieth birthday party for Igor Stravinsky and they planned to sing a composition of his called "A Symphony of Psalms", which, in those days, was considered a reasonably difficult piece. However, I knew it and he asked me whether I would like to sing. I said no, that I would be too busy, that I would be in court that day and would not be able to make the rehearsals. He said, "Well, that's too bad, because Stravinsky is going to conduct." So I quickly got out of the court cases, and I had the pleasure of singing for Igor Stravinsky.

Those are the kinds of things that I hope make it clear why I wish to say something favourable about the CBC, because it has played an enormous role in my life. I believe it has also played an enormous role in the life of this country. Northrup Frye sees it as that string which holds the pearls together. It is very difficult to thread pearls unless one does it one at a time, rather than having them all on a table and trying to run a thread through them.

Someone has described this country as a sort of archipelago rather than a land mass. When one flies over it at night, it looks rather like an archipelago, with long gaps of black and then some light to illuminate what would be an archipelago in a sea.

The CBC has also played a very important role in this country's life. Certainly, CBC Radio, in any event—although I have some experience with CBC Television, I don't watch television as much as I would like to—has played a crucial role in holding this country together and might justifiably be described as the most important unifying force in this country's life and history.

So I want to record in our journals, for both the personal reasons that I have mentioned and for reasons that I think are of more general application, my wish for a happy fiftieth birthday to the CBC. Unless I live to be 113 years old, I won't be here for the hundredth, but I hope the CBC will.

**Hon. Senators:** Hear, hear.

[*Translation*]

**Hon. Jean Le Moyne:** Honourable senators, I shall, if I may, add my comments to those made by Senator Frith. As for the notes I have here, one look should convince you that improvisation is the order of the day.

Honourable senators, I wish to salute the CBC on its fiftieth anniversary, and I would like to expand very briefly on one

aspect of the influence it had on the generation that grew up with its initial programming.

At the time I belonged to a group of young intellectuals whose interests in the humanities went far beyond the strictly literary. We had a passion for music, and in the course of our erratic and lengthy initiation to its pleasures, the truly distinguished broadcasts by Radio-Canada played a very important role. They acquainted us with those classic luminaries: Bach, Mozart, Beethoven, Wagner and other great composers, and with the art of Toscanini, Walter, Melchior, Flagstad and Lotte Lehman.

We listened to the concerts transmitted by Radio-Canada with almost religious fervor, and it was these concerts and operas that set the standard for our appreciation of the classics.

Later, after La Relève, which we founded in 1934, came Cité Libre, where several members of our group were welcomed as collaborators and friends. The atmosphere was different, but we still had a sense of continuity.

Through the good offices of members of Cité Libre and mainly thanks to Roger Rolland, the admirable professor of literature, critic and very dear friend, director of Radio Collège at the time, Radio-Canada gave me a second initiation into the mysteries of facing the public as a writer and as a speaker who has to consider his audience. An invaluable experience for the writer, who is so easily inclined to think he has conjured up all there is to know about reality in his study.

With these memories of a feast of intellectual riches, I want to praise the government of this country which at the time so brilliantly fulfilled its cultural role. Thank you, honourable senators.

[*English*]

**Hon. Heath Macquarrie:** Honourable senators, I am not presuming to speak for my party—I am far from being musical enough to get into the act on this one—but I would like to add a little postscript in the realm of correctitude. Strictly speaking, this idea of the fiftieth anniversary is not really on all fours with history. More properly, the CBC was born not in 1936 but was the creation of the Right Honourable R.B. Bennett some years earlier. All the ills, ill fame and glories that stem therefrom should appropriately be placed before the name of that man who, with all the difficulties from 1930 to 1935—it must have been the worst time to run this country—had time for that great inspiration, the Canadian Radio Commission, out of which there came the CBC.

**Hon. Senators:** Hear, hear!

**Hon. Daniel Hays:** Honourable senators, I would like to take a moment to join with my colleagues in expressing best wishes to the CBC on this occasion. Whether it is precisely its anniversary or not is of no account—and in connection with Senator Macquarrie's comments, thank you, R.B. Bennett.

I had the privilege, and sometimes the pleasure, of serving on the CBC board from 1979 to 1984, and I came to know it very well during that time. All of us and all Canadians can take justifiable pride in what the CBC has accomplished to date. I think all of us should be sensitive to and aware of the problems that the CBC faces in its future. I very much hope that fifty years from now we will all still be as proud as we are justified in being of the past fifty years. If this is to be the case, we as legislators and as Canadians generally should become much more aware of the CBC in its broadcasting and in its other manifestations such as publishing and so on, and much more aware of its problems. To the extent that we do that, I think that its future will be secure.



**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I must confess that I am and have been for many years a confirmed fan of the Canadian Broadcasting Corporation. I continue to watch it and continue to listen to it, even when it infuriates me, as it sometimes does. When it does so, it is not always nor is it only its political or public affairs programming that has that effect. Indeed, last Saturday morning when I was at home listening to CBC stereo, I think it was, broadcasting a celebration of the CBC's fiftieth anniversary, the musical offering coming from Nova Scotia, of all places, was some rock band playing a selection entitled "You can talk dirty to me." I must say I wondered how much we had to celebrate when I heard that coming from my native province as the Nova Scotia offering on the national airwaves.

Be that as it may, the CBC is a great national institution that has played an extremely important role in our country and in the unity of our country, and I am convinced it still has a very important role to play. The CBC is never very much beyond or above controversy. In fact, it is frequently the source of controversy. We can all recall quite vigorous condemnations that were made of the CBC or of parts of the CBC in the past by personages as eminent as the Prime Minister of Canada and Ministers of the Crown, in respect of public affairs broadcasting. Latterly, we have had the understandable tensions that arise when a government, at a time of fiscal restraint, is obliged to include a crown corporation as important as the CBC within those fiscal restraints. Those tensions and those controversies are always going to arise. What is important, I think, is that we maintain the important concept of public broadcasting, namely, the autonomy of the CBC, and that we do everything we can as parliamentarians, as legislators and as ministers to support the essential work of the CBC in maintaining the unity of our country.

[*Translation*]

Our colleague, Senator Le Moyne, gave a very eloquent account of the role played by Radio-Canada in the cultural life of this country.

It would be hard to underestimate the vital role Radio-Canada has played in increasing the awareness of the francophone community, not only in Quebec but across the country, of the culture and cultural manifestations of the Canadian francophonie.

[*English*]

I am very pleased, on behalf of the government, to thank the Deputy Leader of the Opposition and the other honourable

senators who have participated in this brief discusssion today, and to salute the Canadian Broadcasting Corporation on fifty years of solid achievement for strengthening the unity of our country.

• (1410)

**Hon. Jerahmiel S. Grafstein:** Honourable senators, I, too, would like to add my voice to those congratulating the CBC. I recall my early days in London, Ontario, watching the CBC and believing that this was our opportunity, in that small town, to sense a larger vision of the country. I think it is also appropriate to recall today the great work done in support of the CBC by the late Graham Spry, who was a wonderful inspiration to many young and old Canadians and who, at all times, was a staunch defender and supporter of the CBC.

The CBC has been a national house—a national house without walls, an electric house of dreams and hopes. But in recent days these hopes and dreams seem to have faltered as one signal and one channel has had to compete with many signals and many channels. I hope that in the years ahead, during the lifetime of the deputy leader and many of us in this chamber, we will yet have an opportunity to see this corporation launch CBC 2, an all-Canadian channel with all-Canadian content, so that our citizens and children can have the opportunity to see a reflection of the country that is pure, natural and indigenous. Rather than diverting itself to American programs, perhaps the CBC can return to its original promise to provide to Canadians something they cannot get elsewhere; that something is a 24 hour-a-day channel, coast-to-coast Canadian voice and Canadian vision.

**Hon. Senators:** Hear, hear!

[*Translation*]

## STANDING RULES AND ORDERS

FIRST REPORT OF COMMITTEE PRESENTED

**Hon. Gildas Molgat,** Chairman of the Standing Committee on Standing Rules and Orders, presented the following report:

Tuesday, November 4, 1986

The Standing Committee on Standing Rules and Orders has the honour to present its

FIRST REPORT

Your Committee recommends that Rule 67(1) of the *Rules of the Senate* be amended by striking out paragraph (e) and substituting the following:

"(*e*) The Joint Committee on Official Languages, to which shall be appointed nine senators.".

Your Committee further recommends that a Message be sent to the House of Commons to acquaint that House of the above action.

Respectfully submitted,

GILDAS MOLGAT
*Chairman*

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

**Senator Molgat:** Honourable senators, I move that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

**Hon. Duff Roblin:** Honourable senators, if I might take a moment, I should like to be informed of what the Honourable Senator Molgat is proposing here.

Is it a change in numbers and, if so, what is the aim of the exercise? Could the honourable senator tell me the particular rule so that I can look it up?

**Senator Molgat:** Honourable senators, I had proposed that this report be taken into consideration at the next sitting of the Senate so that I could explain to honourable senators what it is the committee is reporting on and why. I am prepared to do so now, with leave of the Senate, if that is the wish of the Senate, or I can do so at the next sitting of the Senate.

**Senator Roblin:** I must have misunderstood my friend's motion; I thought he intended to deal with it now. If it is to be taken into consideration at the next sitting of the Senate, that suits me very well.

Motion agreed to

[*Translation*]

## SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FIRST REPORT OF COMMITTEE TABLED

**Hon. Arthur Tremblay,** Chairman of the Senate Standing Committee on Social Affairs, Science and Technology, which was authorized by the Senate to incur expenses for the purpose of its examination of such legislation and other matters as were referred to it, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*English*]

## FOREIGN AFFAIRS

FIRST REPORT OF COMMITTEE TABLED

**Hon. George van Roggen:** Honourable senators, before putting my motion, my seatmate, Senator Buckwold, reminded me one or two minutes ago that today is the fifteenth anniversary of our being sworn in as senators.

**Hon. Senators:** Hear, hear!

**Senator van Roggen:** I know that all of you will be delighted to know that the members of the Standing Senate Committee on Foreign Affairs honoured me on this auspicious occasion by once again electing me chairman of the committee.

Honourable senators, as Chairman of the Standing Senate Committee on Foreign Affairs, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, I have the honour to report, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

## SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO CONTINUE STUDY OF CONSULTATION PAPER ON CHILD AND ELDERLY BENEFITS

**Hon. Arthur Tremblay:** Honourable senators, I give notice that on Wednesday next, November 5, 1986, I will move:

THAT the Standing Senate Committee on Social Affairs, Science and Technology be authorized to continue the study undertaken in 1985-86 on the Consultation Paper on Child and Elderly Benefits, issued by the Department of National Health and Welfare, tabled in the Senate on the 5th February, 1985, and to report thereon;

THAT the papers and evidence taken on the subject and the work accomplished during the First Session of the Thirty-Third Parliament be referred to the Committee; and

THAT the Committee present its report no later than Tuesday, 22nd December 1987.

[*English*]

## ENERGY AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Earl A. Hastings:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

That the Standing Senate Committee on Energy and Natural Resources have the power to sit at three o'clock in the afternoon tomorrow, Wednesday, November 5, 1986 even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Senator Frith:** Explain!

**Senator Hastings:** Honourable senators, the purpose of the motion is to facilitate the work of the Energy and Natural Resources Committee which at the moment has under consideration the subject matter of Bill C-5 and Bill C-6. We are seeking permission to sit tomorrow at three o'clock to facilitate the appearance before the committee of a very important witness from western Canada who will be available at that time.

[Senator van Roggen.]

Motion agreed to.

• (1420)

## INTERNATIONAL FINANCIAL SYSTEM AND INSTITUTIONS

CANADA'S PARTICIPATION—FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO CONTINUE STUDY

**Hon. George van Roggen,** with leave of the Senate and notwithstanding rule 44(1)(*e*), moved:

That the Standing Senate Committee on Foreign Affairs be empowered to examine and report on Canada's participation in the international financial system and institutions and in particular the International Monetary Fund, the World Bank Group and the regional development banks, including the debt repayment problems of developing countries;

That the papers and evidence received and taken on the subject before the Committee during the First Session of the Thirty-third Parliament be referred to the Committee; and

That the Committee report no later than March 31, 1987.

**Senator Frith:** Explain.

**Senator van Roggen:** Honourable senators, if I were seeking a new reference for the committee at this time, I would not presume to ask for leave but, rather, I would give notice. However, this reference is word for word the same as the reference the committee had in the previous Parliament. For all intents and purposes, we have finished hearing witnesses. We are in the midst of drafting the report, and it is simply our desire to continue the reference we had in the hopes of having the report completed, at least for the printers, by the Christmas recess.

Motion agreed to.

## OFFICIAL LANGUAGES, POLICY AND PROGRAMS

JOINT COMMITTEE—AUTHORIZATION TO MEET DURING SITTINGS AND ADJOURNMENTS OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government)** with leave of the Senate and notwithstanding rule 45(1)(*i*), moved:

That the Standing Joint Committee on Official Languages, Policy and Programs have power to sit during sittings and adjournments of the Senate; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

**Hon. Gildas L. Molgat:** Honourable senators, I wonder if I might ask the Honourable Senator Doody what the purpose of the motion is at this time. I understand that the House of Commons intends to change the name of that committee and has asked us to join with them in the matter. In fact, that was

the purpose of our report earlier, unless I have mistaken the name of the committee to which Senator Doody is referring.

**Senator Doody:** The purpose is simply as stated. It gives leave for the committee to sit during sittings of the Senate. I think that what Senator Molgat is asking is why I did not wait until the name had been changed. I had intended to do that. As a matter of fact, if His Honour will look at the document, he will see that part of it has already been scratched out and mutilated in anticipation of Senator Molgat's motion going through today. When it did not go through, I simply reverted to the old form. The purpose of the motion is simply to allow the committee to sit while the Senate is sitting.

Motion agreed to.

## CRIMINAL CODE
## CANADA EVIDENCE ACT

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-15

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine the subject-matter of the Bill C-15, An Act to amend the Criminal Code and the Canada Evidence Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## UNEMPLOYMENT INSURANCE ACT, 1971

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-16

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject-matter of the Bill C-16, An Act to amend the Unemployment Insurance Act, 1971, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## FEDERAL-PROVINCIAL RELATIONS

EQUALITY OF TREATMENT OF PROVINCES—EFFECT OF AWARDING OF CF-18 CONTRACT

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, my question is for the Leader of the Government in the Senate.

Premier Pawley of Manitoba, after meeting with the Prime Minister, has publicly declared that he will not discuss constitutional matters until he is satisfied that small provinces will be treated fairly by the federal government.

Considering the Leader of the Government's portfolio responsibility, can he tell us whether the discussions about constitutional amendment to persuade Quebec to sign the constitutional accord will, therefore, be suspended until Premier Pawley is so satisfied?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, we are not at the stage of launching formal negotiations in any case. When that time comes, I hope and expect that Manitoba, together with the other nine provinces and the federal government, will be ready to participate.

**Senator Frith:** Is that expectation based on the belief that Premier Pawley, by that time, will be satisfied that small provinces will be treated fairly by the federal government?

**Senator Murray:** Honourable senators, upon reflection, I think any reasonable person would agree that small provinces and all provinces are treated fairly by the federal government, but my expectation that Manitoba will want to participate in any discussions or negotiations aimed at bringing about Quebec's consent to a constitutional accord is based on the fact that it is manifestly in the interests of all of Canada that that be done. I am including the western provinces which have constitutional proposals of their own, which would be very difficult to realize if one of the majors were not at the table.

**Senator Frith:** Is it reasonable to take it from that answer that the Leader of the Government in the Senate and the Minister of State for Federal-Provincial Relations feels that Premier Pawley is either not reflective, not reasonable or both?

• (1430)

**Senator Murray:** I would remind honourable senators—and I believe that Premier Pawley on reflection would agree—that on August 12 last in Edmonton he and nine other premiers agreed that their first constitutional priority was to have Quebec consent to a constitutional accord. In that respect they agreed to continue discussions based on the five conditions already put forward by Quebec; that they would not, during that first round, bring in other constitutional proposals; and, specifically, that they would not attempt to make any linkage between that aim and the inevitable problems that arise from day to day in the management of the federation.

**Senator Frith:** Premier Pawley is making such a linkage now.

**Senator Murray:** But, as I say, I believe that Premier Pawley, on reflection, would agree that it is in the interests of the whole of the country, including Manitoba and the western provinces, that we do everything we can to obtain Quebec's consent to a constitutional accord.

**Senator Frith:** Honourable senators, I have another question for the Leader of the Government, but it is on another subject.

Perhaps other honourable senators may wish to ask questions arising out of the CF-18 contract.

**Hon. Gildas L. Molgat:** Honourable senators, perhaps I might pursue the line of questioning raised by Senator Frith. The Leader of the Government, in his reply, said that the provinces had agreed last August to certain conditions and that there would be no linkages; also that he did not expect that the Premier of Manitoba would change the course of the discussion. However, in light of the contract which has given rise to this question, the government did change the rules through a change in the tendering process. Part way through the government changed the rules. Would it not be acceptable for Premier Pawley to change his position from that of August?

**Senator Murray:** I regret very much that the honourable senator is associating himself with the linkage that has been made in a moment of controversy by the Premier of Manitoba between the constitutional dossier and the question of the service contract for the CF-18. The fact of the matter is that the government has changed no rules in this matter. We respected the procedures, and the honourable senator will be aware that on such tender calls it is almost always stipulated that the lowest or any tender is not necessarily accepted.

**Senator Molgat:** Honourable senators, I will not at this point engage in a debate, but there is no question but that the rules were changed by the federal government.

**Senator Frith:** Hear, hear!

**Senator Molgat:** However, I should like to pursue further questions on the subject of the contract. I wonder if the Leader of the Government agrees with some of the views that have been expressed, particularly that expressed by his predecessor, Senator Roblin, who stated: "I am very disappointed with the government."

**Senator Frith:** Hear, hear! That is the chorus to join.

**Senator Murray:** Honourable senators, I am sure that all honourable senators and members of Parliament from Manitoba are disappointed with the outcome.

**An Hon. Senator:** Right on!

**Senator Murray:** Senator Roblin and others can, of course, speak for themselves about the process. I am sure they would have preferred to see the contract go to the firm based in Manitoba.

**Senator Frith:** On reflection, does Senator Roblin have anything to add?

**Senator Molgat:** The Leader of the Government has changed the wording of my question. I was not asking whether they were disappointed in the process. I quoted Senator Roblin, who said: "I am very disappointed with the government." That is the question. Does the Leader of the Government agree?

**Senator Murray:** Honourable senators, I am not disappointed at all with the government.

[Senator Frith.]

**Senator Frith:** Oh! There is tomorrow's headline!

**Senator Argue:** A fighter for the maritimes!

## INDUSTRY

### FOREIGN FIRMS BIDDING ON CONTRACTS IN CANADA— GOVERNMENT POLICY

**Hon. Gildas L. Molgat:** Can the Leader of the Government tell us what is the policy of the government with regard to foreign firms, or so-called foreign firms, bidding on contracts in Canada?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** There has been no change in the policy of the government in that regard.

**Senator Frith:** Then let us hear what it was, so that we will know it wasn't changed. What is the policy that has not been changed?

**Senator Molgat:** Are firms in Canada, whether they are owned by foreign companies or Canadian companies, treated equally when bidding on Canadian contracts?

**Senator Murray:** Yes, honourable senators.

**Hon. Joseph-Philippe Guay:** Honourable senators, I am sure that many of us will not forget the comment made by the Prime Minister after the election. When he visited the United States and was in Washington he said, "We are now open for business." I repeat, "We are open for business." The policy with regard to the CF-18 is slightly different. If I heard the minister correctly, the Honourable Robert de Cotret outlined the fact that he did not want a contract going to a firm whose base was in another country. That is contrary to what the Prime Minister said during his visit to Washington shortly after the election. I should like to know which statement is correct, that of the Prime Minister when he visited the United States or that of the Honourable Robert de Cotret when he said that he would rather give it to a Canadian-owned firm than to an outside firm.

**Senator Murray:** Honourable senators, the determining factor was not so much the ownership of the company in question, rather, it was the fact that one company is a manufacturer of aircraft and the other is not.

**Senator Molgat:** The Leader of the Government has just said, "not so much the ownership," which indicates that it was, at least, part of the reason. Can he reply clearly? Was the fact that Bristol Aerospace Ltd. has some foreign ownership a factor, yes or no?

**Senator Murray:** Honourable senators, as I have just said, the determining factor with regard to the technology transfer was not ownership but, rather, the fact that one company is a manufacturer of aircraft and the other is not.

**Senator Molgat:** In other words, the statements by the Honourable Robert de Cotret and the Prime Minister about the ownership of the company had nothing to do with the contract. They were incorrect in their statements?

**Senator Murray:** Honourable senators, I have answered the question.

**Senator Olson:** No, you have not.

**Senator Frith:** Let the record show that he has not.

**Senator Guay:** Did I hear the Leader of the Government say that he would answer the question, but that there is a little waiting period?

**Senator Murray:** I said that I have answered the question.

**Senator Guay:** The Leader of the Government has left some doubt in our minds as to whether he did or not. He might believe that in his estimation he has, but there is a lot of room for us to think differently. The Leader of the Government made the statement that the contract was awarded to a company that is manufacturing aircraft. I have no disagreement with him on that. But he must bear in mind that Bristol has all of the equipment to look after the tender as submitted to the government and it could very ably do the work it was called upon to do. Why then does the Leader of the Government say that one is a company that manufactures aircraft and the other does not? It has nothing to do with what we are talking about.

**Senator Murray:** Because, honourable senators, that is a fact. My honourable friend is raising debating points, and I would invite him to debate them at the appropriate time; and someone will speak on the matter on behalf of the government.

AEROSPACE—AWARDING OF CF-18 SERVICE CONTRACT TO CANADAIR—TECHNOLOGY TRANSFER

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I should like to ask a question about the technology transfer. It is something that the Leader of the Government might wish to take some time to answer, or perhaps he will provide some detail for us. Can he explain to us specifically what are the advantages regarding the technology transfer of what I believe most people assume would be something available in the repair manuals of the company that originally manufactured the aircraft? It is an off-the-shelf aircraft. Can the Leader of the Government give us some detail of what the technological advantages would be in the transfer, by telling us what the transfers would be and why they would be so much more advantageous by being given to Canadair—apart from the company being manufacturers and domestically owned—than to Bristol Aerospace Ltd.?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The statement of the government is that Canadair would build on the CF-18 technology base to enhance its current and future aerospace product lines. What does that mean? A number of examples are given by way of illustration, which I will not go into at the moment, but I will be glad to bring in a prepared reply either tomorrow or the next day.

**Hon. George van Roggen:** Honourable senators, I have a question for the Leader of the Government on the same matter. The subject of the technology transfer was thought of only recently and was not part of the original tender terms. If it had been, a company such as Bristol Aerospace Ltd. might have said, "Well, we do not manufacture aircraft. The other people do. We should not go to the expense of bidding." In view of the fact that this did not form part of the original tender documents and that Bristol is reputed to have won on points at that stage, is the government considering reimbursing Bristol for the $5 million it spent in working up this pointless bid that it put in?

• (1440)

**An Hon. Senator:** Good question!

**Senator Frith:** Good point!

**Senator Murray:** Honourable senators, I don't accept the premise of the honourable senator's question, but this is a matter that came up much later. I may say that the request for proposals had indicated that proposals would be evaluated, and I quote:

> . . . to the extent of giving consideration to socio-economic benefits that will include such terms as Canadian design, development and Canadian manufacturing, engineering and support personnel that will be used by the contractor.

In this context both Minister McInnes and, later, Minister Vézina, along with the Minister of DRIE, were concerned to maximize the socio-economic benefits and the nature of technology transfer to consolidate and strengthen the Canadian aerospace industry. As a result, both Minister McInnes and, later, Minister Vézina made submissions to the Treasury Board recommending Canadair of Montreal.

**Senator van Roggen:** And does that answer, honourable senator, suggest that the 75 assessment officers were not following the terms of the bid properly?

**Senator Murray:** I am suggesting, honourable senators, that with regard to both technical evaluation and price, the companies were close enough that it would be quite understandable that the government would make a judgment call.

AEROSPACE—AWARDING OF CF-18 SERVICE CONTRACT—REJECTION OF IMP BID—GOVERNMENT REASONS

**Hon. B. Alasdair Graham:** Honourable senators, I have a question for the Leader of the Government in the Senate. There was a third company involved in the bidding, IMP of Nova Scotia. My concern is the huge amounts of money that are invested by a company, with good reason, believing that the rules established for the bidding procedure at the beginning will be the same rules to be applied at the end. Apparently, in this particular situation, the rules were changed. I am wondering at what point in time it was determined that IMP lacked the expertise to be a serious bidder; on what facts the determination was based; at what point in time did the government determine the competence or the incompetence or the inadequacy of the IMP bid; and when was IMP advised that they were not in the picture?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable

senators, I have some partial information in answer to those questions, and I think I should obtain complete information. I am informed that IMP did not make the finals. Their bid was considered unacceptable, based on technical non-compliance. When I asked for more details on that today, I was told that they could not be released at the moment because the company itself has not yet been debriefed. However, I shall see what further information is available this week and report to the honourable senator.

## CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—DEFINITION OF "NATIONAL TREATMENT"

**Hon. Jerahmiel S. Grafstein:** Honourable senators, last week I asked the Leader of the Government in the Senate about the current bilateral trade negotiations with the United States, and he advised us that the government had no secret plan, no contingent plan, as yet made public, defining conditions of retreat or withdrawal, assuming the fast-track negotiations are not completed early next year.

In light of that statement, I would like to ask the Leader of the Government in the Senate to assist the Senate in advising us what the Prime Minister meant in his address to the nation regarding these comprehensive bilateral trade negotiations with the United States when he stated:

> We will seek, what in the jargon of trade negotiators is called, national treatment.

Could the Leader of the Government in the Senate advise what the Prime Minister meant when he said that the theory of "national treatment" would be the motivating principle behind the negotiations with the United States?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, there is a definition of "national treatment" that is best known to trade negotiators, and I would not try to extemporize, or improvise, on the concept at the moment. I will obtain a proper definition for the honourable senator and bring it in tomorrow.

**Senator Grafstein:** Would the leader, when he is seeking that definition, advise us whether or not under that definition the Auto Pact would be redundant, and all the mechanisms we have established by legislation and regulation to preserve Canadian content, such as Bill C-58, and the Canadian Broadcasting Corporation, would also be redundant?

## CORRECTIONS

EFFECT OF PRIVATIZATION AND REDUCED SERVICES

**Hon. Earl A. Hastings:** Honourable senators, I have a question for the Leader of the Government in the Senate, and it pertains to the initiative by the Government of Canada, through the Corrections Service of Canada, operating to the detriment and erosion of the National Parole Service. I am referring to the privatization initiative. I am asking this in light of the fact that Montgomery Centre in the city of Toronto was turned over yesterday to a private organization by the name of Springboard. Up until now it has been operated by the Corrections Service of Canada, but it has been turned over to a private organization. Direct parole supervision in the city of Toronto is also to be turned over to private organizations. This follows an initiative, honourable senators, in the province of Alberta, where parole supervision and the operation of community correction centres were turned over to the province, and parole supervision is now undertaken by the provincial probation services.

My question to the Leader of the Government is: Is it the intention of the government, through the Corrections Service of Canada, to continue this "provincialization" and privatization of the National Parole Service—this attack on the Public Service of Canada—to the detriment and the destruction of this service?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, without accepting as fact the many opinions that have been put forward in the question, or statement, of the honourable senator, I will see what information I can bring to the Senate within a few days.

Meanwhile, I do suggest very sincerely that what the honourable senator has stated is the subject matter for debate. The Throne Speech debate is still on our order paper and I suggest that he take an early opportunity to participate in it. I will do what I can to have a colleague speak for the government on the whole range of issues that the honourable senator wishes to treat.

**Senator Hastings:** I have a supplementary question, honourable senators. When he consults his colleague, will he undertake to find out if this is another indication of reduced services in other parts of Canada for the benefit of the Port-Cartier Institution? In other words, decrease person-years, decrease expenditures in the other parts of Canada to cover that $41 million waste on an unwanted, unneeded institution.

**Senator Frith:** He fully intended to do that.

**Senator Murray:** Honourable senators, I regret very much that the honourable senator should associate himself with some of the divisive and quite destructive things that are being said in the country lately.

**Senator Argue:** Like moving penitentiaries.

**Senator Frith:** And some of the divisive things that are being done, not just being said.

**Senator Murray:** I would hope that he would agree that socio-economic considerations are worthy—-

**Senator Frith:** Try not to smile when you say that.

**Senator Murray:** —of being considered when locating federal institutions in this country. As I told him the other day, I do not believe, and the government does not believe, that correctional institutions should be located near places simply to suit

the convenience of psychiatrists, psychologists and social workers.

**Senator Frith:** Or Prime Ministers!

**Senator Murray:** That may meet their convenience, but it is no way to build a country.

**Senator Hastings:** I am not joining the divisive forces with respect to this issue, I am joining the Auditor General of Canada, who said it was unneeded; it could not be justified as to need. Now, I do not think that the Auditor General is joining those divisive forces.

While you are talking to your colleague, would you undertake to ask him if the severance package that was offered to parole officers to leave the public service has now been rejected by the Treasury Board? In other words, the Corrections Service of Canada made an offer to parole officers who accepted it in good faith, and now the Government of Canada can't deliver it.

**Senator Murray:** That is a reasonably factual question; I will see if I can bring back a factual answer. Meanwhile, I do invite the honourable senator to raise these matters in debate at the first opportunity.

## THE MINISTRY

### ROLE OF DEPUTY PRIME MINISTER

**Hon. John. B. Stewart:** Honourable senators, I have a question for the Leader of the Government in the Senate. It relates to the evolution of the office of the Deputy Prime Minister. If the Leader of the Government in the Senate did not devote all of his day on Saturday to listening to the CBC, he may have seen a story in the *Globe and Mail* headlined: "Mulroney's Office gets the White House Look." I will not go into that, but the story said that the present Deputy Prime Minister had been given new and more adequate accommodation; yet it indicated that he does not have the specific responsibilities that his predecessor in office had.

● (1450)

My question for the Leader of the Government in the Senate is this: Have new functions been defined which have been assigned to the Deputy Prime Minister, or has the Prime Minister himself delegated any of his many functions to the Deputy Prime Minister? I am trying to ascertain, honourable senators, whether or not the office of the Deputy Prime Minister is fast becoming a new, distinct and important element in the ministerial structure.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will obtain an appropriate reply to that question.

## INDUSTRY

### AEROSPACE—AWARDING OF CF-18 SERVICE CONTRACT TO CANADAIR—POSSIBLE UNDERTAKING TO BOMBARDIER

**Hon. George van Roggen:** Honourable senators, I have a further question for the Leader of the Government in the Senate with respect to the CF-18 contract. I must apologize. I thought that Senator Grafstein's question was on the same subject, but it turned out that he changed the subject.

My second question was this: Did the government give any undertaking whatsoever, implied or otherwise, to Bombardier before they purchased Canadair from CDC that this contract would be given to them regardless of the outcome of the technical assessment of the experts?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** My information is that the answer to that question is in the negative.

## ENERGY

### PRICE OF CANADIAN GAS TO U.S. CONSUMERS

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a question for the Leader of the Government in the Senate. I understand that as a result of government policy U.S. consumers will be able to obtain Canadian gas more cheaply than will Canadians. Is that true?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, there was a fairly comprehensive statement made within the last few days by the Minister of Energy, Mines and Resources on that point, which is as follows:

> The principle that Canadian gas will not be sold in export markets for less than comparable prices in the domestic market can, I believe, be upheld but implemented with a flexibility appropriate to a less-regulated market.
>
> In the new environment, where producers will seek the best deals for their gas in either U.S. or Canadian markets, the possibility of this principle being broken is greatly reduced. If the American market becomes even more competitive and prices drop, we can expect the same situation to be occurring in the Canadian market, as buyers exercise their new negotiating powers.

The minister then goes on to say:

> It is no longer reasonable to expect regulators to approve export prices before a sale is allowed, when domestic prices will fluctuate with market trends. To do so would place unnecessary burdens on both the NEB and the industry and would result in unproductive and damaging delays in the approval of applications.

He says further:

> We can and will, however, carefully monitor domestic and export prices to ensure that Canadians are not placed at a disadvantage. If experience shows that the Canadian market is not working as expected, we will take rapid corrective action.

**Senator Frith:** May I ask the Leader of the Government in the Senate, as a former chairman of the campaign committee of the party to which he belongs, is he or is he not happy that, in the last election campaign, what was promised by the Prime Minister was that Canadian consumers will never pay more

than American consumers. Is he happy that that was said in the campaign rather than what he has just told us?

**Senator Murray:** Honourable senators, we do not think that they will.

**Senator Frith:** Is that what that statement purports to say?

**Senator Murray:** Yes.

**Senator Frith:** I would like to inquire further about this matter after I study that.

## DELAYED ANSWER TO ORAL QUESTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer to one question this afternoon. Once again, if any senator wishes, I will read the answer, otherwise I will ask that it be taken as read.

## RESEARCH AND DEVELOPMENT

NATIONAL RESEARCH COUNCIL FUNDING—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 30 last by the Honourable Senator Marsden regarding Research and Development—National Research Council Funding—Government Policy.

(*The answer follows:*)

The government has not yet made a decision as to the location of the new Canadian Space Agency. It must be remembered that there are many factors to be considered in the formation of the new agency in order to ensure that it is set up in a manner that is most effective at managing those aspects of Canada's space program for which it will be responsible. At the present time there are detailed discussions taking place to define the exact nature and structure of the new agency. Many of the factors that must be considered, like the relationship of the agency to the government, its precise mandate and the location of existing space facilities, will affect the decision as to where to best locate the agency. For example, the existing facilities are not co-located and would be expensive to move; therefore, consideration must be given to leaving them in place versus consolidating them in one location.

It should be noted however, that over 75 per cent of the money spent by the government on space programs goes to Canadian industry by the regular contracting out process. Therefore, the location of the agency does not affect where the benefits of the space program will be generated.

The government has just completed a series of four meetings across the country in which federal officials began discussions with their provincial counterparts to determine ways of improving the regional distribution of space program spending. The provincial governments have shown a good deal of interest in having their industry participate in the leading edge technologies required for the space program. But, again, one will note that it is the intent of the government to spread these benefits across the country and, therefore, the location of the agency will not have any significant economic impact in and of itself.



## CANADA PETROLEUM RESOURCES BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Barootes, seconded by the Honourable Senator David, for the second reading of Bill C-5, An Act to regulate interests in petroleum in relation to frontier lands, to amend the Oil and Gas Production and Conservation Act and to repeal the Canada Oil and Gas Act.—(*Honourable Senator Hastings*).

**Hon. Earl A. Hastings:** Honourable senators, I welcome this opportunity of participating in the debate on Bill C-5. Before commencing, I wonder if I might ask the mover of the bill whether it is his intention to refer this bill to the Standing Senate Committee on Energy and Natural Resources on second reading. He did not indicate in his speech whether or not such was his intention.

**Hon. Efstathios William Barootes:** Honourable senators, it is our intention to so refer the bill, if it is the wish of the Senate.

**Senator Hastings:** My first words must be words of apology to my dear friend and associate, Senator Barootes from Saskatchewan, for my absence at the time he made his presentation on this bill. He knows how much I, almost always, value his sage advice and how much I regretted missing his presentation here in the Senate. However, I want to assure him that I read it very carefully and found it interesting—but not very enlightening when it comes to energy policy in Canada.

I notice that he said in his speech that he was bringing a ray of sunshine to the Senate in respect of the discussion of energy policy. I do not know whether or not he succeeded, but I doubt very much that his contribution would impress those senators from the Northwest Territories or the Yukon, or those senators from the maritimes. Certainly, I doubt very much whether senators from the producing provinces such as Alberta and Saskatchewan would be enthralled with his contribution. However, if he did succeed, I would suggest that he send a copy of that speech to the people of Red Deer, Alberta, for instance. I am sure that they would be enthralled to hear that we now have a framework set up by this government. It was in Red Deer that the present Prime Minister, in July of 1984, promised 300,000 jobs to the industry. All they had to do was elect the Conservative government and, upon that government taking office, there would be 300,000 jobs in the industry. Honourable senators, what is the result? We have 55,000

unemployed this winter in the industry in Alberta. But we have a framework, and I am sure that, as I say, those unemployed people will be enthralled to know of this great framework that has been established instead of jobs.

Senator Barootes might also send a copy of his speech to the editor of the Edmonton *Journal*, that great supporter of conservatism in Alberta, because he needs a little ray of sunshine in his thinking with respect to energy policy in Canada. In a recent editorial, he wrote:

● (1500)

> There's only one catastrophe worse than the slump in Canada's oil and gas industry and that's the performance of Marcel Masse as federal energy minister.

This is the man, honourable senators, who has stood guard over the bastion of Toryism in Alberta for years.

> Recently, Masse made the preposterous claim that the energy industry is not a job-creation sector. Then he broke one of Brian Mulroney's sacred election promises by placing Canada's goal of energy self-sufficiency on hold.
>
> Now, after finally acknowledging that the "situation in Alberta is a catastrophe," he offers nothing but paternalistic smarm to comfort the 55,000 Albertans who stand to lose their jobs this winter.
>
> . . .
>
> Masse's response is not just "any response"; it's no response.
>
> . . .
>
> Helping the oil and gas industry in Alberta may not be a priority in Central Canada, but it is vital to the nation's future. Self-sufficiency must be a long-term goal; it cannot be pursued and abandoned on whims.
>
> Ottawa must provide assistance to the energy industry when it is needed—not when it suits Masse to do so.

He will be interested in a ray of sunshine, honourable senators—this man who was, as I have said, the guardian of Toryism in Alberta.

He might send a copy of his speech to the mayors of Tuktoyaktuk and Inuvik, where unemployment is ravaging those communities. We can tell them, honourable senators, that although there will be no development and no work, we have a cornerstone—we are using this window of opportunity to put forth a cornerstone. There are no jobs, but there is a cornerstone to failure.

He could send a copy of his speech to the workers at Halifax, where the rigs stand idle in the harbour. They will appreciate a ray of sunshine when 2,400 out of 3,600 have lost their jobs. They will be thrilled to hear that we are committing to an energy policy subject to the vagaries of the free market, as is extolled by the Conservative government.

Senator Barootes is quite correct when he says that this bill has the support of the Canadian Petroleum Association. But those of us on the energy committee have learned from our most recent and from past studies that the Canadian Petroleum Association does not necessarily represent the views of the vast majority of the industry.

The Canadian Petroleum Association expressed no very strong concern with respect to Bill C-5. There has, however, been criticism directed at this bill—directed not at what it says but at what it does not say. It does not promote development in the Atlantic Canada business community. It does not encourage ocean research and development, which are emerging in the maritime region. It is faulted for the lack of the consultative process. Honourable senators, this was the government that was to consult everyone. All would be happy and all would be consulted. The very people in the maritime provinces who work in the trenches, as they have said to us, have not been consulted. I mention these things because there has indeed been dissatisfaction expressed, honourable senators, with Bill C-5. That dissatisfaction is being expressed in the very region that is supposed to benefit from this legislation.

Mr. John F. Smith, the Chairman of the Board of Directors of the Offshore Trade Association of Nova Scotia, told us that there are some basic flaws in the foundation of the present policies that give rise to concern about meaningful development of the east coast resources. He was concerned that the ground on which energy self-sufficiency policies are to be based is uncertain because there is not enough focus on Canadian oil and gas as a continuing energy source, nor is there the sense of urgency required to address the industry's problems. Our answer to his concerns is Bill C-5, which relegates Canadian self-sufficiency to the marketplace and to the vagaries of a foreign cartel.

Honourable senators, these are the people who are to benefit from this government's policies; these are the people who were to be consulted. They were left high and dry, at the mercy of some foreign cartel, and we are told that somewhere, sometime we will have energy self-sufficiency.

The Conservatives, while in opposition, were in full support of Canada's self-sufficiency. They agreed with the government. But they had a better way of doing things—they always have a better way of doing things. Now that they have been given the opportunity to do something, they do nothing but put the matter on hold.

The Conservatives had a better way to Canadianize the industry, yet there is not one word, not one initiative, in this legislation that pertains to Canadianization. All this bill does is preserve the *status quo* which existed prior to the bill. Neither Canadianization nor security of supply has been adequately addressed by Bill C-5, but it has the "framework," the "foundation." All of the unemployed in Canada and all of those men going bankrupt can look at that great framework, that great foundation, and wait for some day in the sweet bye and bye.

Mr. Robert Strong, President of the Newfoundland Ocean Industries Association, appeared before the Energy Committee. It was interesting to hear him say that they have built a reasonably healthy infrastructure from zero in 1979 to a good business infrastructure at present, one which serves explorato-

ry activities. What happened in 1979, honourable senators? That was the year that the National Energy Program was developed—that program that was damned by this Conservative Party from one end of Canada to the other. Despite that damnation, what happened to the Newfoundland Ocean Industries Association? It went from zero to a good business infrastructure today. The members of that association are concerned about their ability ever to respond to Hibernia, should it develop, because of this do-nothing, ignore-the-problem government. Last year there was a decrease from 3,600 jobs to 1,200 jobs, and those 1,200 will go this winter when the drilling season ceases in the maritime provinces. Mr. Strong told us that the situation was depressing, that service companies are closing their doors, folding up, going bankrupt, moving back west, or whatever, he did not know. Depressing it is, yet we have the structure. We have the "structure," the "foundation" and the "window of opportunity" from this government. That is all we have, honourable senators—we have nothing for those people in the maritime provinces who are going down the drain with their life's savings. Mr. Strong said that if we are committed to self-sufficiency, we should do something and, in the name of God, do something now.

What have we done? We have brought forth Bill C-5, the legislative framework and the cornerstone.

Honourable senators, the Energy Committee also heard from Mr. David Lyons, Chairman of the Maritime Technology Society of Halifax, who had much the same to say. He was also concerned about the lack of recognition of the technological development in the maritime provinces. The men who have gained these skills over recent years under the terrible National Energy Program, the men who have built that technology in the maritime provinces, are now being scattered across Canada because this government has nothing to do but put forth cornerstones and frameworks. The terrible National Energy Program was criticized up and down all across Canada, yet, under that very program, we created a drilling capability on the Atlantic offshore that could find oil cheaper than and as well as any multinational organization in the world. And it was Canadian! We built a fleet of Canadian supply boats in Saint John harbour, all under the NEP. That fleet has now gone to Asia. Of the two submersibles that were built in Canada one has gone to Asia. What policy do they have over there? Do they have a window of opportunity and a framework? I imagine they have more than that to offer, and they have more than was offered for the benefit of the oil industry of the maritimes.

Honourable senators, the Energy Committee in its 1985 report spoke of complacency—complacency which was invading the policy-making process. It spoke of the lack of concern about Canada's future supplies of oil. That observation was reaffirmed in our 1986 report.

● (1510)

I submit to honourable senators that Bill C-5 is a manifestation of that complacency. There is no concern for self-sufficiency and no concern for the Canadianization of the industry. We will deliver ourselves into the international oil market in the hope that someday this great market—which is not a free market, which is controlled by the cartel—will deliver us and provide us with what is necessary for the development of our resources. We have no imagination, no national will, as one witness told the members of the committee. What we need is national will and leadership, both of which are not present in the government of today. That witness told the members of the committee that this country had the will—and I am repeating his evidence, generally—to build the Trans-Canada Highway, to build the Seaway and to open up the north. We need that will and that leadership today in energy policy.

Bill C-5 is certainly no answer to the future energy policy of Canada. It may be a framework, but we have to do more than just put a framework up and admire the framework. As I said before, it is a manifestation of that complacency that exists in energy policy today.

**Hon. Dan Hays:** Honourable senators, I should like to participate in the debate, but, before doing so in any detail, let me congratulate Senator Hastings on a fine speech and thank him for pointing out to us the difficulties that we will face in the future as a result of this government's policy of total reliance on the marketplace for the energy future of this country in terms of additional development that has to take place.

Senator Hastings has ably pointed out that this is a very precarious policy to have at this time because the international marketplace is not really a free market, or a true market, but one that is manipulated by countries that have long-term resources when compared to Canada's resources.

I should like to discuss a specific provision of Bill C-5. I have received representations regarding this particular provision, and I should like honourable senators to be aware of those representations. The provision I wish to discuss is contained in clause 101(7)(d)(ii). I do not intend to read it, but I will describe that provision. It repeats a similar provision which is contained in the Canada Oil and Gas Act, which this bill replaces, and it is that companies that carry out seismic work—and the area of interest for our purpose is seismic work on the Canadian frontier—in the Beaufort area and offshore east coast carry out that seismic work for their own purposes, with a view to selling that information at a later date. The companies find that the information which they must file with the Government of Canada will be made public after five years.

The international price of oil has fallen precipitously and exploration and development in those remote areas has come to a halt and is likely to be stopped for some considerable period of time. Accordingly, this five-year period is very short, having regard to the huge amount of money that these companies have spent to get the information.

However, the information can fall into two categories. One is information gathered that, at the time of its being gathered, qualified for Petroleum Incentive Payments. So, there was a substantial participation by the Canadian taxpayer in carrying out the work. I think in that case there is not much argument

that that kind of information should be made public at an early date. However, much work was done on a speculative or a reconnaissance basis, and where that is the case, it seems to me that those companies should have a reasonable time within which to hold a proprietary interest in the information so that people who will find it useful will pay for the information that those companies have gathered on a speculative basis.

My point is that the current five years is not long enough to give them adequate proprietary rights. They should not be given the right to hold the information forever, because there is a public interest in this information being made available, having regard to our future security in terms of energy supply.

I think that we should revisit—I guess I am speaking to the government on this—this clause and consider it once again in light of the current energy pricing environment. This is a matter which I took the opportunity to ask the minister a question on when he appeared before the committee last week. He referred the matter to one of the members of his department who said that extensive consultation with the industry had occurred and that, as a result of that consultation, they made a determination and decided to leave it precisely as it was before.

I submit that that consultation must have taken place for the most part during a time when energy prices were very high and when the reasonable expectation was that companies would buy the information within a reasonable period of time. Now that the price is very low, I think that that time period should be changed. Perhaps some administrative discretion is necessary, but the companies which gather information should be given a reasonable time to recover their costs, hopefully with some profit, so that they will have an incentive to continue doing this work in the future and so that it will be available for purchase by exploration companies which want to carry out programs in those remote areas.

**Hon. John B. Stewart:** Honourable senators, when Senator Barootes moved the second reading of Bill C-5, he said:

> —this period of low prices offers us a window of opportunity to establish a frontier energy strategy which is fair rather than discriminatory—one which is responsive to markets rather than to artificial stimulation by government incentives.

It is the word "markets" which attracts my attention. The concept of a market is one that is fairly clear in the literature of economics. A market is a place of exchange characterized by competition. A market entails many sellers and many buyers. When one does not have those fundamental requirements, one does not have a market. There may be market characteristics to some extent, but the basic quality of a market is that it is genuinely competitive.

I noticed that Senator Barootes relied strongly on the concept of a market; I noticed that the two senators who spoke earlier today brought up the notion of a market. I wonder how relevant the concept of a market is to this particular industry.

When I read Senator Barootes' speech just now to refresh my mind as to what he did say, I thought how things had changed over the years. I thought back to the days when the Grits were denouncing Sir John A. Macdonald for wanting to use government incentives to build a railway to the Northwest Territories. Grit orators opposed him in the name of "the market." They said, "If in God's good time people are to live in those parts, those far distant parts of this continent, then market forces will prompt entrepreneurs to raise capital in the money markets of the world and to build those expensive lines of railway and those bridges, but let us not interfere." I try to imitate their Scottish accents. "Let us not interfere with God's providential order of the market by these intrusions, these government interventions favoured by the Conservative ministry." Well, honourable senators, how times have changed!

• (1520)

When a senator from Saskatchewan, from what in those days were referred to as "the territories," should rise here and say that nothing should be done except to be responsive to the market, and that we should have none of this artificial stimulation by government incentives, how things have changed! Would the western parts of Canada ever have been developed in line with the vision of Sir John A. Macdonald, or of any other visionary Canadian politician, if that kind of negativism had prevailed, and all based on the notion of something called "the market" which, I suggest to you, both with regard to the railways in the 1870s and the oil and gas industry in the 1980s, is simply an ideological illusion?

**Hon. Efstathios William Barootes:** Honourable senators—

**The Hon. the Acting Speaker:** Honourable senators, I wish to inform the Senate that if the Honourable Senator Barootes speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Barootes:** Honourable senators, I take this opportunity to thank my three colleagues in the Senate for their interesting and, at times, cogent remarks.

**Senator Nurgitz:** Which times?

**Senator Barootes:** I would like to mention that I am not tied to the policies of Sir John A. Macdonald, although my admiration for him goes about as deep as it does for any Prime Minister at any time. However, situations in this world have changed as we evolved from a bald, uninhabited country to a more developed country. Nor could Sir John A. have imagined, when the grants were made to the Canadian Pacific, that perhaps one of the greatest sources of revenue today would be something that never even entered his imagination, that being the mineral and oil rights under the lands which were granted and which are now represented by Pan Canadian Petroleums.

We are prepared to refer this bill to committee. However, may I make a couple of remarks about the ray of sunshine, because there may be on the horizon just a couple more little rays of sunshine which may bring some comfort to those who are suffering during this depressed oil period. Perhaps it would be a help if I referred back to my speech in seconding the motion for an address in reply to the Speech from the Throne in which I said that the Petroleum and Gas Revenue Tax was

being removed some 30 months earlier than anticipated. Then I added:

> —when coupled with the anticipated provincial royalty revisions which are anticipated, [it] will be a welcome and timely relief to the western oil industry, especially in Alberta.

I went on to say that it may help to avoid bankruptcies and restore some employment and activity in exploration. Indeed, this has come to pass with the announcement from Alberta of $1 billion of relief in the royalty structure of that province for oil exploration and development work. I hope, as all of us in this house must hope—certainly those of us from the western provinces hope—that this incentive will give some stimulus and impetus to the dead and dying period of which the honourable senator spoke and to the 55,000 unemployed oil field workers.

The second element of a slight ray of sunshine is on the other side of the country. It occurred when I read in one of the business newspapers over the weekend that an official of Mobil Oil Company, which is the driving force behind the Hibernia exploration, mentioned that if the recent temporary rise in the per barrel price of oil—which, I understand, dropped again today—were to continue for a short time and if it were to stabilize, he could see some opportunity for proceeding with the development of the Hibernia field. Indeed, that, for all of us, would be a most welcome thing, to see that eventuality become an actuality for our friends on the east coast. It would be good for all of Canada.

I do not wish to comment in rebuttal of the various statements that have been made. I sympathize greatly with Senator Hays' observation about geological information and intelligence, which may not now be taken up as quickly as we would wish because of the drop in oil prices. Perhaps this area of the act could be reviewed. I am not certain that anybody on this side of the house accepts that we have deserted the policy of oil self-sufficiency for Canada. Some efforts have been undertaken. This government is assisting organizations such as the Co-op Upgrader for heavy oil and engineering with regard to the Husky upgrader. These endeavours might help to restore our march toward oil self-sufficiency. I wish that we had control over the price of oil in the world market, whether it be manipulated or operated by a cartel, but, unfortunately, with only an output in world oil products of 2 per cent, it is pretty hard for us to enforce our wishes upon those countries that have 40 per cent and 50 per cent of that oil market. Canadianization has not been deserted. The policy of the 50 per cent Canadian ownership rate remains.

I point out that during this last year or so Gulf Canada, which was controlled by the Gulf Corporation of the United States, has been Canadianized. To my delight, it has been done without spending one single cent of taxpayers' dollars. That, I think, is a good thing.

**The Hon. the Acting Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

[Senator Barootes.]

**Senator Hastings:** On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Barootes, bill referred to Standing Senate Committee on Energy and Natural Resources.

● (1530)

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator Barootes, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Rowe*) (*5th day of resuming debate*).

**Hon. Frederick W. Rowe:** Honourable senators, at the outset I should like to express my thanks to those who have participated in this debate. However, I cannot help but utter one sour note which relates to the fact that, as has been the case over the past 15 years, no matter how well reasoned, no matter how much work has been devoted to the Speech and no matter how original some of the thinking may be behind it, the world will hear no more about most of it because 98 per cent of the views expressed in that Speech die right here in this chamber. I have never ceased to be surprised by that fact and I have never ceased to regret it.

Honourable senators, I will confine my discussion today to two topics, one is unemployment and the other is the relationship between education and unemployment. The most unfair attitude any body or bodies could bring to bear on the subject of unemployment is that which, either directly or by implication, expresses the view that those men and women seeking to obtain able-bodied relief or unemployment insurance are not really interested in getting real work and that they are quite happy as long as that relief or insurance continues. That idea has been promulgated more and more in recent weeks in several connections.

Honourable senators, I want to discuss for a moment the history of Newfoundland. I am not being parochial in my attitude, I am using Newfoundland as an example because it is a microcosm of what has happened and what is happening today in so many other parts of Canada.

In 1931, 1932 and 1933, through a combination of factors totally beyond the control of either the people or the government of Newfoundland, Newfoundland's economy collapsed. The collapse was attributable to poor fisheries, economic collapse in the Mediterranean, the Caribbean and South America, and failure of the three historic fisheries of Newfoundland, the inshore, the Grand Banks and the Labrador. Another contributing factor was complete failure of the fisher-

ies due to ice, "dirty water" as they call it, and many other factors, some of which were not recognized at the time but the results of which we have had to live with. The Newfoundland economy collapsed through no fault of the people of Newfoundland. In 1934 a Commission of Government was set up under the total control of the government at Westminster, the British government. The commission was comprised of six men who were appointed at Whitehall and the Governor, an English appointee, became *ex officio*, the chairman of that commission. After five years of Commission Government, by 1939 there were just as many able-bodied men and women receiving relief as there had been when the Newfoundland economy collapsed in 1932-33, and Newfoundland's economy did not improve appreciably. Even as late as 1941, the height of World War II, conditions had not improved apart from the fact that several thousands of Newfoundlanders had joined the various armed services.

In the spring of 1941 Britain and the United States arrived at the first of the lend-lease agreements, commonly referred to as the "destroyer deal". You will recall that the then president of the United States, President Roosevelt, used as an excuse the lend-lease to enable him to make available 50 so-called over-aged destroyers for British and Allied use. In return for that, the United States was given the right to build three huge bases in Newfoundland, one at Quidi Vidi Lake, later known as Fort Petterrell, an army base; one at Argentia in Placentia Bay, down the coast from Come-By-Chance; and one at Stephenville where the air base was established. In addition to these great bases, most people did not take into account the fact that there were scores of smaller bases dotted all over Newfoundland and Labrador, because it became clear to the Americans, as it did to many others, that if Germany succeeded in conquering England, as most people thought it would in 1940-41, the next target would, of course, be eastern North America, and Newfoundland was the logical place to strike. Newfoundland became one great bastion of armed might. That meant that thousands upon thousands of Newfoundlanders were able, for the first time in years—and in some cases for the first time in their lives—to look forward to the possibility that they might have a job of work.

Honourable senators will forgive this personal allusion, but it will serve as a background to what I am leading up to. In the spring of that year I had just completed my training period with the Canadian Officer Training Corps, the COTC, and had returned to Newfoundland to take up my duties with the Canadian Legion and the Royal Navy Educational Services in St. John's, Newfoundland. I had one month between completing my training and taking up my new responsibilities. Being married with a family and trying to attain some university education, naturally, I needed as much money as I could earn. On the Monday morning I went down at 8 a.m. As I entered the grounds of Pleasantville, I saw the largest number of men outdoors that I had ever seen at one time. I do not believe there were any women there. The American colonel to whom I had to report told me that according to their estimate there were 5,000 men—standing, lying, sitting on the ground. I said, "What are those men doing?" The reply was: "They are here waiting for the chance to get a job. Some of them have been here for several days, and their relatives bring them blankets and food." Those were men whom a lot of well-to-do men and women in Newfoundland at the time regarded as being too lazy to work. Those were men who had been on the dole, receiving six cents per day during the 1930s. Those were men who were supposed not to want work. Within another two years there was not one unemployed able-bodied man in Newfoundland or Labrador—the first time since the latter years of World War I. At that time there was full employment; and that was the first time since the war of 1812 between the United States and Great Britain. Those were the three occasions when there was no unemployment in Newfoundland.

• (1540)

I repeat, unemployment in Canada is not unique to Newfoundland. We hear a great deal about it, because in Newfoundland unemployment is inclined to be endemic. Apart from those half dozen years altogether there has always been serious unemployment in Newfoundland. That is because of the nature of the economy, and not because Newfoundlanders do not want to work.

We are not alone in this. As a province we probably have more unemployment than any other province. I have never got over the surprise that I experienced at university when one of my history professors told me that possibly the greatest artistic and engineering feats of all time—namely, the Egyptian Pyramids, the Great Wall of China, the Parthenon in Greece, and the Mayan, Aztec and Inca civilizations of Mexico and Central and South America—were designed largely to provide jobs for people who were out of work. It is hard to believe, when one stands on the Great Wall of China, that it was a program of work relief. Apparently that was one of the major factors. Another was, of course, defence.

I should point out that that does not represent my opinion. I do not know enough about it. I have studied a good deal of history in my time, but I do not know whether that would be accepted by the majority of history scholars. Probably there is some truth to it.

Canada has more than Newfoundland to worry about in the matter of unemployment. If we were to stop thinking in provincial terms and think instead in regional terms, there are some areas in Canada where unemployment would be significantly higher than it is in Newfoundland. I believe that point needs to be stressed, because some observers and commentators fail to realize the importance of that. We hear a great deal about unemployment in Newfoundland, but what is true of Newfoundland is equally true of many other parts of Canada, including some areas in some of our wealthier provinces.

In attempting to find solutions to the Newfoundland problem, Canadians simultaneously are trying to find solutions to problems that are scattered all over Canada. We find them even in Ontario and British Columbia, areas where there is serious and chronic unemployment which, in some cases, is endemic.

The situation in Newfoundland is not a complete tale of woe. There are some bright spots. We all hope—although some are inclined to be rather skeptical or dubious about it—that the great billion dollar refinery at Come-By-Chance has been given a new lease on life. If that is so, it could well mean the beginning of a new round of industrial development.

Here we must adopt a cautious approach. However, it does appear to me to be within the bounds of common sense to expect that those vast resources that we know exist in and around Newfoundland will not continue to be dormant much longer. We have the greatest fishery in the world. As we say in Newfoundland, the province is "plunk down" in the middle of the greatest fishery on earth, and with the population increasing as it is all over the world, and with the demand for fish protein increasing, it seems to me that we are not expecting too much. We have the greatest single hydro development in Labrador. I refer to the Churchill River; and there are other great rivers that drop 2,000 feet to the Atlantic Ocean. There are enormous quantities of power there.

We also have oil. Let us make no mistake, the oil is there. The only reason it has not been developed during the past few years is because of the economics involved. But it will be developed. We also have known forestry and mineral resources. It is almost beyond belief that those vast resources, in time of peace, have never been developed to provide a decent livelihood for what is now 600,000 Newfoundlanders. What is the answer? I believe it will require more than just the economists to figure it out.

Newfoundland has another great resource which I have not mentioned so far. Thirty five years ago Newfoundland had one seat of higher education, namely, a university college, which provided two years of post-secondary education—two years toward a degree. Yesterday I was chatting with the President of Memorial University. He is a Newfoundlander from a fishing family in one of our fishing communities who today is one of the greatest Canadian educators—make no mistake about that. When I graduated from University College in the 1930s, there were approximately 200 students—I stand to be corrected—at that institution. Yesterday Dr. Harris told me that registration in that great university—embracing some of the leading schools of engineering, medicine, education and so on—had reached a total of 17,000 students. In the last 25 years, university faculties, university schools and departments have proliferated. In addition to the normal disciplines in the arts, in the sciences and in education, there now exists an institute of social and economic research, an institute for research in human abilities—and most of these I am reciting now are original in Canada—a school of medicine and the health sciences complex which—the two of them together, the great hospital there and the science complex—have attracted the attention of medical scientists throughout the world.

● (1550)

Another recognized activity is the role being played by Memorial University in cold-water research. Make no mistake about it, honourable senators, this is one of the great potentials in Newfoundland and in Canada. There is pioneer work being conducted in ocean engineering and in earth science technology, and, indeed, in other pioneering fields such as satellite communications with remote areas and work in the field of genetics, to name only two. How many Canadians are there today who know that that university, in the most eastern part of Canada, is doing research in cancer today which is not only pioneering but also attracting cancer scientists from various parts of the world. This is being done in a university which did not even exist 40 years ago.

I mentioned, by the way, this matter of cold-water research. It was quite a coincidence that I came across an article in the *Gazette* after I had prepared these notes. This is the *Gazette* belonging to Memorial University. It is put out once a week. This issue came to me yesterday. It says, "Ground broken for new CERR building". I didn't have the faintest idea what it was. I knew it was an acronym of some sort—but what did it mean? Well, I soon found out.

> A jackhammer wielded by federal Minister of Transportation John C. Crosbie and Premier Brian Peckford has broken the ceremonial first piece of asphalt from parking lot 16, the site of the new building for Memorial's Centre for Earth Resources Research.

There is a picture, for those interested, of the Premier and Mr. Crosbie as they are performing that ceremonial function. I will read this further and then I will table the document, honourable senators.

> The commitment of $25 million . . . to the construction of a new building—

And this $25 million is purely for the building itself, not for anything that will go into it—

> . . . to house the centre was announced in February of this year, one year after the signing of the Atlantic Accord about which we have heard so much.

The article then goes on to report what Dr. Harris, President of Memorial University, and Mr. Crosbie had to say about this matter.

Honourable senators, you have heard me on this topic before. Why is this imposed on you again? The reason is very simple: These activities that I have been describing, that are being carried on by our universities, are resulting in our universities finding themselves below the minimum.

I did not hear Senator Hicks' speech the other day, but I read it today. He brought the attention of Canada to this problem. The salaries of professional staff have not kept pace with those in most Canadian universities—and I am speaking about Newfoundland's university now. In fact, in some cases there are discrepancies as high as 25 per cent between salaries being paid, say, at the University of Manitoba or at UBC, or whatever, and Newfoundland, even when the responsibilities are identical. This does not give me any pleasure—and I am sure it gives no Canadian any pleasure—but we heard what our Nobel Prize winner had to say about this the other day. I do not think he meant to be taken too literally, but when he advised young Canadians to go to United States, clearly there was some serious note behind it. Hardly a week goes by—and

I have the authority of the president of the university on this—that some medical doctor, or physicist, or mathematician, or historian, or educator doesn't leave Newfoundland for greener financial pastures. A disheartening and frustrating feature is that in almost every case the personnel involved would like to remain in Newfoundland. We find that over and over again, and that is not a figment of our imagination; that is so. When people come to Newfoundland, as so many did in the early years of the university, medical doctors and practitioners from Harley Street ended up in our new medical school. In almost every case, those people would like to remain in Newfoundland. Newfoundland has many deficiencies and defects, but once people have been there practising for two or three years, or teaching, or whatever, they would like to live on there. But, of course, there comes a time when the discrepancy becomes too large and they have to think of their families, so they leave. The original missionary impulse—and that was a very strong impulse, believe me—is usually most evident at the pioneer stage, and when our medical school was founded dozens of our medical and scientific specialists—some of them of world renown, some of them, by the way, connected with this very body—offered their services to Memorial. Leading surgeons from Britain, psychologists, psychiatrists, and so on, offered their services and were accepted at Memorial. But this missionary impulse, valuable as it was and is, cannot be relied on to tolerate discrepancies of salary and professional standards indefinitely. The drain of professional talent from Newfoundland to other parts of Canada and the United States is reaching serious proportions. At the rate we are going inevitably there will be stagnation and eventual decline—even in the face of the dedication of the staff—unless heroic steps are taken. This situation applies to most, if not all, of our Canadian universities. I am sure I do not need to say in this chamber that the problem that besets Newfoundland vis-à-vis the other universities of Canada is the same problem that confronts the universities of Canada vis-à-vis the universities in the United States. I want to stress that point again—the impulse to be a missionary, to be part of the pioneering effort, valuable as it was—and still is to some extent—cannot be relied upon to tolerate discrepancies in salary, et cetera, indefinitely.

● (1600)

Some of you may find this a little difficult to accept, but a university can be regarded as an industry, in my view. Apart from the direct employment that it provides, it stimulates other activities and invariably plays a role in creating high community and provincial standards. One needs only to look at our sister provinces of Nova Scotia and New Brunswick to realize what a powerful force a university can be in areas which would otherwise have unacceptable standards. If by some calamity Acadia University and Mount Allison were eliminated tonight and when tomorrow dawned, they did not exist, I ask you what would be the fate of Wolfville or Sackville as communities? I have not visited either of those towns in recent years, although Mount Allison is one of my Alma Maters. When I was there the town of Sackville depended on two things, mostly the university and, to some extent, the railway, and I would imagine that today the railway does not play a very important role.

I have said before and, at the risk of being thought repetitious, I will say it again: Newfoundland cannot afford a policy of retrenchment in the university field without doing irreparable damage to both its culture and its economy. This is true, of course, for every area in Canada where a university is playing a disproportionate part in the life of what would otherwise be a small community. As I said, if you remove Acadia or Mount Allison from their respective locales, you destroy the communities involved. As honourable senators are aware, there are small communities from Cape Spear to Vancouver Island that are largely dependent for their economic existence on the universities. In other words, the universities are industries, circulating money and, to some extent, creating new wealth just as much as is created by, for instance, the mining of iron ore in Labrador.

In the case of Newfoundland, far from retrenching at the university level, we should be following the example set 100 years ago by some of the smaller countries of Europe, a practice that has continued ever since. I am sure honourable senators are aware that it is not an accident that countries such as Denmark, Holland or Switzerland—and perhaps a dozen more—today have some of the highest standards of living in the world. These standards are the result of the emphasis on education in its various branches. The United States, for example, is not among them. Perhaps they have more millionaires than any other country, but if you want to find a generally high standard of living today, you go to a country such as Denmark, Sweden or Norway. The standards of living that exist in those countries today are the result of emphasis on education.

I indicated earlier that Newfoundland has made enormous progress in such fields as earth sciences and cold-water engineering. I did not make up that terminology; today it is used everywhere in scientific circles. However, the university cannot maintain these activities and still absorb budget decreases. It seems to me that the time has come when we must think increasingly in terms of national policy.

The problems that I have delineated that exist in Newfoundland cannot be solved by Newfoundland itself any more than the problems in certain parts of the western provinces can be solved by those provinces or regions or areas. There is no doubt that Newfoundland is one of the underprivileged parts of Canada, but it is not alone. Underprivileged areas are to be found all over Canada—and here I am deliberately repeating myself. One of the tools which we should increasingly use to reduce the number of underprivileged citizens is the university, but there must be national programs for such efforts. We have seen that even with very limited resources, a university such as Memorial can do outstanding work, and where this happens invariably there is a dramatic increase in general standards of living, brought about largely by that university.

The earth sciences program in Newfoundland is limited in scope for obvious reasons; similarly, the program in cold-water research and engineering. What is needed is a great national

centre capable of bringing together all available resources and capable also of attacking problems in a massive way. Honourable senators, when I prepared those notes I was not aware that a centre, in fact, had been created. I am highly gratified—as I am sure is every other Newfoundlander—to know that this has happened. It is the very thing, on a small scale, that I have been advocating. Other areas of endeavour in Newfoundland and in Canada are waiting for fresh, new and, I repeat, massive applications of capital and, more important than capital, imagination.

● (1610)

This past summer my wife and I drove along the west coast of Newfoundland. I ask honourable senators to visualize the island of Newfoundland, to see that Great Northern Peninsula, which starts at Bonne Bay and takes in Gros Morne Park. The Atlantic is to one side of it while the Gulf of St. Lawrence is to the other. I ask senators to bear with me for two or three more minutes while I try to describe this trip. Senator Le Moyne can confirm what I am about to say because, although it may be difficult to believe, he is an authority on that part of Newfoundland. Senator Marshall can also bear me out, because my recollection is that his riding included St. Barbe. Is that not correct, Senator Doody?

**Senator Doody:** Yes, it was Humber-St. George's-St. Barbe.

**Senator Rowe:** St. Barbe is located on the northwest coast of the Great Northern Peninsula. There we find Gros Morne Park. I do not pretend to be an expert on these matters, but those who are all say the same thing: Gros Morne Park has only one equal in all of Canada, and that is somewhere in the Northwest Territories. The name I cannot pronounce and, at this moment, cannot remember, but it is a great primitive national park. We in Newfoundland have Gros Morne Park, where one will find the unbelievable beauty—and I am choosing my words deliberately now—of Bonne Bay. We also have something that is different from anything else in the geophysical world—we have Western Brook Pond. I will not describe it, but I do hope that senators will go down some time to see it. They will not believe it.

In that area are some of the oldest archaeological findings in eastern Canada. At a place called Port au Choix can be found the remains of the archaic Indians and the Dorset Eskimos. Those remains have been carbon dated and have been found to be 7,000 or 8,000 years old. There was a time when we thought that 500 or 600 years was the limit of man's knowledge in those areas.

Across the Strait of Belle Isle are the remnants of the Basque whalers, whose enterprises date back to the early 1500s and quite possibly antedated the discoveries of Columbus and Cabot. At Lance Amour are archaeological artifacts dating back 7,000 or 8,000 years. At the northern tip of Newfoundland can be found the first Viking sites in North America, which were established 500 years before Columbus ever thought about going across the Atlantic.

Honourable senators, this trip takes about two days of leisurely travel. What I am leading up to in my somewhat round-about way is the fact that here we have some of the leading tourist attractions in all of Canada. I would venture so far as to suggest—and I have not discussed this with Senator Le Moyne; we are not in collusion on the matter—that in that stretch there are to be found several of the major archaeological findings on the face of this earth. There are geological features which are absolutely unique. From the point of view of tourism, that area—every inch of which is accessible by paved road—has not been utilized to 10 per cent of its potential. But it is clear that Newfoundland cannot on its own undertake a program that would attract thousands upon thousands of tourists from the rest of Canada and from the rest of the world.

Honourable senators, I have cited only a few possibilities today. I can best sum up what I have been saying by emphasizing once more that the poverty, deprivation and unemployment plaguing parts of every province in the nation do not represent insoluble problems. In its modest way—and it is not actually too modest—Memorial University has provided leadership in the areas of marine biology, earth sciences, remote communication and medical science, but the surface has only been scratched. When Dr. Harris described to me what is being done at that university, I could not believe my ears. That my Newfoundland—that place settled by my ancestors, the ancestors of Senator Doody and others three or four hundred years ago—that that rock out there could be the focal point of so much of this activity was unbelievable to me. I repeat that the surface has only been scratched. I ask whoever is listening to me now, or whoever will read what I have said, to believe that what must be provided is not retrenchment but expansion in these fields. We need private enterprise, courage, money and, perhaps more than anything else, imagination. Failing these, and I say this with all of the conviction of my being, we in Newfoundland—and, by extrapolation, those in other parts of Canada—can only look forward to continuing want and misery.

Honourable senators, I do not want to conclude on such a negative note. I believe that Newfoundland will, in time, overcome some of these horrendous problems. If I did not believe that, I would encourage my grandchildren to get out and to stay out. But I believe that Newfoundland will overcome these problems and that it will continue to do what it has already done over the years—it will continue to make a worthwhile contribution to the Canadian nation.

**Hon. Senators:** Hear, hear!

● (1620)

[*Translation*]

**Hon. Jean-Maurice Simard:** Honourable senators,

> The legislative program is very promising. What remains to be seen is whether the Government will have the competence, the will and the resources to implement at least part of that program.

With these words, Michel Roy, writing in *La Presse* on October 2 of this year, concluded his analysis of the Throne

Speech pronounced the day before by Her Excellency the Governor General.

Elsewhere in his article, the columnist said that the Throne Speech showed both continuity and change. Continuity, because it repeats the major themes launched by the government in its legislative program for 1984, namely, national reconciliation and economic renewal.

Change, because the Prime Minister and his cabinet have included one aspect they neglected two years ago, and that is the social policies so dear to the hearts of Canadians.

Not only did I agree with Mr. Roy that this is a good Throne Speech, but I am convinced, with a growing number of Canadians, that despite certain mistakes largely due to a lack of experience in government administration on the part of several ministers, mistakes highlighted by a press that was constantly on the lookout for the slightest sign of weakness, and due also to unreasonably high expectations on the part of voters after the landslide victory in 1984, and as I was saying, I am convinced that by pursuing this cleanup of our public finances which includes controlling the national debt, the Government will be able to demonstrate, as it has been doing for two years, that it has the will and the ability to make life better for all Canadians and that it can make the necessary, sustained and courageous effort to do so.

The legislative program announced on October 1 will also be a constant reminder to the government and to Canadians in the years to come, as ambitious as the initital program of 1984 which over the last two years has formed the basis for Prime Minister Mulroney's successful attempts to remedy the disastrous state of affairs inherited from Trudeau, MacEachen and company.

The Progressive Conservative Party and its leader did not promise perfection during the election campaign. Some will say that is what the Liberals promised, but in any case, perfection is unattainable. However, the tangible results to date with respect to economic renewal, national reconciliation, constructive internationalism and social justice appear to promise better days, while bills will be introduced and programs implemented following the requisite, and I hope sustained, consultations with all public and private intervenors.

Honourable senators, before going any further and commenting on certain aspects of this Speech from the Throne, I would like to congratulate Senators Cogger and Barootes on moving and seconding the motion for adopting an Address in Reply to Her Excellency the Governor General.

By his very pertinent remarks and the moderation for which he is well known by those who had dealings with him before his appointment to the Senate, Senator Cogger has shown that he is very familiar with the country and the Province of Quebec which he represents here, and that he is particularly well prepared to serve all Canadians.

As to Senator Barootes, once again he was able to show compassion for destitute people, genuine understanding of past and current events, and, I must say, exemplary patience in the face of remarks and interruptions by Senator Steuart of Saskatchewan.

In the future I intend to draw inspiration from the wisdom and experience of these two colleagues. To all other senators who spoke before me in this debate I confess openly that, once again, their contributions have shown me the extent of the work I will have to do in years to come, namely to become familiar with the problems facing Canadians, both men and women, their complexity and multiplicity, and the importance of having a thorough knowledge of all regions of Canada, the people who inhabit them, the solutions they propose, and their very legitimate aspirations.

This is why in the coming years I intend to make a special effort to get to know my Senate colleagues as well as the men and women they represent in this institution.

Undoubtedly, Senator Murray—with Mrs. Robertson—was the senator I knew best when I came to Ottawa last year. I even had been in a position to appreciate the judicious advice he gave to the New Brunswick government when he was working in that province. His talents as a great strategist and his formidable academic training proved to be very handy tools which did contribute immensely to the quality of Richard Hatfield's administration.

Therefore I can only rejoice at his appointment to the federal cabinet and as Leader of the Senate. In his first address as Leader of the Government in the Senate last October 7, he showed he was prepared to do his best, and he proved he could respond with thoughtfulness, enlightenment and logic. The Leader of the Opposition should be wary if ever he should attempt to talk to us about the "great Liberal years" in terms of a competent, foibleless and exemplary Canadian administration.

Honourable senators, I think we can look forward to very interesting debates during the mandate of Senator Murray if the 31 interruptions by opposition senators—including 15 by Senator MacEachen—during Senator Murray's first speech on October 7 are any indication.

So I commend Senator Murray for an excellent session opening, and I trust Senator MacEachen and his opposition colleagues will learn to be patient.

Today, honourable senators, I should like to refer specifically to two themes mentioned in the Speech from the Throne, economic renewal and Canada's linguistic duality.

In the Throne Speech, the following may be read:

> Despite current difficulties, encouraging progress has been made towards renewing and strengthening the national economy. Unemployment is at its lowest level in over four years. Average incomes of Canadian families rose in real terms in 1985 for the first time in five years. The federal deficit has declined for the first time in six years. The prime rate is the lowest it has been in eight years. And government program spending has significantly declined for the first time in forty years. These economic indicators are encouraging.

Honourable senators, that is a record of accomplishments any government could be proud of.

I even suspect the Leader of the Opposition in the Senate, were he in a government capable of such a performance, would be the first to advise his colleagues to publish the results of such sound management across the land, notwithstanding the cost to the Canadian taxpayer as they did so often when in power.

Speaking for myself and the people of New Brunswick whom I represent in the Senate, I suggest this is an enviable record, although still not good enough. The Prime Minister was the first to admit it recently in Moncton, and he said so on a few occasions elsewhere, that record is not good enough. I support his views. For that reason, the government is getting ready to do better in the maritimes, where progress has been slower. So we will have to do better, even though in doing so the government in the future, as it did in the last two years, will have to face the opposition of Liberals, New Democrats and almost every labour leader, as well as certain media, whenever steps are taken to reduce the deficit and financing requirements, to negotiate a free-trade agreement with the United States, to amend social programs, to review the unemployment insurance system, to introduce initiatives to foster regional development and so forth.

There was a comment made by the Opposition Leader in this house which I found amusing. He said in substance, in his speech of October 7, that what the maritimes need is public money, plenty of public money, and the support of citizens in the area.

I think Senator MacEachen was partially right. Indeed, public support is needed, and the experience in Cape Breton after the federal response is convincing, and after that federal response, the response by entrepreneurs was forthcoming. Senator Murray referred to that. In terms of jobs and planned public investments, we can say the income tax credit and Cape Breton promotion programs have had a resounding success.

So there we have a process that is much more successful than the mere wasting of public moneys and the suggestion to spend $104 million a year to build up heavy water reserves, two suggestions made by the former minister and Liberal federal member for the area.

Senator MacEachen should know better, and he does know better, because he and his colleagues during the years they were in power made extravagant expenditures on all sorts of band-aid solutions.

As someone once said, self-examination leads me to despair, but self-comparison helps me repair.

It is especially true when we compare this government's approach with that of the Trudeau government.

Therefore, in terms of economic renewal and the more specific component of regional development, I am proud of what has been undertaken and of the results obtained, and I look forward to the future.

[Senator Simard.]

• (1630)

In this respect, I was particularly gratified by the message delivered by the Prime Minister on his visit to Moncton last October 17, to the Economic Council of New Brunswick, when he invited the population of that province to reflect collectively on the question of regional development. This is what the Prime Minister said on that night, and I quote:

> First of all, we should strive mostly to make better use of the considerable amounts that are already being spent on the development of the Atlantic Region.
>
> Secondly, the development of that region as of other regions should be achieved through the development of businesses rather than an uncontrolled growth of the public sector. We should therefore lift the obstacles limiting the growth of the private sector in the Atlantic Region. You do have businesses, not too many big ones, but a fair amount of medium and small businesses of impressing vitality. And you do have clever, innovative and courageous businessmen. If we manage to multiply ten, 20, 100 times this business structure, those entrepreneurship talents, you will see that the development of New Brunswick will gather momentum.
>
> Thirdly, small businesses in New Brunswick and elsewhere in the Atlantic Region are faced with obstacles of a different and more challenging nature than in the more prosperous regions of the country. We are perfectly aware of that fact. Identifying those obstacles and the ways to smooth them out would be one of the main objectives of the consultations that we have undertaken with the provincial governments and the business community in the region.
>
> Number four, the best way to help Atlantic businesses develop is to associate them more closely in drafting and implementing our development policies as well as managing our programs. Our action should be more deeply rooted in the regional reality, and we should be more closely associated with the true leaders of regional development, the business entrepreneurs, leaders and managers.
>
> Five, we must consolidate and better coordinate our industrial and regional development efforts; we must ensure that all federal departments have the same thrust and contribute to the implementation of more coherent development strategies. This is why we announced in the Speech from the Throne the creation of a new Atlantic Canada Opportunities Agency.

Honourable senators, I rely greatly on the greater development of the small business sector to create the jobs needed for young people and women at this time in our history.

The new minister responsible for this sector, the Honourable Bernard Valcourt, who is Member of Parliament for the region that I represent in the Senate, and his predecessor, the Honourable André Bissonnette, have already done a lot in my opinion to stimulate this sector, which, by itself, accounts for 70 per cent of all jobs in Canada.

Here are a few examples from the last two budgets:

—Better access to capital thanks to a $500,000 lifetime capital gains tax exemption;

—A higher ceiling under the Small Businesses Loans Act, adding $1 billion to available funds;

—More flexible regulations for retirement plans to allow individuals to invest up to 50 per cent of the funds allocated to RRSPs;

—Extending the small business bond program to December 31, 1987;

—Special tax credits for research and development;

—A tax credit for venture capital invested by workers; and finally,

—Lowering the tax rate for small businesses from 15 to 13 per cent.

I believe that this is an excellent start, that it is promising for the future and that Canadians will benefit from other such initiatives.

For that matter, the Throne Speech provides for a tax system which is more equitable, more simple, and better adapted to our economic environment. It proposes new initiatives to ensure the competitiveness of our businesses. It provides among other things for the elimination of obstacles to economic growth by easing the burden resulting from administrative paperwork and regulation. It seeks to eliminate obstacles to interprovincial trade and introduces programs to promote small business and entrepreneurship.

To achieve this, I hope that measures will be announced to improve purchasing practices, to better follow through on initial proposals and to increase for small businesses the access to the technology of government laboratories, among other things.

Also, I hope that the more equitable tax system which the Minister of Finance announced and dealt with again at length the other day in the other chamber will be debated among all interested parties on the basis of the reform guidelines.

My impression is that a tax reform conceived in Canada by and for Canadians could become a significant addition to the initiatives already taken by the government in the areas of job creation and regional development.

I, for one, intend to follow closely this collective exercise in which the Minister of Finance has invited us to participate.

Also in the field of economic recovery, there is a major initiative which has fascinated media people, fed criticisms from opposition parties, and "stimulated" union leaders for over a year. I refer to the negotiations aimed at ensuring that Canadians have a greater access to the American market for their goods and services.

Honourable senators, we cannot help but notice that to date, the only federal political party which has had the courage to conceive, plan and encourage these negotiations is the Progressive Conservative Party of Canada.

Over the past several months, in spite of disappointing polls at the beginning and until quite recently, in spite of the often incomplete and biased studies carried out by opponents of these initiatives, in spite of fierce and increased protectionism in the United States, this government continues to show great courage and determination against all odds. That is to its credit.

At a time when the Economic Council of Canada is providing us with eloquent data and studies showing the beneficial impact the successful completion of this negotiation exercise would have, and at a time when a 57 per cent popular support for this initiative surprises even Mr. Broadbent, let us hope that Mr. Turner and company will change their minds and support this measure.

Then, you and I would no longer have to read such comments as those from Martin Cohn, whose analysis was published in the *Toronto Star* of October 2, and I quote:

• (1640)

[*English*]

> Now, there are four Liberal positions on free trade: Johnston, gung-ho for negotiations; Axworthy, calling for a moratorium; Gray, flat-out opposed. And then there is Turner. As leader of the Opposition he has deftly opposed the start of negotiations while also opposing a halt to the negotiations.
>
> If there is confusion about all the cross signals, flip-flops and equivocations, the public is not to blame.

[*Translation*]

Honourable senators, if I were as partisan as some opponents have described me on certain occasions in the past, and if a greater access to US markets was not so vital to Canada's future, I should be tempted to say: "People of the Liberal and NDP parties, do not hurry supporting the negotiations, for they will be carried through to a successful conclusion and the Government will be the only one to get all the credit."

[*English*]

However, honourable senators, I do not think that we can afford the luxury of partisan politicking. Too much is at stake. Once again, I want to urge the opposing sides to opt for common sense and responsibility to the nation. The enemy is not people in other parties. The real enemy is American protectionism. The friends who must be defended and protected are Canada's workers, who face the threat of lost livelihoods if negotiations with our neighbours to the south are a failure. Those are my views on the economic sector. The government appears in the Speech from the Throne to be indicating a willingness to continue making job creation and preservation the main thrust of its administration, and I am delighted.

Others of my honourable colleagues have touched on the social sector. Senator Brenda Robertson is one of them. Last Thursday she, once again, gave us the benefit of the vast experience she acquired in her career in provincial politics. Congratulations, Senator Robertson, and thank you. I have no doubt that you and other specialists in social programs in this

chamber will be valuable advisers to the government in its review of social policies, whether they be on family assistance, child care, the elimination of the obstacles to full participation by women in community life, rectification of wage imbalances, or the campaigns against youth prostitution and the growing traffic in illegal drugs. I look forward to participating in the debate on all these vital issues.

At the moment I would like to tackle the subject of Canada's linguistic duality.

[*Translation*]

Honourable senators, in the Speech from the Throne, the government reminded Canadians of the linguistic duality of this country, and I quote:

> Our dual linguistic heritage and unique history situate Canada within two great communities of nations, the Commonwealth and la Francophonie.
>
> Canada is thus positioned to reaffirm its role in the world by developing joint projects with member countries of these two vast families of nations, to share with them Canadian communications and information technologies while bringing to Canadians a greater diversity of ideas and cultural expressions. By so doing, Canada will renew in innovative ways its commitment to an established institution, the Commonwealth, and contribute actively to the emergence of a new one, la Francophonie.

I am among those who want to congratulate the government on having agreed on a formula with the Government of Quebec, the Government of New Brunswick and other governments, so that at last the fertile French dimension of our Canadian character was able to manifest itself at the first Sommet de la Francophonie.

I would invite all Canadians to prepare to make their contribution to the summit that will be held in Quebec City next year.

And of course, the same invitation applies to the Commonwealth Summit that will also be held in Canada in 1987.

Honourable senators, one aspect of Canadian politics that is particularly important to me is everything that concerns our two official languages in this country.

It was with a great deal of satisfaction that I heard, in the Speech from the Throne, that the government intended to review the Official Languages Act in order to bring it into line with the provisions of the Canadian Charter of Rights and Freedoms.

In the last few decades we have made considerable progress in this area.

Several measures of a legal nature have been the outcome of a long period of gestation, sometimes interspersed with problematic discussions, but always leading to a better understanding of the Canadian situation and giving rise to some successful initiatives by governments as well as by the various language communities in this country.

By expressing its support for this national orientation, the present government has made it clear it intends to breathe new life into our official languages policy. At the beginning of the decade, the policy showed some signs of exhaustion. It was necessary to give it a more balanced outlook that would consider the cultural, social and economic needs of this country and its various regions, while also considering the changing attitudes of Canadians.

Having paused for a while to review the situation, the government today announces that it will introduce during this session amendments for the purpose of consolidating the gains in connection with the principle set out in both the Constitution and Charter.

I hope that these amendments will be added to other initiatives which will extend beyond federal institutions and apply to the Canadian society as a whole, making it possible for all Canadians, in their daily lives, to progress in the use of official languages, and this, in a spirit of mutual understanding and respect, in a spirit of national reconciliation.

I hope that the provincial governments, the private sector, business and volunteer people, will join this movement with enthusiasm.

I think that the language reform will be welcomed by the Canadian people. Of course, it would be a mistake to think that this would be achieved without effort. In my opinion, we must meet many challenges, including the oftentimes difficult situation faced by linguistic minorities. You will certainly admit that a nation's history is not written in 15 years. We now find however that attitudes have changed to the point that we must now enter a new phase in our linguistic development.

For, to the increasingly favourable attitude of the people, are added the efforts of the provincial governments and the renewed enthusiasm of francophone and anglophone communities in minority situations.

I note, not without pride, the attitude of the New Brunswick government which has decided, of its own free will, to have its bilingual character enshrined in the Canadian Constitution. I note also a certain open-mindedness demonstrated by the other Atlantic provinces towards their francophone communities, especially in connection with French education. I note also the recent progress made in the province of Ontario concerning French education and the establishment of French services for its francophone communities. I also note the evolution of Quebec which, while strengthening its French character, is looking at new options for its anglophone minority and offering its support to francophone communities in other provinces. Finally, I note a new will to act in the other provinces.

This makes me optimistic for the future.

Obviously, to realize our great project, we must rely mainly on the vitality and vigour of our official languages communities.

Is there any need to remind this assembly, for instance, of the vitality of the Acadians and other francophones in our beautiful Atlantic provinces? Is it necessary to underline the magnificent work done by the Université Sainte-Anne and the Acadians of Nova Scotia, in cooperation with the provincial authorities, both to develop French activities and to promote

the learning of French, which is the second language in that province? And what about the small but most valiant community in Newfoundland and Labrador, which is rediscovering its identity and obtaining French classes for its children from the provincial government?

Honourable senators, we are all aware of the determination of Ontario francophones, whose fight for recognition and for their rights gives us inspiration and confidence in the future. We are also aware of the courage of our francophone fellow Canadians in Manitoba, where I trust that the principles of democracy and dialogue will succeed over legal conflicts. The situation is also changing in Saskatchewan, Alberta and British Columbia, where the francophone communities are just as dynamic and determined as elsewhere.

Promotion of the French language in Canada is not so much a question of numbers, but rather of quality and identity, both collective and national. It is also a matter of understanding and mutual respect.

It still remains that, as I have already said, we have the duty to help our communities to grow stronger and to develop fully if we want the equality of our two official languages to become a practical fact in our everyday life and not simply a legal concept.

Hopefully, this will be the thrust of the initiatives which the government will be proposing over the coming months.

In the area of legislation, I hope the revision of the Official Languages Act which will be proposed will lead to its total compliance with the provisions of the Charter of Rights and Freedoms, where language rights among others are enshrined.

In this way, we no longer will have to deplore such statements as the one we recently heard from the RCMP to the effect that the force is now reducing from 20 per cent to 14 per cent its French-speaking personnel.

Recently, the Minister of Justice indicated he was working with the provinces to have the provisions in the Criminal Code concerning the right of an accused to be heard by a judge and a jury in his own language proclaimed early next year. This is encouraging and promising.

Besides the legislation applying to the federal government, it is my hope the government will take other action that will concern all of our society. Some provisions should be aimed at better coordinating the actions of various federal departments and agencies so that they better reflect the needs of communities of both official languages.

I also encourage the government to strive for closer co-operation with the provinces, which have a leading role to play in supporting their respective communities, especially in the areas of education, the administration of justice, health services, social services, cultural services and others. Canadian men and women no doubt have noted the new environment of co-operation based on consultation and the exchange of views that developed these last few years between Ottawa and the various provincial capitals.

Because of its demographic and institutional base, Quebec has unique resources in language matters. And I am thinking not only of the Quebec government but also institutions and agencies in that province which, in the various areas of activity, including business, can make a significant contribution to the development of French-speaking communities outside Quebec and the promotion of the French language in English Canada.

Another thrust of the federal policy should be aimed at the private sector, at agencies such as volunteer organizations that are very often at the heart of day-to-day activities and exchanges between French- and English-speaking Canadians. In the final analysis, it is on that level, thanks to government incentives, that Canada's linguistic duality will express itself in practical terms in everyday life. This could be a project not only ambitious, but how exciting and enriching for the country as a whole.

Finally, a last but not the least important aspect since it is based on the future. I for one would recommend that the government give more support to the learning by everyone of the second official language, and where minority groups are concerned, that it strengthen the priority given to the full provision of education in one's own language. In this case, the step taken by the government would mainly deal with education which, as we know, comes under provincial jurisdiction. Now, it is interesting to note that present agreements concluded with the provinces and territories already provide that during a 2-year period a federal contribution of $432 million will be made for the promotion of our official languages in the educational system.

However, those agreements will come to an end in 1988. I think that their renegotiation could provide to both levels of government an opportunity to increase our efforts so that we may reach our objectives.

Those are, honourable senators, the views which I wanted to state in the Senate today. They were meant as a reminder of some principles on which is based the full development of communities in an extended society making up a country whose strength is in its diversity.

An innovating country in the continuity of its history . . .

A country which has chosen bilingualism as the symbol of its identity . . .

A country in which all regions have begun an important socio-linguistic evolution . . .

Finally, a country which will have to steer its official languages policy towards a new course which will translate into fact the equality which is already entrenched in its Constitution—and I will urge that such course be followed.

Honourable senators, as our colleague Senator Cogger said last October 2, I doubt that both sides of the house will unanimously share the views I have just expressed on the Speech from the Throne.

Still I am convinced that in the coming months we will be able to debate this issue as we will many others, and as is

always the case here, with expediency, good humour and civility.

I think that the government is to be commended for its efforts in the economic sector and in the field of linguistic duality, among others.

I have no doubt that most senators will support the government, as readily as Canadian men and women will do at the next election rendez-vous. Thank you.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, November 5, 1986**

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

5 November 1986

Sir,

I have the honour to inform you that The Right Honourable Brian Dickson, Chief Justice of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 5th day of November, 1986, at 5:00 p.m., for the purpose of giving Royal Assent to a Bill.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

The Honourable

The Speaker of the Senate

Ottawa

[*Translation*]

## TRANSPORT AND COMMUNICATIONS

FIRST REPORT OF COMMITTEE TABLED

**Hon. Léopold Langlois,** Chairman of the Standing Senate Committee on Transport and Communications, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

[*English*]

## FISHERIES

SECOND REPORT OF COMMITTEE TABLED

**Hon. Jack Marshall,** Chairman of the Standing Senate Committee on Fisheries, which was authorized by the Senate on Wednesday, February 6, 1985, and on Thursday, June 12, 1986, to incur expenses for the purpose of its examination of all aspects of the marketing of fish in Canada, and all implications thereof, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

## CANADA'S INTERNATIONAL RELATIONS

REPORT OF COMMITTEE TABLED

**Hon. Jean-Maurice Savard,** for the Special Joint Committee on Canada's International Relations, which was authorized by the Senate on June 27, 1985, to incur expenses for the purpose of hearing evidence on and to consider matters relating to national defence, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

[*English*]

## FEDERAL GOVERNMENT AND CROWN CORPORATIONS

SELECTION PROCESS FOR PROCUREMENT OF SERVICES AND TENDERING OF CONTRACTS—NOTICE OF INQUIRY

**Hon. Pierre De Bané:** Honourable senators, I give notice that on Tuesday, November 18, 1986, I will call the attention of the Senate to the need for the federal government and crown corporations to establish a system of procurement of goods and professional services and for the tendering of contracts based not only on efficiency but also on fairness, in order to enhance the economic development of all regions of Canada.

## VETERANS AFFAIRS

NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY DOCUMENT ENTITLED "A STUDY TEAM REPORT TO THE TASK FORCE ON PROGRAM REVIEW (NIELSEN TASK FORCE)—SERVICE TO THE PUBLIC—VETERANS"

**Hon. Jack Marshall:** Honourable senators, I give notice that on Thursday next, November 6, 1986, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the document entitled: "A Study Team Report to the Task Force on Program Review (Nielsen Task Force)—Service to the Public—Veterans", dated May 1985, tabled in the Senate on March 12, 1986, and also matters arising from the report as well as any subjects of interest to the present and future requirements of Canada's veterans; and
>
> That the Committee present its report no later than September 1, 1987.

## PETROLEUM AND GAS REVENUE TAX ACT

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-17

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-17, An Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act and to repeal the Petroleum and Gas Revenue Tax Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## INDUSTRY

AEROSPACE—AWARDING OF CF-18 SERVICE CONTRACT TO CANADAIR—OWNERSHIP AND TECHNOLOGY TRANSFER CONSIDERATIONS

**Hon. Gildas L. Molgat:** Honourable senators, I would like to address a question to the Leader of the Government in the Senate. Yesterday, when discussing the tendering practices of the government with regard to the CF-18 contract, we asked some questions regarding the subject of foreign ownership. In his reply the first time, the Leader of the Government said:

> . . . the determining factor was not so much the ownership of the company in question, rather . . .

and he mentioned other factors. Nevertheless, it was quite clear that the ownership of the company in question was a factor. When we attempted to obtain further information from him to make clear just what he had said, he repeated

> . . . as I have just said, the determining factor with regard to the technology transfer was not ownership . . .

However, that still leaves ownership as a factor in that reply.

Can the Leader of the Government tell us clearly today whether or not the ownership of Bristol Aerospace Limited, Winnipeg, by Rolls Royce was or was not a factor in the decision?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I really cannot add very much to what I said yesterday. The determining factor was the transfer of technology and the fact that one of those companies manufactures aircraft and the other does not. I am sure all of us are very pleased that the company that does manufacture aircraft and has been successful in the bid for the contract is a Canadian-owned company.

**Senator Molgat:** Honourable senators, that does not answer the question. The question is: Was the ownership a factor or was it not; yes or no?

**Some Hon. Senators:** Oh, oh.

**Senator Molgat:** Very well, we can conclude that the ownership was a factor and that the minister agrees with what was said in the other place. Clearly, the ownership was a factor.

**Senator Murray:** Honourable senators, at the same time, I placed on the record the statement made at the time of the request for proposals, which was that proposals would be evaluated, and I quote again:

> . . . to the extent of giving consideration to socio-economic benefits that will include such terms as Canadian design, development and Canadian manufacturing, engineering and support personnel that will be used by the contractor.

And I repeat what I said yesterday:

> In this context both Minister McInnes and, later, Minister Vézina, along with the Minister of DRIE, were concerned to maximize the socio-economic benefits and the nature of technology transfer to consolidate and strengthen the Canadian aerospace industry. As a result, both Minister McInnes and, later, Minister Vézina made submissions to the Treasury Board recommending Canadair of Montreal.

**Senator Molgat:** Does it say anywhere in there "Canadian ownership"?

**Senator Murray:** Honourable senators, it says "Canadian aerospace industry"; it says "Canadian manufacturing, engineering and support personnel"; it says "Canadian" at several places in the statement I have just made that accompanied the request for proposals.

I hope that the honourable senator, notwithstanding his disappointment that the contract did not go to a firm that is

located in Manitoba, will have gained some satisfaction from the fact that the contract did go to a Canadian-owned company that will be able to make the maximum use of the technology in developing and maintaining a Canadian aerospace industry.

**Senator Molgat:** I thank the minister for his reply. I might say that if he is using the word "disappointment" in relation to Manitobans, if he spoke to any Manitobans the feeling is one of absolute outrage; total and complete outrage. In fact, he need only check with his neighbour to the left who himself stated that he was disappointed with this government.

It is now clear that ownership was a factor. We at least have that answer settled—that is, this government operates on the basis of ownership. Will that, then, be the policy of the government henceforth in its contracting procedures with foreign firms?

**Senator Murray:** Honourable senators, as I said in the Senate yesterday, there were two excellent bids from two excellent groups of companies. Those two companies were very close in terms of the technical evaluation and exceedingly close in terms of price. That being the case, the government made a judgment call on other factors, including—and especially including—the matter of technology transfer.

**Senator Molgat:** And, obviously, the question of ownership. My honourable friend then agrees with the statements made by the Honourable John Crosbie when he said many other factors went into the decision. He noted that Canadair is Canadian owned while Bristol is foreign owned. Now that we have established that clearly, could my honourable friend tell me where the matter of the cost of technology transfers now stands?

I ask that because there were statements made yesterday that, indeed, Canadair will have to purchase that information, or the Government of Canada will have to purchase that information, at an additional cost of some $30 million in order to transfer that technology to Canadair. Could the leader tell us something about that situation?

**Senator Murray:** Honourable senators, we have not been able to obtain a copy of the report the honourable senator is referring to, but in the meanwhile I can say that my information is that the reference to an extra $30 million the government will have to pay with respect to technology transfer for having awarded this contract to Canadair is incorrect.

**Senator Argue:** Too low!

**Hon. H.A. Olson:** Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. Could the leader tell us whether or not the usual procedures used in tendering are going to be followed in the future?

I ask that question because the member for Calgary East is reported to have said—well, not only reported to have said; some senators saw him say it on television—that this element of technology transfer, and all that good stuff, is a lot of nonsense, that it was a political decision.

If this was a political decision, and this is the way the Conservative government comes out when it makes a political decision, how are places like western Canada and the maritimes, which also had a bid in for this contract, going to be treated in the future?

Is the future procedure going to be based on so-called socio-economic factors, and other things, and, if so, how will firms in western Canada ever be successful in obtaining contracts from the government if there is competition from other areas, even though all of the other factors that usually go into tendering are in favour of a firm located in western Canada—as was the case in this situation—or in the maritimes?

**Senator Murray:** What my honourable friend refers to as "all of the other factors" were exceedingly close in the respective evaluations of the two final bidders. The government, in those circumstances, made a judgment call based on certain criteria.

With respect to the question regarding socio-economic criteria, in the past they have been applied to the benefit of various regions of Canada and in the national interest, as they will be in the future.

**Senator Olson:** That is exactly what I want the leader to explain. I should like the leader to tell us what these so-called other criteria are so that people living in western Canada or people living in the maritimes can know in advance, or while they are preparing their bids, whether they have a hope of winning, or whether, when it gets into the hands of this government, this government will bend all of the criteria to suit its own political needs, as the member for Calgary East stated yesterday. At least, he was honest about it, and I give him credit for that.

The leader is trying to drum up a bunch of lame excuses for what the politics of the situation demanded his party do. If he would say that that was the case, then, at least, people putting in bids would know in advance. I ask him now whether the government is going to let people know what the terms and conditions are going to be or what criteria are going to be used in awarding contracts. The leader told us at least half a dozen times that it was close, but Bristol won, except when one brings into play these other factors that are so nebulous.

Those putting in tenders did not understand, first of all, these other factors existed, much less what it would take to meet them. In the future, will people who are intending to bid know what the so-called socio-economic and other factors are in advance so that they can prepare their bids accordingly?

● (1410)

**Senator Murray:** Honourable senators, I have already read into the record once today, and once yesterday, what some of those factors were and are.

**Senator Olson:** But you did not indicate how you evaluated those factors, and I wonder if you could do that so that the people making the bids can know.

**Senator Frith:** Hear, hear!

**Senator Olson:** People know what dollars and cents are, but we do not know how you evaluate these so-called "other factors." There are some members of the Tory caucus who are saying that this technology transfer that the minister has relied on so heavily is—I have to think of a polite term, because the one that comes out does not fall into the category of parliamentary language—phoney, which is about the most descriptive word that I can think of at the moment.

**Senator Murray:** Well, if the former Minister of State for Economic Development thinks it is a phoney argument to invoke the need to develop and to maintain a prosperous Canadian aerospace industry in this country—-

**Senator Frith:** Now we are getting at it.

**Senator Murray:** —then he is very seriously mistaken.

**Senator Olson:** Referring to "maintaining or promoting a prosperous aerospace industry in this country," would Winnipeg be considered to be part of this country?

**Senator Murray:** Yes, honourable senators, and as I have explained to the honourable senator, unfortunately for Winnipeg, the company that was best equipped to make use of the technology transfer in the development and maintenance of a prosperous aerospace industry in this country is located in Montreal. That decision was taken by the government on a judgment call, all other things being fairly equal, on the basis of the criteria that I have outlined.

**Senator Frith:** And you will give us details.

**Senator Olson:** All of which was done against the judgment of the so-called "technical people" who were asked to examine the details of the bids that were made.

**An Hon. Senator:** Hear, hear!

**Senator Olson:** The important part is: Are any prospective bidders—whether it is for ship, or aircraft, or whatever—going to face this kind of evaluation of criteria in the future? That is what they need to know.

**Senator Murray:** Honourable senators, the honourable senator will be aware that it is almost always stated that the lowest bid or any tender is not necessarily accepted by the government.

**Senator Frith:** Or the best, apparently.

**Senator Murray:** The honourable senator must agree that there are reasons for putting such a stipulation in.

**Senator Olson:** The honourable senator also knows that when the lowest tender is not accepted, there are almost invariably some good, solid, sensible reasons, and that is what I am trying to get out of the minister. I want to know what they are and how the evaluation is done from time to time. Perhaps what is behind us is behind us, but if the extremities of this country such as the maritimes and the west are to participate in the business that is done by the government—whether it is in military matters or otherwise—they have a right to know in advance how the tenders are going to be evaluated. That is what I am trying to get him to explain. I don't know why he dances around it; if this is an embarrassment, so be it! But, at least, such firms need to know how they should bid so that they can put forward a bid that is evaluated the way they expect it to be. In the past they thought it was on technical competence and the dollars and cents required. Now, obviously, that criterion was set aside. Therefore, can we know what the new rules will be?



**Senator Murray:** Well, honourable senators, I invite the honourable senator to make that speech on a Notice of Inquiry, or perhaps even during the Throne Speech debate.

**Senator Frith:** It won't help; he won't get the answer. In other words, you will not get the answer.

**Senator Molgat:** Honourable senators, the minister has repeated again that Canadair was awarded the contract because of the advantage it had in that it could make better use of the technology transfer—that was one of the factors, apart from the ownership factor, which we have now settled as being one of the factors. Could he explain, then, this statement which I will read:

> The National Defence document also refutes Treasury Board President Robert de Cotret's claim that Canadair can use the technology acquired from the U.S. and the Bristol partners for other aircraft it manufactures such as the Challenger executive jet and its waterbomber, and even for manufacturing automobiles.

**Senator Murray:** Honourable senators, I do not know what my honourable friend is reading from. Perhaps he could identify the document.

**Senator Molgat:** I am reading from *The Ottawa Citizen* of November 5, 1986, and the headline is "Govt. knew of Canadair deal's extra cost."

**Senator Murray:** Honourable senators, yesterday the Deputy Leader of the Opposition asked a similar question. It was, at any rate, a question which tried to get at, in some more specific way, this question of technology transfer, and a reply, which is being prepared, will be tabled shortly. It will not be today, but, I hope, it will be tomorrow.

## ENERGY

### PRICE OF CANADIAN GAS TO U.S. CONSUMERS

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, yesterday I asked the Leader of the Government in the Senate whether it is true that, because of government policy, U.S. consumers will be able to obtain Canadian gas more cheaply than will Canadians. The answer that the Leader of the Government gave consisted of a quotation from the statement made by the Minister of Energy, Mines and Resources in the other place.

I undertook to study that answer to see if I could find in it a direct answer to my question which was quite simply: Will Canadians be paying more for Canadian gas than Americans?

The reason I asked the question is because I recall that in the election campaign, in very plain words, the Prime Minister,

the Leader of the Conservative Party, said that under no circumstances would deregulation, or any other policy of the government, have that result.

In studying the response given, which is the statement by the minister, I find it quite difficult to determine if it contains an answer to my question. At best, I might be able to say that "maybe" would be the answer; not "yes" or "no."

Would the Leader of the Government study the statement and take up with the minister whether I am correct in saying that the answer is, in some cases, "maybe," or am I wrong in that assumption? In other words, can he find out if the consequence of the policy as explained in the statement could mean that Canadians would be paying more for natural gas than Americans?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, we are not trying to pass a law or a regulation to forbid that from happening; what we are saying is that it is highly unlikely, in the context of the policy announced by Mr. Masse the other day, that it will happen.

**Senator Frith:** That is fine. I would not have used the word "highly," but "unlikely, but possible" seems to be what is being said.

## INDUSTRY

### SYDNEY STEEL CORPORATION—FUTURE OF PLANT

**Hon. B. Alasdair Graham:** Honourable senators, I have a question respecting Sydney Steel Corporation, its present situation and its future.

I am sure the Leader of the Government in the Senate is aware of some announcements and statements made in the past few days which caused a great deal of concern to the steelworkers, their families, the community in general and, indeed, to the whole province of Nova Scotia.

Honourable senators will be aware that the previous government, in cooperation with the Government of Nova Scotia, completed the first phase of the overall modernization of Sydney Steel Corporation in 1984. Over the past two years the present Government of Canada, in collaboration with the Government of Nova Scotia, has made several announcements with respect to the second phase of the modernization program.

Now we are greeted with headlines which state, for instance, in the *Cape Breton Post* of October 31, "Sysco's future clouded again"; and in the *Chronicle-Herald* of November 1, 1986, "Sysco plans threatened . . ." according to the president of the Steelworkers' Union. Another headline in yesterday's *Chronicle-Herald* reads "Studies may lead to Sysco closing." I am sure that honourable senators will appreciate how alarming this kind of speculation and news is to the people in that area. The story under that headline begins:

> Premier John Buchanan has confirmed reports that the $157-million Sysco modernization plan is on hold for further market studies that could eventually result in the closing of the aging steel plant.

Further on in the article, it states:

> As recently as last month Mr. Buchanan met with Industry Minister Michel Cote to work out details of the agreement that was to cost the province $47.2 million while the remaining $110 million would be picked up by the federal government.

Could the Leader of the Government in the Senate tell us what new information has surfaced in the very recent past—within the last two months—against the background of the positive discussions that apparently had been held between the minister of DRIE and the provincial premier that would lead to these new market studies?

• (1420)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The short answer, honourable senators, is that Sysco is now studying the development of a comprehensive business plan and that the inclusion of market studies in such a business plan is perfectly normal practice. Neither Senator Graham nor I can take responsibility, as we once could, for articles that appear in the Nova Scotia media. My information is that the second phase of the modernization plan is not on hold, as has been suggested in some of those articles, but that the basic engineering work is going ahead and that this business plan, part of which is a market study, is being developed.

**Senator Graham:** My understanding, honourable senators, is that the contract that was awarded by the provincial and federal governments had to do with the design work with respect to the second phase of modernization and that it had nothing to do with market studies. I would, indeed, be interested in knowing, if there are market studies—and quite obviously there are—whether they are part of that design plan or whether they are separate studies being done by another agency on behalf of the provincial and federal governments.

**Senator Murray:** I will try to obtain more information on the matter, but my present information is that it is a comprehensive business plan, including updated market studies, that is being developed by Sysco.

**Senator Graham:** Could the Leader of the Government indicate when we might have that information?

**Senator Murray:** I will try to find out, honourable senators.

**Senator Graham:** Could the Leader of the Government bring to us a comprehensive clarifying statement so as to relieve the anxiety of the steelworkers, their families and, indeed, the community in that part of Canada? I refer to another article which appeared in the October 31 edition of the *Chronicle-Herald*, which states:

> Revelations that former DRIE minister Sinclair Stevens may have been canvassing the markets for a buyer for the provincially owned Sydney Steel Corp. (Sysco) have caught senior politicians—both federal and provincial—off guard.

It goes on to say:

> The possible sale of Sysco surfaced Wednesday in Toronto during hearings of the Parker inquiry into conflict-of-interest allegations against Mr. Stevens, the former DRIE minister who quit his post last spring.

It was certainly news to the people of Nova Scotia, the people of Atlantic Canada, and, indeed, to all of us that the government was attempting to sell off Sydney Steel.

In light of all of the comments that have been made and in light of these revelations, I wonder whether the Leader of the Government could give us a clarifying statement.

**Senator Murray:** Honourable senators, as my friend knows, the Sydney Steel plant is not ours to sell off. The report to which he refers is, indeed, news to a great many people, and he will have seen the statements attributed to the Honourable Michel Côté, as well as to the Nova Scotia Development Minister, Mr. Thornhill, to the effect that they have never heard of such a thing.

So much for the latter part of the honourable senator's question. Concerning the first part of his question as to what reassurance I and the Government of Canada can bring to the people of Cape Breton with regard to the future of the plant, I believe that question should more properly be directed to the owners of the plant or the Government of Nova Scotia.

The honourable senator has stated the chronology very accurately. The first phase of the modernization was undertaken in the context of a federal-provincial agreement. Last February the present government signed an agreement for the second phase of the modernization in an amount, if I recall correctly, of $157 million, of which 70 per cent is being paid by the federal government.

To the best of our knowledge and information, the basic engineering work on phase two of that modernization is going ahead. It is not on hold.

**Senator Frith:** Why not just call tenders and don't mention the fact that you don't own the place?

**Senator Graham:** The Premier of Nova Scotia has stated that the market studies are being carried out at the request of the federal government. That is why we are asking for clarification from federal authorities.

**Senator Murray:** I appreciate that point, and will obtain all of the information on the matter that I can.

## TRANSPORT

### CLOSING OF CN SHOPS, MONCTON

**Hon. L. Norbert Thériault:** Honourable senators, I am sure that the Leader of the Government will not be surprised if I ask a question concerning the CN shops in Moncton. We know that the premier, MPs and others have been trotting around the country trying to find a solution to the problem. Can the Leader of the Government inform the Senate if there is anything new on the subject?

[Senator Graham.]

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am afraid not. The Premier of New Brunswick and the federal Minister of Transport met yesterday afternoon. My colleague advises me that there is still hope that the deadline to which the honourable senator referred the other day has been extended, although no new deadline has been set. No decision has been made to terminate the whole process. Those involved are awaiting developments. The minister says that probably it would not be helpful to make any further comments at this time when discussions are proceeding among the various players.

**Senator Thériault:** Honourable senators, I am sure that the Leader of the Government, as well as those of us in New Brunswick, knows how our premier hates to leave his province. I thought that the Leader of the Government might have some information that would enable our premier to return home quickly.

Having said that, we read and hear a lot about the $1.3 billion contract that has been awarded to Canadair to create new jobs. I am glad that new jobs will be created in many parts of the country. However, the people of New Brunswick do not speak out as loudly, perhaps, as those in western Canada, but New Brunswickers are really concerned about the CN shops. It seems that the Minister of Transport has really made up his mind that the government will not interfere—which is to say that if CGE does not come there—the shops will be closed, CN will pull out and there will be no repair work done in Moncton.

The people of my province have known for a long time that while there was nothing written in stone, there was, over a period of many years, an understanding that 20 per cent of the repair work for CN would be done in Moncton, 40 per cent in Montreal and 40 per cent in Winnipeg.

● (1430)

People of my province realize that traffic has gone down, that the repair work is less, that the repair work required in the Atlantic provinces to serve the region was allocated according to the standing agreement of 20-40-40. Why should that agreement not hold? If 20 per cent of the required repair work meant 200 jobs, then the people of New Brunswick would understand. But I am afraid that even the Prime Minister will have a hard time explaining to the people of New Brunswick how the government can allow CN to close those shops. I wonder if the Leader of the Government in the Senate can enlighten us on the subject.

**Senator Murray:** Honourable senators, I do not know what the government or CN could have done that has not been done with regard to the present situation involving CGE and the refusal of one or two unions to accept the arrangments that were proposed. As to the larger question, that is really a matter for debate.

**Senator Thériault:** Honourable senators, many people around the Moncton area are convinced that, in fact, CN wants to close the shop, that CN is hoping that CGE will never

come to Moncton. That is the feeling. The people who are now working in the hump yard in Moncton have been told by CN that 150 jobs will be transferred from the shops to the hump yard. I talked to people who are presently working in the hump yard, and they told me that there is not enough work for the people who are already there. What it means is that, yes, 150 people who have the seniority will be transferred from the shop to the hump yard, but probably 150 people in the hump yard will be laid off. If one sits down and looks at the possible logic from CN's perspective, it makes sense. It would be easier for CN if CGE did not come to Moncton at all. That is what people are concerned about. I think that if CN had been told from the outset that it would not be allowed to close those shops in Moncton, we might have had a different story here today.

**Senator Murray:** Honourable senators, so far as I am aware, there is only one thing standing between us and a successful conclusion to the matter, and that is the refusal of a couple of unions to agree to the arrangements that were proposed.

## IMMIGRATION

### ALLEGED ABUSE OF MINISTERIAL DISCRETION

**Hon. Paul Lucier:** Honourable senators, I have a question for the Leader of the Government in the Senate. Our new Minister of State for Immigration has been going to great lengths to bring into Canada a very undesirable character, a man who has a very long and very serious criminal record in Europe.

**Senator Guay:** One of his friends!

**Senator Lucier:** We are not talking about minor offences. He has committed some very serious offences.

**Senator Murray:** What was that comment?

**Senator Guay:** I said that it was one of his friends, and I shall repeat it, if you like.

**Senator Murray:** Thank you.

**Senator Lucier:** My question to the minister is: Is this a new policy that this government is following? Do we not have enough good people trying to get into Canada that we have to go around Europe recruiting crooks? Three different ministers have turned down this person because of his unsavoury character and because of his criminal record. Three different ministers—two Conservative and one Liberal—have turned him down. The deputy minister has said that under no circumstances should this person be allowed into Canada. The minister has said that he does not care what anybody says, that he is bringing him in. I wonder if there are a couple of open cans of tuna around here, because this is starting to smell a little bit fishy. I wonder whether the minister has an explanation for what is taking place.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the applicant in question was not recruited in Europe by this government or by the minister. He entered Canada in 1979.

**Senator Lucier:** Honourable senators, that is a pretty slippery answer to a very serious question. I think that this is a serious matter, and I do not think that it will go away quite that easily. In fact, I am going to see that it does not go away so easily. I wonder if the Prime Minister is trying to fill the new prison in his riding.

It seems to me that the matter is serious. Many good people are trying to get into Canada to contribute to Canada. The last thing we need is a bunch of crooks from other countries here and a minister who is going out of his way to accommodate them. Even one of the minister's officials has indicated that he or she is against him on this matter. I would like to know from the government leader if anything is going to be done about this, or are we just going to hope that it will go away like the other things done by this government?

**Senator Murray:** Honourable senators, I do not know what information the honourable senator has about this applicant that he has not read in the public media, but it is obvious that he is looking for an argument on the subject. I suggest that during the Throne Speech debate, or by way of Notice of Inquiry, he make a speech about this matter, at which time, perhaps, Senator Guay can be called upon to bring his information to our attention and to defend the statements that he made about the connection between the person in question and my colleague.

**Senator Lucier:** Honourable senators, obviously, I have no information other than what I have read in the press. That is why I am asking the Leader of the Government in the Senate to bring some information forward on the matter. Who are we dealing with here, and what are the reasons for this man being allowed into this country and allowed to stay here when we have good people who are not allowed to stay here? That is the kind of information I would like to have brought forward. I wonder if the minister would give me an undertaking that he will bring that information to us.

**Senator Murray:** Honourable senators, the honourable senator has finally asked a couple of questions, but he has also made quite a number of assertions. It is those assertions that I suggest he may want to put to the test of debate in this house on the policy of the government, the procedures that are followed and the discretion which is allowed to the minister. As I said, at that time our friend, Senator Guay, can come forward to defend the statements that he has made about my colleague.

**Senator Guay:** I do not have to defend anything.

**Senator Argue:** This is the place to put the question.

**Senator Lucier:** Honourable senators, I appreciate the lecture, and now I would like the information.

## NANAIMO HARBOUR COMMISSION

### INQUIRY INTO MANAGEMENT AND OPERATION

**Hon. Ann Elizabeth Bell:** Honourable senators, I would like to address a question to the Leader of the Government in the Senate. My question relates to a telegram from the chairman of the Nanaimo Harbour Commission dated October 28. It was directed to the Honourable John Crosbie, Minister of Transport. This telegram requested the minister to authorize an investigation into allegations and charges made by certain of the harbour board's commissioners. In the chairman's view, the existing situation is prejudicial to the exercise of the commission's function and it is also prejudicial to the commission's reputation. He has, therefore, suspended further meetings of the commission pending the report of an inquiry. From my knowledge of the circumstances, I concur with the chairman's request and confirmed this by letter to the Minister of Transport dated October 31.

Honourable senators, I apologize for the preamble, but I know that all of us are not familiar with harbours commissions, and I wanted to make the point clear. My question is: Can the Leader of the Government confirm that it is the intention of the Minister of Transport to authorize an immediate inquiry to determine and report on the facts of this matter?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I did have a note on this matter. My friend was kind enough to send me notice of the question. I cannot find my note. Let me try to recollect what I have been told about the matter. First, the commission is an autonomous body that is granted very considerable authority by statute, and the minister really does not interfere in its operations.

● (1440)

Second, with regard to some of the specific accusations or statements that have been made on the administration of that port, the Minister of Transport advises me that all of the studies and examinations of the financial administration and so forth lend no credibility whatsoever to the accusations. I might also add that the minister does not have the authority to launch the kind of investigation that my honourable friend recommends.

**Senator Bell:** Thank you. I have a supplementary question or two, but perhaps I could deal first with the last point made by the Leader of the Goverment in the Senate. I would suggest that although the harbour commissions exist very much at arm's length from the government by the will of Parliament, there is also a strong provision that is part of the Harbour Commissions Act that they report to the Minister of Transport. In other words, that he is responsible in right of the people of Canada, through Parliament, for the activities of the harbour commissions.

Also, I would like to quote section 2, Part I, of the Inquiries Act, Chapter I-13 of the Revised Statutes of Canada. This is pretty general, but it would certainly give the minister the power to conduct an inquiry. It says:

[Senator Lucier.]

> The Governor in Council may, whenever he deems it expedient, cause inquiry to be made into and concerning any matter connected with the good government of Canada or the conduct of any part of the public business thereof.

I realize that that is very general. However, considering that the minister is responsible to the people of Canada, through Parliament, for the activities of the harbour commissions, I think an inquiry would be in order.

I must say at this point that I feel very strongly about this matter. The Nanaimo Harbour Commission is probably a flagship of the harbour commissions. It has never been in the red and has had very prudent management and excellent public-spirited citizens serving on the board. Therefore, when we were able to change the Canada Ports Act and set up the more autonomous ports right across Canada, I was delighted, because I was using the Nanaimo Harbour Commission as a model.

I would, therefore, ask the Leader of the Government in the Senate to convey to the minister, in view of the urgent circumstances, the necessity of accepting the responsibility and appointing his own inquiry under the auspices of someone who will bring him the facts of this impossible situation as it now exists.

**Senator Murray:** Honourable senators, Senator Bell is a great deal closer to the situation in Nanaimo than I am, or, indeed, even than Mr. Crosbie is. I want to say that I appreciate her advice on this matter and that we will take it into consideration.

However, I must say that on the face of it there does not seem to be anything to warrant the appointment of an inquiry under the Public Inquiries Act. I have now received the notes I was looking for and I find that, subsequent to the receipt of the telex from the chairman, Mr. Stroyan of the Department of Transport's Internal Audit Section was asked to conduct an independent, third party review of both the financial statements and management audit. That review has concluded that there is no evidence of financial wrong-doing.

While I am on my feet, I simply want to confirm that the harbour commission elects its chairman in accordance with the Harbour Commissions Act and bylaws. They engage a port manager and other staff and they establish travel policy. None of these activities is subject to ministerial direction, Treasury Board approval or public service guidelines. What the commission is required to do, according to the act, is to keep accounts of all the moneys borrowed, received and expended by it and to account therefor to the minister annually within three months of the end of each fiscal year. Departmental officials also conduct an on-site management review of the commission's operations on an annual basis.

Honourable senators, all I can say is that on the basis of all the information we have no credence is lent to any of the accusations that have been made about the chairman and about the management of the place, and we do not see that the appointment of an inquiry under the Public Inquiries Act is

justified at this time. There may, however, be factors that we do not know about or are not taking sufficiently into consideration, and we will be glad, therefore, to consider the honourable senator's proposal.

**Senator Bell:** I want to thank the honourable leader for his reply. I have just one more point to make in relation to his last remarks. Paragraph 2.1(l)(b) of Part III of the Harbour Commissions Act talks about a port system that is efficient. Section 2.2 of Part III of that same act states that:

> It is the responsibility of the Minister to undertake the necessary measures to achieve the objective of the national ports policy.

I point out to the Leader of the Government that this all fits together, and I thank him for his response. I also hope that he is right and that this situation will work out.

## CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—GOVERNMENT POSITION

**Hon. Jerahmiel S. Grafstein:** Honourable senators, yesterday the American Congressional elections were transformed into a tidal wave that swept into office Democratic majorities in both the House of Representatives and the Senate, led by Democratic senators and representatives who campaigned strongly on protectionist measures that will affect Canadian exports to that marketplace.

It would now appear that the "fast track" negotiations for the bilateral trade talks which terminate in March of 1987 will have been swept away or drowned by this tidal wave, isolating the President of the United States and making him a lame duck in the days and months ahead.

Yesterday, and previously, the Leader of the Government in the Senate advised us that the government has no contingent plans for strategic withdrawal from the current bilateral negotiations. I now ask the Leader of the Government in the Senate what new strategies or points of leverage, or what specific means has the Government of Canada considered in order to persuade Congressional leaders in the Senate and the House of Representatives to stop or defer the proposed omnibus trade bill which is being suggested as one of the priority measures by the majority Democratic leader, Senator Burr.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I am always interested in the political analyses of the honourable senator. Since he stopped appearing on "Canada A.M.", this is the only opportunity I have to profit from them.

Having said that, however, I simply want to say, first of all, that I think it would be quite wrong to prejudge the conduct of a new Congress. Second, the Reagan administration has committed itself to these negotiations. I cannot understand how my honourable friend can refer to President Reagan as a lame duck. I must say it would be premature to write off President Reagan, especially when you examine his ratings in the United States. I think experience in the past six years has shown that a couple of telecasts by the "Great Communicator" are enough to send a great many politicians scrambling.

The third point I wish to make is that the Congress of the United States has approved the holding of these negotiations and the "fast track" procedure. For our part, we will continue to try to negotiate a treaty which will be the best, the biggest and most comprehensive trade arrangement we can get with the United States. By the way, the purpose of undertaking these negotiations is to render our country less vulnerable—indeed, invulnerable—to such passing phenomena as Congressional elections.

● (1450)

**Senator Argue:** They will come every two years; don't worry about that!

**Senator Grafstein:** The President of the United States is, indeed, a great communicator. His words impress all of us, but his deeds recently have not matched his words. He has talked about being behind a liberalized international trading order, yet he has refused to veto the current imposition of import duties against Canadian softwood lumber imported into the United States. Obviously, he has been motivated by the changing mood and changing public opinion in the United States.

I ask the Leader of the Government in the Senate if he would give some hard consideration in his role as a cabinet minister to examining carefully now, as opposed to next March, what type of strategic withdrawal can take place before there is a backlash or a reaction to the withdrawal which will ultimately take place in March.

**Senator Murray:** I must say that I do not know what the honourable senator is talking about. With great respect, I am not sure he does. I do not understand, first of all, the significance of March 1987. The "fast track," as I recall, will take us through to January 1987, ultimately.

**Senator Grafstein:** My understanding is that the first "fast track" negotiation period is in March or April of next year.

**Senator Murray:** Let me tell my honourable friend that we are looking forward to having our negotiators initial an agreement by the end of September 1988.

**Senator van Roggen:** September 1987.

**Senator Murray:** I am sorry, September 1987.

## AIR CANADA

FUTURE OF CROWN CORPORATION

**Hon. Gildas L. Molgat:** Honourable senators, my question is for the Leader of the Government in the Senate and relates to the government policy on Air Canada.

Some two years ago or less, the Prime Minister stated that Air Canada was not for sale. Yesterday the Honourable John Crosbie, Minister of Transport, said that the sale of the airline is being considered.

My questions are: Was the Prime Minister not telling us the truth two years ago? Is Mr. Crosbie wrong now? Has the Prime Minister changed his mind?

**Senator Frith:** Take your pick.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Air Canada is not for sale.

**Senator Molgat:** So, Mr. Crosbie is wrong, then?

**Senator Murray:** Honourable senators, if my friend were considering the future of Air Canada, or of another crown corporation like it, and trying to look down the road, I suppose one of the scenarios that he might envision would be the privatization of some or all companies such as that.

It seems to me to be in accordance with good public policy practice to consider all of the possibilities that might arise. But, I repeat, Air Canada is not for sale. We have not asked for offers from potential buyers nor would we entertain any offers at this moment.

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## GUY FAWKES' DAY

381st ANNIVERSARY OF GUNPOWDER PLOT

**Hon. Henry D. Hicks:** Honourable senators, before Orders of the Day are called, I wish to recall to the memory of honourable senators that 381 years ago today one of the earliest and most colourful conspirators—or should I say terrorists?—in western society almost succeeded in blowing up the Houses of Parliament at Westminster. Guy Fawkes and his associates were caught literally red-handed with a match about to be put to the fuse, hence:

Please to remember
The Fifth of November,
Gunpowder, treason and plot;
We see no reason
Why gunpowder treason
Should ever be forgot.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NOTICE OF MEETING OF SUBCOMMITTEE ON BUDGETS

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I rise on a matter that is much less momentous.

**An Hon. Senator:** Much less explosive.

**Senator Frith:** Yes, much less explosive. Incidentally, while we are trying to purify language, I would say that they were caught "figuratively" red-handed, not "literally."

Honourable senators, I have been asked by the Chairman of the Subcommittee on Budgets of the Standing Committee on Internal Economy, Budgets and Administration to point out that that subcommittee is to meet to deal with important business relating to committee budgets when the Senate rises today. Because there is Royal Assent scheduled later this day, I have been asked to assure the members of that subcommittee that the subcommittee will convene when the Senate rises to await the arrival of the Deputy of Her Excellency.



## STANDING RULES AND ORDERS

ORAL REPORT ON OASIS NETWORK

**Hon. Gildas L. Molgat:** Honourable senators, I have been requested by the members of the Standing Rules and Orders Committee to present an oral report to the Senate respecting the OASIS Parliamentary Network.

Honourable senators may be wondering why I am making this statement, since the OASIS Parliamentary Network is not the responsibility of the Rules Committee. By way of explanation, last year the members of that committee proposed that the Senate accept a rule regarding the audio distribution of Senate and committee proceedings. That was referred to the committee and the committee feels we should advise the Senate in that regard.

The Senate has been assigned two channels on the OASIS Parliamentary Network which provide information on Senate sittings and committee meetings. These are channels 080 for the English language, and 081 for the French language.

This service is designed to complement written committee notices which are distributed to all honourable senators' offices, and it is expected, generally, that any changes will appear on the OASIS screens well before the same amendments can be delivered in written form. I am advised that these channels will shortly carry the same live audio feed from the chamber during sittings that now goes out to various media subscribers. As honourable senators are aware, the Senate added rule 109 A. to our rules which permits the broadcast of public proceedings in the Senate and Senate committees through the use of audio feed facilities which have been installed for that purpose.

In addition, we have been informed that OASIS installation in the Victoria Building will be completed by the end of this month.

The Clerk of the Senate will be sending a letter to all honourable senators to inform them of the Senate OASIS channels.

[*Translation*]

## THE ALLIANCE NATIONALE CONSOLIDATED ACT, 1945

BILL TO AMEND—SECOND READING

**Hon. Michel Cogger** moved the second reading of Bill S-3, to amend and repeal the Alliance Nationale Consolidated Act, 1945.

He said: Honourable senators, I would like to say a few words in support of Bill S-3, an Act to amend and repeal The Alliance Nationale Consolidated Act, 1945. The purpose of this bill is to facilitate the amalgamation of that life insurance company with another insurance company also based in Québec, the Industrial Life Insurance Company.

Honourable senators, the changes taking place in the life insurance sector are obliging company directors to monitor the situation very carefully and react too quickly to changes as they occur. In fact, in order to protect the interests of their members, companies must maintain and invest their assets, while directors must ensure that their company is able to consistently offer its customers a first-class product, at competitive prices, while maintaining a sound financial position.

Because of these considerations, the directors of Alliance Mutual Life Insurance Company and Industrial Life Insurance Company at special meetings of their respective boards of directors held on June 30 of this year, voted unanimously in favour of the proposal to amalgamate Alliance with Industrial.

The proposal is to be implemented in two separate stages. The first stage consists of modifying Alliance's charter, so that it can be governed by the Quebec Insurance Act instead of the Canadian and British Insurance Companies Act. The second stage consists in the amalgamation itself, in accordance with the provisions of the Quebec Insurance Act by which the amalgamated company will be governed.

To accomplish the first stage, members of Alliance first had to vote in favour of a change in the company's charter and authorize the change of jurisdiction. Members voted almost unanimously in favour of these changes at a special general meeting held on September 30 of this year. Prior to the meeting, all members had received in the mail a letter explaining the amalgamation proposal, with a proxy form on which they could indicate their position. The entire process was monitored and co-ordinated by representatives from the federal Department of Insurance. Furthermore, to ensure that members' rights were protected, the company sought a report by an independent actuary. The report shows that both companies are, relatively speaking, nearly identical in financial strength. Membership dues at Alliance were set and guaranteed for a minimum period of three years, which is unusual as far as current procedures go. However, the purpose of this guarantee was to ensure that Alliance members would maintain their acquired rights.

To complete this first stage it is necessary to pass special legislation to authorize the change of jurisdiction, as approved by members at a special meeting, because the Canadian and British Insurance Companies Act does not cover this kind of situation. As a matter of fact, the merger itself, which is the second stage, cannot be finalized until the federal Parliament has adopted this bill.

The text of the bill was the subject of discussions between the administrative services responsible for implementing the law of Quebec, and the Senate legal advisers and both parties are happy with it. The federal Department of Insurance has examined and approved the contents of this measure.

As to the merger itself, Alliance and Industrial Life members endorsed the principle during special general meetings held last September 30, provided of course the Alliance charter can be transferred, so that the merger might indeed take place pursuant to the Quebec insurance legislation.

Once the bill has been adopted by both Houses of Parliament, the insurance company resulting from the merger will be called the Industrial-Alliance Life Insurance Company. The assets of the new company will amount to roughly $2.5 billion and the surplus will exceed $250 million, which attests to the company's sound financial situation. The value of the insurance portfolio of the new company once the merger is finalized will be in excess of $25 billion. The size of the new company will be such that it will be in a position to do more business owing to its sound financial situation, something which will give added protection to its members. The new company will rank about fifteenth in Canada.

Honourable senators, the bill submitted for your approval stems from the unanimous agreement of both boards of directors to merge. It is also the duly expressed will of the members of the Alliance and those of Industrial Life. The management of both companies are convinced that the merger will mean better protection for their policyholders.

Honourable senators, these are the few remarks I wanted to make in support of this bill. I hope honourable senators will acknowledge the validity and merit of the representations made on behalf of the companies and give quick approval to this legislative measure.

[*English*]

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, under rule 93 such a bill must go to a committee, and any representations in the Senate against such a bill stand referred to such a committee. I believe that we should send this bill to committee. The sponsor of the bill and those who have asked him to sponsor it have done all their homework. They have had the necessary meetings, they have worked with the federal Department of Insurance, and they have had an independent actuary's report. The need for our intervention or action, as Senator Cogger has explained, turns on the fact that the merger depends on the Alliance Company changing from federal to Quebec jurisdiction so that they can merge with a company that is already under Quebec jurisdiction. I think that the committee will find, as I have said, that the homework has all been done. Certainly, listening to Senator Cogger, and on the basis of material that he forwarded to me, I am sure that that is so. So I recommend, honourable senators, that we give this bill second reading now, and then the sponsor may wish to move to refer it to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Cogger, bill referred to Standing Senate Committee on Legal and Constitutional Affairs.

• (1510)

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator Barootes, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Petten*). (*6th day of resuming debate*).

**Hon. William J. Petten:** Honourable senators, I yield to Senator Bosa.

**Hon. Peter Bosa:** Honourable senators, I am pleased to take part in the debate on the motion for an address in reply to the Speech from the Throne. It is an established tradition in this chamber to congratulate the mover and the seconder of the motion, Senators Cogger and Barootes. In doing so, honourable senators, I hope they do not take it personally if in my remarks I say that I do not share the views they have expressed about the substance of the Speech from the Throne.

Honourable senators, it has long been a tradition that the government of the day outlines its legislative agenda in the Speech from the Throne. It has also been an accepted practice that such speeches remain fairly general in nature. However, in its most recent effort the present government seems to have confused a statement of intention with vague generalities. The government wants to be all things to all people and, in the final analysis, offers very little of substance to anyone.

There are very real and concrete problems facing Canadians in this era of increased international economic competition and national, social and economic dislocation. Indeed, economic dislocation is very much the consequence of international competition, and how we prepare to manage and meet this competition and its attendant dislocations will go a long way in determining our future socio-economic viability as a nation.

When this government came to power, it ostensibly made job creation its major priority. Today there are still 1,221,000 Canadians unable to find work. While these numbers are tragic enough, what is equally disconcerting is the regional basis of Canadian unemployment.

Currently the unemployment rate in Newfoundland is 20.6 per cent and it ranges between 12.4 to 13.3 per cent in the other maritime provinces. Although other regions are not as badly off, unemployment rates for the rest of the country are far from heartening.

Indeed, increases in employment for the month of September were concentrated solely among persons working part-time. Full-time employment, in fact, decreased with a loss of 17,000 jobs. Those having the greatest difficulty gaining entry to the labour market were, once again, our young people.

Such figures do not bode well. While I do not wish to preach doom, and have always preferred to remain optimistic, I cannot help but wonder about the strains that chronic unemployment is placing on the Canadian family. Part-time employment leaves one with little save a hand-to-mouth existence and is nothing upon which to base a future either for oneself or for one's family.

Structural unemployment seems as severe as ever, and all that the government has offered is a piece of marginal wisdom which states: ". . . spending more money by itself, has not solved the problem." This is a truism that does not need countering. But what has the government offered as policy? Again, very little.

The government proposes to establish an Atlantic Canada Opportunities Agency to co-ordinate all federal development initiatives in the area. This agency is to make fuller use of the expertise available in the Atlantic region and invite the maximum participation of other governments and organizations in the area. An interesting notion at first glance, but skepticism tells me that here we are once again presented with form rather than substance. One sincerely hopes that co-ordination will not come to suffice as an industrial policy for the region.

Honourable senators, dare I say that the maritimes deserve better than another bureaucratic co-ordinating mechanism? People in this part of our country, as elsewhere, require a concrete industrial strategy that is targeted to the achievement of real objectives and gains. We have suffered the consequences of inaction long enough. The time for concrete policies is now. Noah did not wait for the rain to fall before building the ark.

In attempting to improve our economic well-being, the government has put most, if not all, of its hopes on the achievement of a bilateral free trade agreement with the United States. Unfortunately, the adjustment to free trade, if it should ever come, is not likely to be an easy one. Also, by the time we are through with these negotiations, we may have lost more than we have gained. With their recently announced protectionist measures against Canadian goods, the Americans have shown that they view us as they view any other competitor; any notion of a special relationship between us is then little more than wishful thinking.

One can only hope that our southern neighbours are not using these negotiations as a trial run for other bilateral talks. If, as I suspect, this is the case, then the U.S. has a vested interest in extracting from us the best possible deal to serve as a model for future negotiations with other trading partners. As a consequence, therefore, it makes little sense to view the current talks as proceeding on the basis of any mutual interest.

If free trade does come, the need for adequate socio-economic adjustment on our part will be even more intense than is the case now.

When an economy is experiencing significant growth, adjustments to changes in supply, demand and technology can be made with relative ease. Worker mobility is a relatively easy matter, and communities whose major industries are faltering can readily attract new ones. Similarly, firms losing their competitive edge in certain sectors can diversify into

more competitive lines of business. Such a form of natural ongoing adjustment helps ensure continued growth.

However, in an economy that is stagnant or growing slowly, such adjustment is more problematic. In this instance, workers, communities and firms facing economic changes that erode their competitive position often have no profitable alernative towards which to shift their resources. The initial tendency is to turn to political devices to help ameliorate the situation. But these can only be short-term solutions.

Foreign trade can intensify either of these trends. By providing domestic firms with a wider range of resources and technologies with which to produce and a larger market in which to trade, foreign trade can make a growing economy even more dynamic.

On the other hand, foreign trade can hinder adjustment within a slow economy. Domestic capital may be attracted to foreign markets where economic activity is more vibrant. The unfortunate result is that domestic labour is left behind within large regional pockets of unemployment from which escape is both costly and difficult, while domestic industries that have high fixed costs gradually lose their market share to their foreign rivals. This is a scenario with which we have become all too familiar.

During times of growth, an economy naturally shifts to new industries that generate higher real incomes for its citizens. In Canada, however, a manufacturing sector which once employed more than a quarter of the labour force now employs less than a fifth. Canada is not the only country facing competitive declines in key industries and under-utilized capacity. But all this tells us is that competition, with or without a free trade agreement, is going to increase rather than abate.

● (1520)

Managing the resultant dislocations is no longer a straightforward matter, but it is a problem the government needs to address directly. There are those who argue that a subsidy designed to aid a firm or industry in restructuring itself to be more competitive internationally may simply prolong the agony, while eroding the competitive position of other firms in closely allied industries whose production would otherwise have expanded to fill the gap. It is also argued that workers given assistance for retraining or for finding new jobs may simply treat the funds disbursed as a type of unemployment insurance, thereby avoiding difficult choices or shifting to new lines of work. However, I believe that all those Canadians who suffer socio-economic dislocation ought to have not only our sympathy but also our effective assistance in re-adjusting and re-integrating into our economy.

It is important that we Canadians have a consistent understanding of those areas in which the state can legitimately involve itself. For us Liberals, universal health care, better pensions for the elderly and support for the less fortunate have always been the cornerstones of our social policy. I trust that our Conservative friends will not tamper again with these programs. Social policy and the economy go hand in hand with a stable international political situation, and it is with regard to the international political situation, honourable senators, that I would like to make a few comments.

The recent summit at Reykjavik between the leaders of the superpowers nearly witnessed a major breakthrough in arms negotiations. The particulars of the missed accord need not be repeated here, and some analysts are now saying that it is, perhaps, just as well that, for strategic reasons, the late hour accord did not succeed. While this may very well be true—I do not wish to second guess—it is, nevertheless, heartening to hear that significant progress was made on the question of verification.

This helped to further reinforce the progress made at the 35-nation Conference on Confidence and Security Building Measures and Disarmament in Europe (CDE) in August of this year. On August 19 Oleg Grinevsky, the Soviet chief delegate, announced that his country would permit on-site inspections of troop activities on a much broader basis than was previously agreed to. The announcement was welcomed by all and bodes well for the future.

Indeed, one might suggest that the Reykjavik summit does not represent a lost opportunity, and that the message of Reykjavik is that if we really want arms control, it can be achieved. It is in the interests of all nations that an accord halting nuclear proliferation be reached, and Canada should do all it can in using its good offices to further such conclusion.

Chernobyl brought home to us the devastation that can be wrought by civilian nuclear accidents. A military confrontation would produce a situation beyond our every-day comprehension. The best safeguard against a nuclear military accident is to reduce dramatically, and eventually to eliminate, all nuclear weapons.

I would like to conclude by saying that the future outlook for Canadians is brighter than it is for most. We have a well educated and sophisticated workforce and we have all of the natural resources that any country could wish to have. What we need is a good and competent government to guide us through the future and through such difficult times.

**Some Hon. Senators:** Hear, hear!

**Hon. Norman Atkins:** Honourable senators, I am pleased to have this opportunity to address this chamber for the first time.

**Hon. Senators:** Hear, hear!

**Senator Atkins:** I have long been a student of the history of this place, its role in the political and constitutional life of our country and the contribution it has made, is making and can continue to make to Canadian public life. This awareness is enhanced by recollections of my own father, a Nova Scotian from Spencer's Island, Cumberland County, who served in uniform as a member of the Canadian Expeditionary Force during the First World War in defence of the institutions and values represented in this chamber.

I would like to begin by conveying my sincere appreciation to the Honourable the Speaker, the officers of this chamber and to honourable senators from all sides for the warm wel-

come and kindness shown me since my appointment to this place. There are several colleagues to whom I should like to refer by name, given long-standing personal, professional and political associations.

Senators Murray and MacDonald have been friends of mine for many years and I greatly appreciate their role during my swearing-in ceremony, which took place five weeks ago today. I am equally grateful to our deputy leader, Senator Doody, for his friendship over the years. Senator Phillips has been a source of counsel, information and assistance in his capacity as whip on this side of the chamber. Senator Roblin has been a friend since 1959. His record as premier stands on its own merit, and I am proud to have worked on his behalf in Manitoban provincial elections. It was at that time that I first met Senator Nurgitz, who has been a valued a loyal friend ever since. A Liberal opponent on one of those occasions was none other than Senator Molgat, whose service to his party I have long respected.

I am also pleased to acknowledge a number of honourable senators from the maritime provinces whom I have known on either the same or opposing sides during numerous election campaigns. Senators Hicks and Robichaud have served their provinces with distinction and ability, both during their elected careers and as members of this chamber. I have long respected Senator MacEachen. Both my great-grandfather and my grandfather were from Guysborough county in the constituency represented by the former member for Cape Breton Highlands-Canso. Senator Graham is yet another Nova Scotian whom I have long known of but only recently had the opportunity to meet.

Senators Macquarrie, Sherwood, Simard and Balfour have been friends and political comrades throughout a number of campaigns. I would also like to acknowledge Senator Flynn, who has been a source of leadership in this chamber for a number of years and who is a friend I have long respected.

**Hon. Senators:** Hear, hear!

**Senator Atkins:** Last, but certainly not least, Senators Davey, Grafstein and Kirby have long evidenced the fact that it is possible in our democracy to enjoy the company, respect and abilities of opposing partisans of honour and goodwill.

There is one former honourable senator who is also in my thoughts on this occasion. The only other senator to hail from the municipality of Markham, Ontario, was the Honourable David Reesor, who was called to this place by Sir John A. Macdonald 119 years ago last month, in October of 1867. A merchant, newspaper editor and parliamentarian, Senator Reesor remained a member of the Red Chamber for 24 years.

Honourable senators, I cite this predecessor for three reasons. First, I am honoured that Markham should once again enjoy representation in the Senate of Canada. Second, given the fact that David Reesor was a long-standing member of the Reform and Liberal parties, I now believe that the political scales for Markham have been somewhat balanced by the honour so recently bestowed upon me. Third, I hope that this reference will at least correct the mistaken belief held by a number of observers that I am here as a representative of the province of New Brunswick. I hasten to add that this is not to disavow my long and close ties to our great maritime province. Indeed, I have spent a good deal of my time within its borders. I have many relatives there and I even have a farm in that province. I remain particularly interested in its development, both political and otherwise.

• (1530)

While in many ways I regard New Brunswick as my home, Markham, Ontario, is where I live with my family. I am, indeed, honoured to represent in this chamber the people of Markham, as well as the people of the province of Ontario. Since 1793 the people of Markham have taken an active role in the political and economic life of each of Upper Canada, Canada West and the province of Ontario. Indeed, activists within Markham Township took part in the rebellion of 1837, which hastened the introduction of responsible government. Thus, to quote a chapter heading from a book written by Isabel Champion: "Markham has long been home to each of Tories, reformers and rebels."

As one who from time to time has been fitted with each of those labels, it is my pleasure on this occasion to congratulate both the mover and seconder of the motion for an address in reply to the Speech from the Throne. Senators Cogger and Barootes are valued friends for whom I have the greatest respect. I would also like to compliment other honourable senators who have contributed to this debate.

As Senator Hicks pointed out, I am mindful that this day marks the anniversary of Guy Fawkes Day, a significant event in parliamentary history. I am not sure whether the whip had that fact in mind when scheduling my contribution to this debate; and if he was aware of it, I am equally unsure of the lessons that I am to derive as a result. Nevertheless, I can assure honourable senators that my intentions toward this chamber are considerably more honourable than those shown by Mr. Fawkes 381 years ago today.

Honourable senators, the Speech from the Throne conveyed a number of themes of relevance to all Canadians, as our society adapts to a changing world. Three of them hold particular importance for me. First is the continuation of efforts initiated by the current administration to lessen the political, economic and constitutional differences between the regions and the various levels of government in our country. Second is the preservation and enhancement of community and family life through measures designed to promote shared values, equity in all its forms, and compassion for those in need; and, third, meaningful tax reform through the proposed reduction of the income tax burden borne by individual Canadians.

This government has already initiated a number of measures to foster improved relations among the provinces, regions and governments within Canada. Meaningful consultations have been held across a wide range of issues with Canadians representing all interests. Those consultations have led to concerted actions on a number of policy fronts. The Throne Speech pledges to continue this process and to build upon the

successes realized in the first two years of the current mandate.

Those efforts at the political level have resulted in a number of measures intended to promote regional economic development. The announced Atlantic Canada Opportunities Agency is one such initiative that will seek to address the problems so ably discussed by the Honourable Finlay MacDonald in his address to this chamber just one week ago today.

The Throne Speech also evidenced the government's intention to participate more fully in efforts to diversify the economy of the western provinces. The resource-based dependence of that economy has been made all too painfully clear during the past year. Announced commitments in the areas of technology and job creation, to name but two, will serve to complement the other special agricultural initiatives designed to create and maintain a truly national economy.

The Speech from the Throne also demonstrated the government's desire to bring about a truly national Constitution. Discussions are to continue on the matter of aboriginal rights. In addition, the government will continue its efforts to secure the participation of the province of Quebec in the Constitution and the Charter of Rights and Freedoms.

Five years ago today, just a block away from where we are sitting right now, the federal government and nine of the ten provinces struck the agreement whereby the Constitution was patriated and provided with an amending formula and strengthened by the inclusion of the Charter. I know that honourable senators will understand the pride which those of us who had served in common political cause took in the significant role played by my friend, the Honourable William G. Davis, in helping to achieve that agreement in a spirit that reflected his commitment to Canada.

In the context of the bipartisan spirit that often marks debate in this chamber, it is worth noting that just as George Brown walked across the floor to help a Conservative Prime Minister to bring about Confederation, so did Premier Davis and Premier Hatfield, and subsequently a number of their colleagues, set partisanship aside to work with a Liberal administration in pursuit of a new Constitution. I am sure that all Canadians of goodwill wish the government well in its efforts to bring Quebec within the scope of that historic agreement.

**Some Hon. Senators:** Hear, hear!

**Senator Atkins:** The second major theme of the Throne Speech of interest to me is the preservation and enhancement of community and family life. The government has reaffirmed its commitment to the shared values upon which our society has long been based. The announced measures designed to combat the illegal use of drugs, pornography, the abuse of women, and to reform the Criminal Code are important elements of the campaign to ensure respect for both the individual and the community.

I hasten to add that I listened with interest to my friend Senator Nurgitz's concern with regard to child abuse and I hope that consideration is being given to the establishment of some type of national child abuse centre.

The Throne Speech also indicated the support of the government for amateur athletes in Canada, and I would be remiss if I did not comment upon the aspect of national sporting life that causes me considerable anxiety. I refer to violence in sport, which has long been accepted by a number of sports organizations, spectators and elements of the media. But it is a phenomenon that entails significant cost to our society, and one of the prime examples of violence in sport is to be found in the boxing ring. I have been concerned about the effects of professional boxing upon the health and long-term well-being of the participants. Numerous studies and opinions have been published that document the injuries, including chronic brain damage, suffered by those engaged in that brutal pastime. Even George Chuvalo has stated that:

> There is no way that I would want my kid to be a fighter. There is nothing as tough as boxing.

It is my sincere belief that the time has come to end professional boxing for the sake of the participants themselves, and I am pleased to hear that the minister, the Honourable Otto Jelinek, is now moving in the whole area of violence in sport.

The government has also indicated its intention to pursue the concept of equity on a number of fronts. Equity for women has been the objective of this administration and the Throne Speech reaffirms this commitment in such areas as child care, wage rates and representation on agencies, boards and commissions. Equity for the handicapped is to be advanced under the Speech from the Throne. Attention to the needs and abilities of the visibly handicapped has been re-awakened by the incredible performance of Rick Hansen. But there are others who are equally deserving of our concern and support. I speak in particular of those with non-visible disabilities such as diabetes, arthritis, epilepsy, haemophilia and any of a number of learning disabilities, and that is to mention just a few. Through my efforts on behalf of Diabetes Canada, I have become increasingly aware of the social, medical and economic costs attached to those conditions that are every bit as deserving of public support as those disabilities that are visible to the naked eye.

● (1540)

Other Canadians who deserve equal treatment in the eyes of the law are those who represent minority ethno-cultural groups. This country has long been a champion of human rights at home, within the Commonwealth and around the world. We must ensure that we ask no more of other countries than we ask of ourselves in this regard. I am pleased to note, therefore, the government's stated commitment to reform of our human rights and refugee determination legislation.

But there are those of us who require not only equal treatment but an extra degree of assistance from a compassionate and generous society. This brings me to the third major theme I have extracted from the Speech from the Throne, provision for those in need. Canadians in legitimate need of economic and other forms of assistance should not be over-

looked as our society addresses the issues on the public policy agenda. As has often been stated, a society may be judged in part by the manner in which it cares for the least fortunate of its members. In this light, I am pleased to note the government's proposed initiatives in the area of literacy training, income security for the elderly, older worker adjustment, veterans' affairs, pension reform and aid to victims of violent crimes. The goals contained in the themes I have just examined will have to be pursued in a fiscally responsible manner, given the realities confronting all governments at this point in our history. This fiscal responsibility must be coupled with an equally responsible social conscience on the part of public policy decision-makers. The task of balancing these twin demands is a delicate one at the best of times, but through the application of goodwill, mutual trust and concern for the public interest, I believe that Canadians can successfully address the challenges and opportunities before them.

I believe that there are four factors that can help to guide honourable senators and all concerned Canadians through this process. They have influenced my own actions during my personal and professional life and through the more than 35 political campaigns in which I have been involved. These factors are friendship, loyalty, principle and commitment. Friendship is the gift without which the trappings of political involvement ring distinctly hollow. Those involved in politics have the opportunity to make friends from all parts of Canada and from all walks of life. These friendships can be a source of incentive and support throughout one's life. Loyalty to both friends and colleagues is another quality that will stand us in good stead. It is a source of strength when times are tough and a source of joy when things go well. Loyalty given and returned is the ultimate declaration of friendship and is the element which can sustain that friendship over many years and over great distances. Principles provide the essential reference point for our beliefs, our attitudes and our personal conduct. They help us to chart our own direction, both in life and in politics. People without principle are merely moral weather vanes guided solely by the prevailing winds at any given time.

Finally, I believe that the measure of a person's life is determined by the extent to which one exhibits a commitment to the community by contributing personal time, skills and other support to the preservation and development of our institutions. We in this chamber have the opportunity to make a considerable contribution to the discussions and development of policies contained in the Speech from the Throne. We have the opportunity to assist in the process of shaping Canada's social, economic, political and constitutional future. In so doing, we can play a role in fashioning the society we leave to my sons, to your own family members and to countless young Canadians who hope that there will be a place for them in the Canada of tomorrow. If through our efforts we can in some way help to increase the confidence, optimism and opportunities of the future leaders of this country, then we will have done more than enough to answer those occasional critics who question the role played by this chamber. For my part, I am deeply grateful and honoured to have the opportunity to participate with you in this endeavour.

[Senator Atkins.]

**Some Hon. Senators:** Hear, hear!

On motion of Senator Doyle, debate adjourned.

## STANDING RULES AND ORDERS

### FIRST REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the First Report of the Standing Committee on Standing Rules and Orders (Joint Committee on Official Languages), presented in the Senate on November 4, 1986.

**Hon. Gildas L. Molgat:** Honourable senators, I move the adoption of the report.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion?

**Senator Molgat:** Honourable senators, if I may, I would like to say a few words of explanation as to the rule change proposed by the committee. This matter arises from a message to the Senate received on October 28 from the House of Commons advising us that they had appointed a number of members, 15 in total, to the committee and calling it the Standing Joint Committee on Official Languages. Honourable senators may recall that last year we received an omnibus message from the House of Commons asking us to join with them in a number of items, including this one. It involves a change in the name of the committee. The previous committee was called the Standing Joint Committee on Official Languages, Programs and Policy. That name has been dropped, and there is no other change of which I am aware.

Last year the committee studied the matter and very quickly agreed to this change. It had not agreed to some of the other items in the omnibus message as readily, but this year matters have been separated and there is no problem in accepting the proposal right now. Therefore, our committee recommends that there be a change in the rules to accommodate this procedure.

I might just add in passing that I would hope that the House of Commons in the future will adopt a different method of discussing these matters with the Senate. It seems to me rather forward, frankly, for the House to simply declare a new name for a committee and to appoint members to it without knowing whether or not the Senate agrees to the change. I think, as a matter of courtesy, these matters should be handled by way of discussion with the Senate and, if there is agreement, then the committee can be established and we can proceed in that way. Be that as it may, the committee agrees with and recommends to the Senate the change in the rules.

● (1550)

Motion agreed to and report adopted.

[*Translation*]

## ASSOCIATION INTERNATIONALE DES PARLEMENTAIRES DE LANGUE FRANÇAISE

### FIFTEENTH GENERAL ASSEMBLY, QUÉBEC CITY

**Hon. Eymard G. Corbin** rose pursuant to notice of October 29, 1986:

That he will call the attention of the Senate to the Fifteenth General Assembly of the Association internationale des parlementaires de langue française, held at Québec City from 6th to 13th September, 1986.

He said: Honourable senators, I have been asked to report on the Fifteenth General Assembly of the Association internationale des parlementaires de langue française, the AIPLF held at Québec City from September 8 to September 13. I am happy to do so on behalf of the chairman of the federal section of the AIPLF and head of the Canadian delegation to the meeting, the Honourable Martial Asselin, Speaker *pro tempore* of the Senate.

Senators Yvette Rousseau and Arthur Tremblay and six members of the House of Commons were also part of our delegation.

In addition to the official activities at the General Meeting, on Saturday, September 5 the AIPLF section of the Ontario legislature was officially established in Toronto. For a number of years, MPPs from Ontario had been attending general and regional AIPLF meetings as observers. The new section is now fully autonomous and enjoys the same rights and privileges as the other Canadian sections in New Brunswick, Quebec and, of course, the federal section.

International delegates to the fifteenth meeting were welcomed in Montreal on Saturday September 5 and Sunday September 6. A sightseeing and cultural program gave our visitors a chance to adjust gradually to the time difference and our Canadian climate.

Delegates were taken to Québec City on Monday, September 8, to stay at the Chateau Frontenac. The old capital gave our guests a warm welcome, and the general organization was excellent. Since there were no sittings of the National Assembly, organizers were able to use the various rooms in the assembly building for the AIPLF meetings.

The opening speeches were by Mr. Pierre Laurin, Speaker of the National Assembly, and Mr. Daouda Sow, President of the AIPLF and Speaker of the National Assembly of Senegal.

AIPLF veterans also had the pleasure of hearing the former federal Minister and Ambassador, but especially founding member of the AIPLF, Mr. Gérard Pelletier, recall the beginnings of our association in Luxemburg 20 years ago.

Need I say again that, on an individual basis, one of the most enriching aspects of such meetings is the personal contact with other parliamentarians whose experience often differs from ours here in Canada.

In a serious vein, honourable senators, I must mention the exemplary conduct of our colleague Senator Asselin. Although he is a long-time member of AIPLF, it certainly does not prevent him from putting up a strong and serious defence, not only of the interests of the Canadian section of AIPLF but also of the broader objectives of the international association. Senator Asselin being a naturally modest man, I would not want to embarrass him with too many compliments. May I simply add that he is following in the footsteps of his predecessors of the Canadian section when he strongly requests that the Paris headquarters of the association be so structured and staffed as to faithfully reflect the AIPLF international character. In this respect, we have yet to internationalize—if I may put it this way—the alternance of officials, particularly the international presidency. An ad hoc committee will consider the matter and report at one of the next meetings.

This is a serious matter for us Canadians. We ought not to remain the second largest financial sponsor of the association, after France, without any hope of ever seeing a Canadian heading this international association. I know that Senator Asselin will continue his efforts with the full support not only of his Canadian colleagues but also of many other sections.

Honourable senators, I could talk for over an hour about our work in Quebec City. However it is difficult to analyse and understand texts and quote documents which have been prepared for reading and consideration in a restful atmosphere.

For this reason I will refrain from reading the full text of the resolutions adopted at the conclusion of our work.

Still, if I may say so, the cultural commission, for example presented the following resolution which was among those endorsed by the plenary assembly:

That schools and universities where teaching is in French be even more readily accessible to francophone students of other countries.

Thus Canada is urged to open still wider the doors of our institutions, colleges and universities.

And I quote another resolution:

That all scientists of member countries publish their research work in French first that they may later on publish in another language, without impediment.

This recommendation makes sense to anyone who knows that a number of English language scientific magazines accept only unpublished material, which prevents francophone researchers from publishing their findings in French first. This requirement originates mostly from American publishers.

Again the co-operation and development commission reviewed the situation in Sahel and made a series of nine recommendations which are all aimed at finding solutions to an African problem that has been growing worse for nearly 15 years; the gradual desertic soil encroachment and its dire consequences for the people of the African continent.

This commission timidly recommended, in fact expressed the wish, and I quote:

That the association, through its policies, projects and recommendations to the various governments, contribute to promote the real integration of women in the decision-making process as a means of achieving development.

The purpose of this wish is to take into account the preferences and interests of women in the selection of the various development objectives and strategies. Needless to say, it applies to the Third World, but undoubtedly we could give it serious consideration right here in Canada.

Aware as I am of the kindness of honourable senators, I would seek leave to have the official and brief report of our delegation printed as an appendix to today's hansard.

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

**Hon. Gildas L. Molgat:** How many pages?

**Some Hon. Senators:** Agreed.

(*For text of report see Appendix p . . .* )

**Senator Corbin:** Honourable senators, to answer Senator Molgat's question, there are two and a half pages of text, double-spaced and in both official languages, need I add . . .

**Senator Molgat:** I certainly have no objection to having it printed. But I do think we should try and avoid giving our automatic consent when someone asks for a document to be printed as an appendix to *Hansard* and we don't know what it represents in terms of cost.

**Senator Corbin:** Perhaps I may comment on Senator Molgat's remarks and say that I deliberately restrained myself. I was asked to submit, in addition to the official report, the many pages of resolutions adopted at the end of our meetings in Quebec City. I thought that was overdoing it a little, because it would have meant several hours of overtime at least and quite a few pages of text. I think we get the gist of these meetings from the report by the Canadian section. In fact, in this very report, I invite honourable senators who are interested to ask the Parliamentary Relations Secretariat if they want the definitive texts of the general meeting in Quebec. They are available.

**Senator Molgat:** That is an excellent idea.

**Senator Corbin:** Before I conclude my speech, honourable senators, some of you may know that the Association internationale des parlementaires de langue française has an order with ranks inspired by those of the Legion of Honour. I am referring to La Pléiade, Ordre de francophonie et du dialogue des cultures.

This year again, a number of well-known Canadians were honoured by our association. I will read their names and the rank they received. Some recipients are well known while others may not be, and I will identify them as I go along.

In alphabetical order, awards were given to the following:

Mr. Edward Broadbent, officer. Mrs. Irène Chabot, chevalier; Mrs. Chabot, a resident of Saskatchewan, is now Vice-President of Franco-Saskatchewan publications, President of the advisory committee on French education with the Department of Education of that province, and President of Mathieu College.

Right Honourable Charles Joseph Clark, Commander.

Mr. Roger Duhamel, Chevalier. The award was given posthumously, to Mrs. Duhamel. As you may know, Mr. Duhamel was at one time the Queen's Printer, Ambassador to Portugal and President of the Alliance française of Ottawa and Montréal. He had a distinguished literary career as a writer and was a member of the Académie canadienne-française and of the Royal Society of Canada.

Mr. Gérard Duquet, with the rank of Chevalier. His award was presented posthumously to Mrs. Duquet. Mr. Duquet was the federal Member of Parliament for Quebec City from 1965 to 1982 and had served at the office of the Canadian section.

The Honourable Jacques Flynn, with the rank of Chevalier.

Mr. Antoine Gaborieau, Chevalier. Mr. Gaborieau is a retired professor from Manitoba. He is also a writer and the author of educational textbooks. Naturally, he has played an active role in Franco-Manitoban life throughout his career.

Reverend Roger Guindon, with the rank of Commander. He was rector of the University of Ottawa from 1964 to 1984 and is now retired.

The honourable Marcel Lambert, Commander, our well-known former colleague in the House of Commons.

Mrs. Jacqueline Martin, Chevalier. She is a resident of Ontario who has contributed greatly to the promotion of women in her own province and elsewhere.

The Right Honourable Brian Mulroney, Prime Minister, Great Cross.

Mr. Marcel Pelletier, Chevalier, jurist and parliamentary advisor to the House of Commons.

Mr. Yves Prévost, Chevalier. A retired Quebec lawyer who was also a member of the provincial legislature from 1948 to 1962. He was a tenured law professor at Laval University and a professor of school legislation at the educational Sciences faculty of Laval University.

Mrs. Jeannine Séguin, Chevalier. This is another Franco-Ontarian who has worked throughout the province and who has distinguished herself as president of the Association canadienne-française de l'Ontario, or ACFO.

And finally, Mr. Max Yalden, with the rank of Commander. Presently Ambassador to Belgium, he was Official Languages Commissioner for seven years.

There! The names of these distinguished Canadians who have been awarded the Ordre de la Pléiade will now be part of the record of the Senate of Canada. Can there be any nobler distinction? Thank you, honourable senators.

**The Hon. the Speaker** *pro tempore:* Honourable senators, if no other senator wishes to speak on this inquiry, I declare the debate completed.

[*English*]

## "A PEOPLE APART—NATIVES IN SASKATOON"

SPECIAL NEWSPAPER REPORT—DEBATE ADJOURNED

**Hon. Sidney L. Buckwold** rose pursuant to notice of Thursday, October 30, 1986:

That he will call the attention of the Senate to a special report by the *Saskatoon Star-Phoenix* entitled "A People Apart—Natives in Saskatoon".

He said: Honourable senators, I note that it is getting late in the afternoon, but I think it is important that I proceed with my Inquiry, with your cooperative indulgence.

A few weeks ago I sent to every senator and every member of the House of Commons a copy of an outstanding piece of investigative journalism published in the *Saskatoon Star-Phoenix* entitled: "A People Apart—Natives in Saskatoon". It was a 24-page supplement, extremely well done, beautifully photographed, with no advertising, which is unusual, I say to my honourable friend, Senator Doyle, for a newspaper these days, and one which I thought was so meaningful and so important that I felt it necessary to draw it to the attention of the Senate and the members of the House of Commons. It is my hope that as a result of this there will be some discussion, and perhaps the overall supplement will have a significant impact on our attitude to natives, the problems that they face and the future of a group of Canadians which, by the way, includes the Inuit as well as native Indians.

● (1610)

Honourable senators, it is not my intention to use my own expression but to quote excerpts from a variety of articles which will give you the general impression created by these very able people led by a first-class reporter by the name of Mr. Earl Fowler, who is the native affairs reporter of the *Saskatoon Star-Phoenix*, many other young writers and many photographers of fine photographs.

In this regard, may I draw to your attention—and you have copies in your offices—to one of the most moving photographs I have ever seen in a newspaper. It is of Nathaniel Benson stopping for a meal at the Friendship Inn, a charitable food-dispensing service operated in the city of Saskatoon. It is the kind of photograph that is probably more impressive than anything I could say about the situation of native people in my home city, Saskatoon, a fine, comfortable and clean city of about 175,000; a city that is reasonably prosperous, but one which has this hidden underbelly of very difficult life for those of Indian ancestry who live in that community.

Allow me, then, to quote to you some excerpts from the information that was published and which, I hope, will be of interest to you. On the front page of the newspaper article it states:

> Strangers in Canada's cities. Refugees in their own land. A people apart.
>
> Catch-phrases like these describe the tens of thousands of natives who, during the last 20 years, moved to the blighted cores of our cities, areas abandoned by all but the poor.
>
> This special report documents the shocking poverty of Saskatoon's native community, and the problems experienced in employment, education, housing and health care.
>
> But it also has some hopeful stories about native languages and culture, native-run schools and community-initiated housing programs, and child welfare and self-help groups.
>
> This supplement—prepared by a team of *Star-Phoenix* reporters led by native affairs reporter Earl Fowler—is an ambitious but, no doubt, flawed attempt to bridge that gap with a little understanding.

How do Saskatonians—that is how we describe people who live in that fine city—feel about natives? The following is only a segment of a partial list of questions asked in the survey. The survey asked, "How many people believe natives are discriminated against?" The response was that 87.6 per cent answered in the affirmative and 12.4 per cent answered in the negative. Another question asked in the survey was, "Why do natives live in poverty?" The response in percentages was as follows:

> Lazy, 8.7; Alcoholism, 9.2; Backward, 6.5; Not success oriented, 12.5 ; Not wise with money, 9.6; Poorly educated, 15.5; Lack of assimilation, 5.7; Unemployment, 8.1; Discrimination, 7.4; Lack of opportunities, 5.5; Other, 11.3

This gives the wide range of reasons given by people in our city as to why natives are living in poverty.

The next question was, "How much contact do people have with natives?" It was interesting to note that only 17.5 per cent of the respondents had a lot of contact, 54.5 per cent had little contact and 27.8 had no contact. These native people are living in an isolated world.

Another question was asked as to why natives said they moved to the city. The following is the response of natives based on a 1983 University of Winnipeg study. It states:

> Better jobs, 24.2; Better housing, 4.5; Better education, 19.0; Join family, 16.0; Problems at home, 12.3; Medical, 4.6; Wanted a change, 9.3; Other, 10.0.
>
> Saskatoon, a city of about 175,000, has approximately 11,000 native people. We do not know the exact number; that will be determined by the last census.

The newspaper report goes on to state:

> Like most other cities in western Canada, Saskatoon has been profoundly changed in the last 20 years by the influx of thousands of native people from Indian reserves and Métis villages. Estimates of the city's native population vary from a little more than 11,000, projected in a 1983 report by two University of Winnipeg researchers as the likely 1986 population, to as high as 23,000, proferred by native consultant Kim Beaudin of the Saskatoon Parks and Recreation Department.

I might say that in Regina it is estimated that 20 per cent of that city's population is of native ancestry, and it may be higher.

Today, according to president Dan Bellegarde of the Saskatchewan Indian Institute of Technologies, ". . . fully 50 per

cent of the Saskatchewan Indian population is here in the cities already."

Children and young adults accounted for between 70 and 75 per cent of Indian migrants to the two cities between 1978 and 1982. They are a youthful population.

The newspaper report also states:

> Economic issues, especially the desire for better employment and training opportunities, were cited most frequently as the reasons for migration to the city of both status Indians and Métis and non-status Indians. Family ties in the city and problems on the reserve or home communities were identified frequently as the reasons for migration among native females.

Yet, as this supplement documents, the conditions under which a large proportion of the native people in this city are living raise frightening questions about the kind of place Saskatoon is. More to the point, the report, in this supplement, makes it obvious that the native population in Saskatoon, as in the rest of the province, is characterized by ill health, lack of education, high incarceration rates, poor housing and lack of employment.

Bill Peterson wrote an article entitled, "Media claimed giving Indians raw deal."

Jim Struthers, a former *Saskatoon Star-Phoenix* publisher—Senator Doyle may remember him—and now executive vice-president of the *Regina Leader-Post*, told a meeting of Saskatchewan journalists last year the media have failed in dealing with Indians.

Despite a burgeoning native population, Saskatchewan's media ". . . have scarcely recognized and certainly not faced in any material way . . ." the native face, Struthers said. He went on to state:

> If news can be defined as the new and unusual, then surely the successes many native individuals, families and enterprises have had in escaping the Indian stereotype need, deserve, and in fact have a right to a larger place in media content.

Earl Fowler writes about rent rip-offs and appalling conditions. An independent study released in July of 1985 found that 47 per cent of reserve housing in Canada is physically sub-standard to the degree that it requires immediate, serious rehabilitation. The average citizen of a typical town in Saskatchewan, La Loche, a village of 2,300, is native, on welfare and sharing a two- or three-bedroom house with eight others. Some houses there have more than 20 residents.

It was not a big surprise in 1979 when the Report of the Task Force on Housing for Native People in Saskatoon disclosed that one of the reasons natives were moving to the city was to find better housing. What did they find? Walk through any of the city's poorer neighbourhoods—the parts of Riversdale that are more than 20 per cent native, for example—and it is easy to find poorly insulated bedrooms, unreliable furnaces and fire-trap appliances, floors that sag, broken doors, missing doors, broken windows, pipes that clatter and taps that do not work.



• (1620)

Honourable senators, Earl Fowler writes further about programs just for natives. This is on a more positive note—I would not want to leave a completely negative impression. Some native families, like hundreds of others in Saskatoon, are beneficiaries of low income housing programs run by non-profit corporations set up to serve native people. These families are not terribly different in their needs from the hundreds of non-native people in Saskatoon who benefit from other public housing programs. But they are special in that, with a little help from their landlords, they put the lie to the stereotypical image of native people as undesirable tenants.

It is true, of course, that some natives are poor tenants, just as some whites are poor tenants. Carole Camponi, the manager of Saskatchewan Native Rentals Ltd., says that it is harder to be a good tenant when on welfare than when working because of the cluster of problems poverty engenders, including low self-esteem and family discord. But it was stressed that with a little help, native people, whether on welfare or not, are usually excellent tenants. That is a message they feel too few people in the city have heard.

The three native housing agencies collectively offer affordable accommodation to more than 365 native families. Despite this large inventory and the presence of more native families in housing authority units available to all low income people, the demand for inexpensive quality housing has scarcely abated.

Earl Fowler has also written "Tenant Advisers Working Miracles", in which he notes that each of the three native housing corporations in Saskatoon has family workers, tenant counsellors or property managers. They are hired to work alongside the maintenance workers, office staff and other people one would expect to find in a property management firm. That is where the supportive, educational philosophy of the agencies comes in. Corporation manager Carole Camponi, to whom I have already referred, said that this approach has worked miracles.

Again on a more positive note, I refer to "Education—Working to Reverse a Colossal Tragedy," also written by Earl Fowler. At their spring conference in 1970, the chiefs of Saskatchewan, who represent 67 Indian bands in the province, debated in detail the subject of education. They concluded that:

> It was a matter of tragic proportion. Generation after generation of Indian youth was being destroyed, consigned to a life of uselessness, despair, frustration and indignity.

A 1982 survey of 422 native households in Regina and 309 such households in Saskatoon, conducted by researchers Stewart Clatworthy and Jeremy Hull of the University of Winnipeg's Institute of Urban Studies, indicated that while about a quarter of the native working-age population in both cities has graduated from high school, more than 40 per cent of the population had not received any formal high school education. They report that:

> With the exception of older Saskatoon natives, the Métis and non-status Indian populations have achieved higher levels of education than the status Indian population . . . Both native groups, however, lag far behind the general urban populations with respect to formal education.

Why do native youth and adults want their own programs, especially with reference to education? Why is native control over education an issue at all? President Alex Greyeyes said that the Saskatchewan Indian Cultural College, for example, has an annual federally-funded budget of about $1 million. President Dan Bellegarde said that it cost various federal departments $3.5 million last year to finance the Saskatchewan Indian Institute of Technologies. But the short answer to those questions, according to Bellegarde, is that Indians and Métis have fared very poorly under educational programs conducted by non-native governments, administrators, and teachers.

Again on the grim side, honourable senators, I make reference to a story written by Earl Fowler, called "Natives Face Frightening Health Situation." Anyone who watches the news or reads the paper will be aware that Canadian native people living in remote communities and on reserves are sick a lot and often die young. "The life expectancy is 10 years less than the national average," noted two physicians in an article in the November 1, 1985, issue of the *Canadian Medical Association Journal*. They went on to say:

> The infant mortality rate is 60 per cent higher, and the post-natal mortality rate is 100 per cent higher than the national figures.

Saskatchewan Indians have a suicide rate that is six times higher than the national average, according to a report prepared for the Saskatchewan Mental Health Association's task force on mental health in 1981. Studies have demonstrated that conditions like these are largely a consequence of the substandard housing, poor or non-existent water and sewer systems and the alcoholism, poverty and depression so obvious in some native communities.

Dr. Stephen Helliar, physician to hundreds of transient native people in Saskatoon, said:

> The main problems we see are children with infectious diseases, alcohol-related illnesses, women with gynaecological complaints, and we get a fair number of obstetrical patients. Usually the diseases are more severe when we see them, because poor transient native people, like poor people everywhere, delay coming to a physician. They have access to medical care, but don't use it as readily as people would from a white middle class background.

Earl Fowler also wrote "Living as One of the Poorest of the Poor", wherein he points out that there are two main reasons why the health of transient native people in Saskatchewan is so poor. One is that they do not use city health facilities the way that they are set up to be used. The other is that native people are poor—unbelievably poor—in a city where the average per capita income in 1983 was $18,341, according to the latest Revenue Canada statistics.

Poverty is the greatest single cause of the high sickness rate among native people seen at the West Side Community Clinic, according to Dr. Stephen Helliar. Poverty in Saskatoon means that children are going to school hungry and performing poorly as a result; pregnant women are not eating and drinking enough milk to breast feed their babies; families are condemned to live in cold, draughty houses, and some patients cannot afford to have prescriptions filled. These are the kinds of problems that face our native population in a prosperous city like Saskatoon.

The effect of poverty on the health of native people in Saskatchewan is clear even before they leave the womb. In 1981 the infant mortality rate for children under one year of age per 1,000 live births was 22.3—almost double the provincial rate of 11.6. But it certainly does not end there. Saskatchewan Indians are 2.2 times more likely to suffer from acute respiratory infections than the average citizen; 3 times more likely to suffer from bronchitis, emphysema or asthma, and 5.7 times more likely to suffer from pneumonia, according to a 1977 breakdown of Medicare data. These are some of the health problems that face us.

Honourable senators, I have some even more alarming reports. I read in the headline of an article that 70 per cent of Indian men will be jailed by age 25. The statistics are as sad and, for the uninitiated, as shocking as anything one would read in the paper today about South Africa, Lebanon or the Soviet Union.

**Senator Frith:** Did you say 70 per cent?

**Senator Buckwold:** Seventy per cent of Indian men will be jailed by the age of 25. This is in Saskatchewan, where between 12 and 15 per cent of the population is thought to be native, and these are the remarkable findings of a study published in 1980, "Admissions to Saskatchewan Provincial Correctional Centres". The projections to 1993 present startling statistics. The incarceration rates for males over 15 years of age are: Status Indian, one in eight; Métis and non-status Indian, one in 25; and non-native, one in 200. Incarceration rates for females over 15 are: Status Indian, one in 50; Métis and non-status Indian, one in 200; and non-natives, one in 5,000.

A summary of the report presented in a 1983 review of the Regina police service canine unit noted:

> Assuming absence of change to the criminal justice system, about 70 per cent of the status Indian men can expect to be imprisoned in a provincial correctional centre by the age of 25. For Métis and non-status, the figure is 34 per cent and for non-native men, the figure is 8 per cent. In the case of women, 14 per cent of all status women can expect to be jailed by the age of 25. Equivalent figures for Métis and non-status Indians, and non-natives, are 2.5 per cent and 0.3 per cent respectively.

• (1630)

They are really startling statistics. In the 12 months preceding March 31, 1986, native men and women accounted for 4,565 out of 7,121 sentence admissions to Saskatchewan's four provincial correctional institutes—64 per cent. That represents 10 per cent or 12 per cent of the population.

Eighty-nine per cent of the women sentenced to Prince Albert's Pine Grove Correctional Centre—the only jail in the province for women—were of Indian ancestry—89 per cent! A figure of 63.7 per cent of all male admissions to provincial jails were native while the comparable native percentage of female offenders was 85.1 per cent.

The more recent report from the Solicitor General indicated, with regard to Criminal Code fine default admissions in 1982-83—where people cannot pay their fine—that Saskatchewan had "by far the highest" ratio of native to non-native admission rates of any province. Natives were 62 times more likely to go to jail for failure to pay fines than non-natives in 1982-83.

The next article has the heading "Upon Release From Jail: 'We'll All Be Back'." "Because they're poor", said Irene Hanna, when asked why so many native people end up in conflict with the law. "There are certain backgrounds that involve poverty and alcoholism and broken families," said Saskatoon legal aid lawyer Kearney Healy, "which seem to lead to a position where people are left with only one alternative. And that seems to be doing the criminal things that their friends are doing." Members of the sub-culture, both white and native, accept the prospect of jail time as an unavoidable, undesirable part of their lifestyle, said Healy, adding that many first get into trouble as juveniles.

Ron Camponi, manager of a company which provides low-rental housing for Indians and Metis on social assistance in Saskatoon, put it this way:

> If a 14-year old girl came into my office right now and said: "Look, I just got kicked out of my house and kicked out of school. What can you do for me?", I'd say I'm sorry. You haven't got in deep enough yet. Go and get yourself pregnant, get an alcohol problem, and we'll have scads of people to look after you. Our whole social services system—who does it cater to? The adults, that's who. Nobody is doing anything about the children.

I am sure honourable senators will be pleased to know that I am nearing the end. Earl Fowler again writes that the issue is simple but the solution is complex. The question is a simple one. What can be done to make the continuing transition of thousands of native people to life in Saskatoon, or any city, as painless and successful as possible? The answer is not so simple, nor is there a single solution. Most native leaders tout self-government as the way out of the wilderness. Indian self-government made the transition from "a vague notion to a detailed blueprint" in 1983, when a special parliamentary committee on the topic released a 200-page report endorsing the concept, as chief human rights officer, Bill Rafoss, observed in a Saskatchewan human rights newsletter published a year later. The seven-member committee, chaired by Ontario Liberal MP Keith Penner, recommended that Indian self-government be entrenched in the Constitution, "forming a distinct order of government," with a carefully defined jurisdiction.

[Senator Buckwold.]

The committee report said that Indian people should have full control over their territory and resources within the boundaries of Indian lands, with authority to legislate in such areas as social and cultural development, education and family relations, land and resource use, revenue raising, economic and commercial development, and justice and law enforcement.

The Federation of Saskatchewan Indian Nations, for example, hopes to set up its own justice system, with Indian-controlled courts based on a traditional way of dealing with offenders; an Indian legal aid plan, Indian probation officers, and an Indian correctional service that would use alternatives to incarceration as a means of reducing the disproportionate number of Indian people in our jails.

But even assuming—and this is a big assumption—that Ottawa and Regina are willing to share significant financial resources and legislative powers with emergent native governments, it is still difficult to predict what self-government would mean to Saskatoon's native population—and it is not universally accepted that that is the only way that we are going to solve the problem.

Don Purich, Director of the Native Law Centre at the University of Saskatchewan, said that he could envisage three areas where self-government might mean something for urban Indian people: First, if Indian governments became viable in the sense of having an economic base, there would be less incentive for people to leave, and some now in urban centres might want to go back.

Second, Indian governments might have some jurisdiction over Indian people off reserves. For example, in child welfare matters and things of that nature, agencies set up by bands might cater to their members in the city.

Third, self-government in native communities might provide the model for native governing institutions in Saskatoon, such as a separate school board for Indian-run educational institutions.

In conclusion, Verne Clemence wrote, "Maybe it's time to try something new." When European and Indian societies first came together on this continent eons ago, a process was set in motion which ultimately produced the deplorable living conditions of urban Indians. They simply became the victims of a radically different economic system which systematically reduced them to a state of poverty.

Generations later, Canadians can reflect on those roots of "the Indian Problem" and recall changes in rhetoric about Indians over the years. But, sadly, the score card, as illustrated by so many statistical accounts of modern-day Indian life, will tell them that precious little has really changed. Indians still exist largely outside of the economic mainstream. Their inferior status is still implied in the missionary zeal practised by some religious groups and in dozens of other facets of urban life.

In hundreds of communities across the country, as is the case in Saskatoon, to say "Indian" summons up images of Lysol drinkers, prostitutes, minors shoplifting in the malls, undernourished children and housing of the most degrading

sort. Every major urban centre has its 20th Street—all of which is to say that the clash of the two cultures, begun so long ago, has not yet been resolved.

Are any lessons being learned? Is there any sign yet of an awakening awareness that all of the money, all of the "solutions" devised by generations of white societies, and all of the Indian Affairs Departments of governments across the land have brought social or economic justice for Canada's natives?

For example, does not the totality of those stories and other evidence strongly suggest that, in the main, any improvements for Indians are coming about through their own efforts and the application of Indian knowledge and wisdom. Is it not time to face up to the realities of white-Indian relations, to admit to the ugly parts and the years of failure, and to learn from the small successes now evident? White society, however well intentioned, has made precious little progress in overcoming the obstacles that it has itself created, such as racism. Perhaps it is time to try a better way.

Honourable senators, as I indicated at the beginning of this address, what you have heard is basically a summary in quotation from the *Star-Phoenix* supplement on "A People Apart—Natives in Saskatoon."

I would like to conclude with a few comments on the general issue of native people in Canada, with special reference to western Canada. I am sure honourable senators will agree with me that many of the statistics I have presented are very disturbing and must be of concern to all who are striving for the equality of all Canadians. It might even be said that some of the figures seem to be almost too alarming. Even if that is the case, the hard fact is that to be an Indian, or of Indian descent, for most people means a very difficult, frustrating and discouraging future.

Many Canadians are of the opinion that native problems are often created by natives themselves; that if they could only accept the reality of the Canadian scene, they would adapt to the majority culture and, in due course, be able to resolve the difficulties that face them.

It is easy to characterize native people as lazy and lacking in ambition, but nothing could be further from the truth. To be raised in the environment which faces them makes it very difficult, indeed, to adapt to the culture of the majority. Faced with the realities of Indian life, one can understand the frustration, despair and hopelessness that leads to a lifestyle which is self-defeating.

I am the first to agree that many native people are not doing enough for themselves, but I also feel emphatically that given the right opportunities the native people of Canada can proudly take their place in Canadian society.

The problem is particularly difficult in western Canada. In cities such as Thunder Bay, Winnipeg, Saskatoon, Regina, Edmonton, Calgary or Vancouver native people are living a very sordid existence. This also extends to the smaller cities and towns of the western provinces. In the ghettos, back alleys and dismal streets of those locations we see tragedy and suffering. On the other hand, there are many instances of progress being made. There are successes, and some individuals and families are breaking out of the mould and achieving a better life.

In my opinion, it will be necessary for Indian society to develop a middle class and then move on to achieve its goals. Education becomes the key. I have said to many of my native friends that until a full appreciation of the value of education is accepted by a great majority of Indian people, progress will be very slow, indeed. All the government help and funding will only achieve minor breakthroughs without the willingness of parents to educate their children, even at some sacrifice to themselves. I believe this is happening now, but it is a process that should be greatly accelerated.

I take this opportunity to express appreciation to government ministers of Indian Affairs. I believe all of them have tried sincerely to improve the situation. The present minister, the Honourable Bill McKnight of Saskatchewan, is no exception. He is doing the very best he can, but he realizes that the process is a slow and difficult one. I again congratulate the *Saskatoon Star-Phoenix*, its editors and staff in so dramatically bringing to our attention the Indian scene in Saskatoon which, in reality, is a reflection of native life in all of Canada.

**Some Hon. Senators:** Hear, hear!

**Hon. Len Marchand:** Honourable senators, before I begin my remarks, might I inquire as to how much time I have before Royal Assent?

**The Hon. the Speaker** *pro tempore:* You have about five minutes.

**Senator Marchand:** I shall start, anyway, and adjourn the debate to tomorrow. First, I would like to congratulate Senator Atkins on his maiden speech. I was not present when he was sworn in. It was a very impressive and complete address for a first attempt in this chamber. It was obvious that it was not his first speech. I also want to congratulate Senator Buckwold on the way in which he made his presentation. I join with him in congratulating the *Saskatoon Star-Phoenix* on the very comprehensive special report it produced.

Senator Buckwold's remarks were so complete that he has covered many of the things that I wanted to say. In going over this report, a few things jumped out at me. One of them was raised by Senator Buckwold. In the survey that was conducted, there was a question on how Saskatonians feel about natives. The first question was, "How many people believe native people are discriminated against?" I was alarmed to read in the response that 87.6 per cent of the people feel that natives are discriminated against.

I like many of the conclusions drawn in the article. There are such questions as, "What can we do? What are the answers?" There are no easy or short-term answers. Many of the answers involve the long term. The basis for those answers lies with the ability of native people to solve our own problems in our own way. That is wherein the solution lies. However, much can be done along the way. The media in whatever form—radio, television, newspapers—has, by and large, put forth a hit-or-miss effort. I would bet that this special report created a lot of excitement in Saskatoon. So often, that excitement is very short lived. A lot of noise is made and there will be some rubbing of hands, but not much will get done. I would like to see a more concerted effort. I think that people like Barbara Frum and Pamela Wallins could do a lot more.

**An Hon. Senator:** How about Jack Webster?

**Senator Marchand:** I think that he has done pretty well. He has brought forward some of the more important aspects of

the question of aboriginal land claims and other aboriginal claims relating to fishing, hunting and so on. However, the approach of the media in general has been very incomplete and hit and miss. A better job can be done.

One of the headings in the report is "Media Claimed Giving Indians raw Deal." Perhaps, in some ways, that is true, but not totally true. For example, this report by the *Saskatoon Star-Phoenix* is a pretty good effort. You cannot say that they are giving us a raw deal here.

One part of the report in particular caught my eye. It reads:

> Many current native views are similar to what Quebeckers felt in the late 1950's when serious talks of separation began. It took until 1962 and bombs in the streets to focus the attention of English Canada on Quebec. Then there was a media rush to tell the Quebec story . . . dig out the experts . . . and explain a complex situation. We never seem to learn. Why aren't we telling the native story now?

That portion of the report jumped out at me, because there is a lot to it and because a lot can be done. I shall be bringing forward to this chamber at a later date a proposal, perhaps in the way of an inquiry, or whatever mechanism it takes to get the job done. I want to bring to the attention of honourable senators the report of the Special Committee on Youth entitled "Plan of Action", under the chairmanship of our very able Senator Hébert. Because of the seriousness of the native youth problem, we as members of the committee included a special section in the report. One of the recommendations is that a Standing Senate Committee on Native Issues be established with *ex officio* members from the First Nations. It went on to say:

> As a first item of business, this committee should clarify the situation of young native people and define the opportunities which now exist and can be created for young Canadians in both the First Nations and non-native communities to further a peaceful process of change.

Let us talk about some of the things that can be done. The Senate of Canada has a pretty good history over a long period of time in digging into a lot of the serious problems that face our native people. In 1926-27 a Special Joint Committee on Claims of Allied Indian Tribes of British Columbia was formulated to inquire into those claims, as set forth in petitions to Parliament in June 1926. There were earlier efforts, but this particular inquiry was pretty special because it did a lot of good work and made a lot of good recommendations. In 1947-48 a Special Joint Committee on the Indian Act was formed. Much of the work of that committee led to amendments to the Indian Act.

• (1650)

There is a little irony here because, in Senator Buckwold's remarks, one of the solutions that was put forward by a number of people was self-government. I happen to agree with the Penner report in many of its aspects. It was an excellent report and it contains a whole lot of things that can be done in the future. One of the recommendations that that 1949 report contained was that such reserves as become sufficiently advanced should be recommended for incorporation.

**The Hon. the Speaker** *pro tempore:* Senator Marchand, I am sorry to interrupt you, but the deputy of Her Excellency the Governor General has arrived.

**Senator Marchand:** Very well, honourable senators. I move that the debate be adjourned until tomorrow.

On motion of Senator Marchand, debate adjourned.

[*Translation*]

## SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

### MOTION TO AUTHORIZE COMMITTEE TO CONTINUE STUDY OF CONSULTATION PAPER ON CHILD AND ELDERLY BENEFITS— ORDER STANDS

**Hon. Arthur Tremblay,** pursuant to his notice of motion dated November 4, 1986, moved:

> THAT the Standing Senate Committee on Social Affairs, Science and Technology be authorized to continue the study undertaken in 1985-86 on the Consultation Paper on Child and Elderly Benefits, issued by the Department of National Health and Welfare, tabled in the Senate on the 5th February, 1985, and to report thereon;
>
> THAT the papers and evidence taken on the subject and the work accomplished during the First Session of the Thirty-Third Parliament be referred to the Committee; and
>
> THAT the Committee present its report no later than Tuesday, 22nd December 1987.

He said: Honourable senators, I would not like to delay further the proceedings of this afternoon, but it seems to me that the motion I have moved is a housekeeping one. For all practical purposes, it means solely to authorize the Committee on Social Affairs, Science and Technology to continue the study undertaken during the previous session, so that—

[*English*]

**Hon. William J. Petten:** Senator Tremblay, perhaps you should do it tomorrow.

**Senator Tremblay:** Yes, honourable senators, I will do it tomorrow.

Order stands.

The Senate adjourned during pleasure.

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• (1700)

At 5.00 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Right Honourable Brian Dickson, Chief Justice of the Supreme Court of Canada, in his capacity as Deputy Governor

General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Right Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the Income Tax Act (*Bill C-11, Chapter 44, 1986*)

The House of Commons withdrew.

The Right Honourable the Deputy Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 176*)

## L'ASSOCIATION INTERNATIONALE DES PARLEMENTAIRES DE LANGUE FRANÇAISE

FIFTEENTH GENERAL ASSEMBLY

FOURTH REPORT OF CANADIAN SECTION

The Canadian delegation which participated in the XVth General Assembly of the AIPLF in Quebec City from September 6 to 13, 1986 has the honour to present the

### FOURTH REPORT

### OF THE CANADIAN SECTION OF THE AIPLF

THE XVth General Assembly of the AIPLF was held in Quebec City from September 6 to 13, 1986. It was preceded by a meeting in Toronto to officially inaugurate the Ontario Section of the AIPLF. After the General Assembly, the Federal Section organized a visit to Vancouver. A total of thirty legislatures were represented at this General Assembly.

The Canadian delegation which attended the meetings was composed of the following persons:

- The Hon. Martial Asselin, P.C., Senator
  Chairman of the Canadian Section
  Vice-President of the AIPLF
  Deputy Speaker of the Senate
  Head of the delegation
- The Hon. Yvette Rousseau, Senator
- The Hon. Eymard Corbin, Senator
- Mr. Ian Waddell, M.P.
- Mr. Don Boudria, M.P.
- Mr. André Harvey, M.P.
- Mrs. Carole Jacques, M.P.
- Mr. Nic Leblanc, M.P.
- Mr. Louis PLamondon, M.P.
- Mrs. Henriette Immarigeon
  Executive Secretary
- Mr. Martin Lavoie
  Acting Deputy Executive Secretary

Activities were carried out by the Executive, by the General Assembly meeting in a plenary session and by the various committees.

The Executive focused its attention on issues of major concern to the AIPLF. One of these was underlined by the Canadian Section, which proposed that the highest positions within the Association's Executive be filled on a rotating basis. Indeed, it was noted that for a number of years, the position of Chairman had been filled by members from various continents, but never by a North American. The Canadian Section moved, seconded by the Quebec Section, that at some point in the future this position be filled by a North American representative. The motion prompted a lengthy debate and a decision was made to set up a committee to examine the proposal. A report will be presented at the next meeting of the Executive scheduled to be held in Belgium in early 1987.

The Committee on General Affairs, which examines all matters relating to the Association's structure and financing, reviewed a number of issues, in particular, the status of the staff and the AIPLF's financing methods. It also reviewed the Association Statutes which had been out of date for a number of years. Furthermore, it examined the potential impact of the Sommet de la francophonie on the AIPLF and asked the study group that would be looking into the rotation principle to also examine future ties between the Francophone Summit and the AIPLF.

The various AIPLF committees examined the following subjects:

The Committee on Cultural Affairs:
- The teaching of French as a first language, as a second language and as an international language

The Committee on Development and Cooperation:
- Development management

The Committee on Parliamentary Affairs:
- Election procedures: investiture of candidates and voting methods

As usual, the Ad Hoc AIPLF — AGECOOP Committee examined relations between these two organizations. The committees also examined past activity reports and made proposals concerning upcoming programs.

A copy of the resolutions drafted by the various committees can be obtained from the Parliamentary Relations Branch. They are too long and technical for reproduction here. These resolutions were proposed by the various Committees. All of the resolutions were passed during the plenary session which closed the General Assembly.

Also during the last meeting of the General Assembly, the delegates elected a Parliamentary Secretary General. A member of the French Section has always held this position, and again a French candidate was elected, in this instance, Mr. Jacques Legendre, who immediately took up his duties.

Elections to the Executive were also held. Dr. Daouda Sow from Senegal was re-elected to the Presidency. The Vice-Presidents were also re-elected.

- Communauté française de Belgique: Mr. André Baudson
- Cameroon: Mr. Théodore Mayi Matip
- Canada: Hon. Martial Asselin
- Lebanon: Mr. Khatchig Babikian

Two changes occurred in the Executive membership. The New Brunswick Section replaced the Haitian Section which is currently inactive because of the country's political situation. The Djibouti Section also replaced the Egyptian Section which has not been active during the past few years.

As always, the work of this XVth General Assembly was animated and interesting. The numerous recommendations adopted and the variety of their contents witness the vitality of this Association.

Respectfully submitted,

EYMARD G. CORBIN,
*Senator*

# THE SENATE

**Thursday, November 6, 1986**

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

Prayers.

## HAZARDOUS PRODUCTS ACT

BILL TO AMEND—FIRST READING

**Hon. Stanley Haidasz** presented Bill S-4, to amend the Hazardous Products Act (tobacco and tobacco products).

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Haidasz, bill placed on the Orders of the Day for second reading on Thursday, November 27, 1986.

## REMEMBRANCE DAY

"LEST WE FORGET"

**Hon. Jack Marshall:** Honourable senators, I would like to take this opportunity to pay tribute to our veterans as we approach Remembrance Day next week.

A famous general back in 1917 once disbanded his troops with the following challenge:

> Let it be your pride to show all citizens everywhere
>
> Not only what good soldiers you are—but also what good men you are
>
> And, let us set for ourselves a standard so high—that it will be a glory to live up to it
>
> And let us make sure we do live up to it and add a new laurel to the crown of our nation.

As we reflect today on that prophetic vision, Canadian veterans some seven decades later have proven "what good men they are," have set exemplary standards, and have added countless "new laurels to the crown of our nation."

Honourable senators, in a few days, on November 11, veterans will pay tribute to their fallen comrades in two world wars and the Korean conflict at ceremonies across Canada, and thousands of children amongst many thousands of citizens will watch and wonder what these ceremonies are all about. These children know little of battles and wars; they have no knowledge of the drone of bombers overhead, ships and crews lost in icy seas or the concussion of heavy guns.

But those children are the real reason for remembering, not a maudlin memory of things best forgotten, not a memory of hatred and cynicism, but a memory filled with understanding of the past and hope for the future, for which our veterans fought and laid down their lives. Without an understanding of where we have come from, it is impossible to know the direction in which we are heading. It is the youth, our children and grandchildren, who must set new courses of human action, compassion and understanding.

To paraphrase the oft repeated words of Colonel John McCrae,

> To you, from failing hands we throw
>
> The torch; be yours to hold it high.

So, honourable senators, across this great Dominion of Canada, while men and women pay tribute to those who served, we cannot, and must not, forget the past on this Remembrance Day 1986 if we wish a decent future for our children.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, Senator Marshall has said it so well that I simply want to record that we associate ourselves fully with the eloquent and very appropriate statement he has just made about that important day.

## INCOME TAX CONVENTIONS BILL

REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. Ian Sinclair,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, November 6, 1986

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

THIRD REPORT

Your Committee, to which was referred the Bill S-2, intituled: "An Act to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for the avoidance of double taxation with respect to income tax", has, in obedience to the Order of Reference of Wednesday, 29th October, 1986, examined the said Bill and has agreed to report the same with the following amendments:

1. *Page 49, Schedule III:* Complete the text of paragraph 1 of Article 27 of the Convention by inserting in the second line thereof the word "Ottawa"

2. *Page 95, Schedule VII:* Complete the text of paragraph 1 of Article 29 of the Agreement by inserting in the second line thereof the word "Valletta"

Respectfully submitted,

IAN SINCLAIR
*Chairman*

He said: Honourable senators, if I may, and pursuant to the rules of this chamber, I would like to explain the two amendments. First of all, in regard to the amendment of the convention which is an appendix to the bill, there was an inadvertent slip and the word "Ottawa" was not placed in the text. There were just a few dots, so it was appropriate to put in the name of the place where the convention, once signed, would be exchanged.

Similarly, in regard to the convention with respect to the Republic of Malta. Again, all there was was a couple of dots and the drafter of the convention had inadventently left out the name of the place where the documents were to be exchanged.

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

**Senator Sinclair:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 45(1)(*b*), bill read third time and passed.

## EXCISE TAX ACT
## EXCISE ACT

REPORT OF COMMITTEE ON SUBJECT MATTER OF BILL C-14 TABLED AND PRINTED AS APPENDIX

**Hon. Ian Sinclair,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, tabled the committee's fourth report respecting the subject matter of Bill C-14, to amend the Excise Tax Act and the Excise Act.

• (1410)

He said: Honourable senators, with leave, I should like to explain the report.

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

**Hon. Senators:** Agreed.

**Senator Sinclair:** Honourable senators, as a result of the evidence submitted to the committee, I think it would be of interest to honourable senators to know that the officials from the department did acknowledge that the increase in sales taxes of 3 per cent, when taken in conjunction with the normal mark up or gross up on goods when they are moved from the retailer to the consumer, has a stiffer impact and makes that increase not 3 per cent but 6 per cent.

Secondly, the officials from the department have acknowledged, in dealing with excise tax increases on tobacco and alcoholic beverages, that the industry made strong representations that industry and government revenues had suffered the diminishing-return syndrome. The officials pointed out that there might be other reasons in the fall off in consumption, such as health considerations and a change of lifestyle, but they did acknowledge that diminishing returns might very well have resulted from the fact that the cost of these products has increased.

Honourable senators, I ask that the report be accepted by the Senate and that it be printed as an appendix to *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

(*For text of report, see appendix "A", p. 209*).

[*Translation*]

## NATIONAL DEFENCE

REPORT OF COMMITTEE TABLED

**Hon. Paul C. Lafond,** for the Special Committee of the Senate on National Defence which was authorized by the Senate to incur expenses for the purpose of hearing evidence on and to consider matters relating to national defence, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*English*]

## CANADA PETROLEUM RESOURCES BILL

REPORT OF COMMITTEE

**Hon. R. James Balfour,** Deputy Chairman, for Hon. Earl A. Hastings, Chairman of the Standing Senate Committee on Energy and Natural Resources, presented the following report:

Thursday, November 6, 1986

The Standing Senate Committee on Energy and Natural Resources has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Bill C-5, intituled: "An Act to regulate interests in petroleum in

relation to frontier lands, to amend the Oil and Gas Production and Conservation Act and to repeal the Canada Oil and Gas Act", has, in obedience to the Order of Reference of Tuesday, 4th November, 1986, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

EARL A. HASTINGS
*Chairman*

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Balfour, for Senator Barootes, with leave of the Senate and notwithstanding rule 45(1)(*b*), bill placed on the Orders of the Day for third reading later this day.

[*Translation*]

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration presented the following report:

Thursday, November 6, 1986

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIRST REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on National Finance for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on October 28, 1986. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $52,597.00 |
| Transportation and Communications | 495.00 |
| All Other Expenditures | 5,737.00 |
| | $58,829.00 |

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

**The Hon. the Speaker:** When shall this report be taken into consideration?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be taken into consideration now.

[Senator Balfour.]

**The Hon. the Speaker:** Is it your pleasure to adopt the motion, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

• (1415)

[*English*]

SECOND REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration' presented the following report:

Thursday, November 6, 1986

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SECOND REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Energy and Natural Resources for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on October 28, 1986. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $22,840.00 |
| Transportation and Communications | 1,500.00 |
| All Other Expenditures | 2,000.00 |
| | $26,340.00 |

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be now adopted.

Honourable senators, since I am asking leave to move that the first, second and third reports of the Standing Committee on Internal Economy, Budgets and Administration be now adopted, perhaps a word of explanation is in order. These reports outline the budgets for the respective committees for the balance of the 1986-87 fiscal year. Because of prorogation, they were required to be re-submitted, dealt with and reported. In each case the budgets were re-submitted and studied by the Subcommittee on Budgets and approved by the Standing Committee on Internal Economy, Budgets and Administration at its meeting today.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

[*Translation*]

THIRD REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration presented the following report:

Thursday, November 6, 1986

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

THIRD REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Committee on Banking, Trade and Commerce for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on October 28, 1986. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 75,609.00 |
| Transportation and Communications | 1,500.00 |
| All Other Expenditures | 2,000.00 |
| | $ 79,109.00 |

Respectfully submitted,

GUY CHARBONNEAU
*Charman*

**The Hon. the Speaker:** When shall this report be taken into consideration?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be taken into consideration now.

**The Hon. the Speaker:** Is it your pleasure to adopt the motion, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

[*English*]

## THE ESTIMATES

SUPPLEMENTARY ESTIMATES (A) DEEMED TO HAVE BEEN REFERRED TO NATIONAL FINANCE COMMITTEE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That, when the Supplementary Estimates (A) for the financial year ending 31st March, 1987, are tabled in the House of Commons, they be deemed to have been referred to the Standing Senate Committee on National Finance.

Motion agreed to.

● (1420)

## BUSINESS OF THE SENATE

ADJOURNMENT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, before putting the adjournment motion, I would like to say a word or two about it.

The adjournment which I propose to move will cover the activities of the Senate for the next two weeks. In accordance with the pattern that we have attempted to establish from the beginning of this session, I will propose that when we adjourn today, we stand adjourned until November 25. That is not to say that the Senate will not be busily engaged during that two week period. The subject matter of a number of bills has been referred to various committees for pre-study, while in other cases the bills themselves have been so referred after second reading in the normal course of Senate business. With the permission of the Senate, I will outline the agenda for the committees over the coming several weeks.

The Agriculture Committee has had referred to it the subject matter of Bill C-2, the Canagrex Dissolution Bill, and Bill C-12, which will amend the Prairie Grain Advance Payments Act. I realize that that committee has yet to hold an organizational meeting, but perhaps it can arrange to do that over the next week or so. The Standing Senate Committee on Legal and Constitutional Affairs has before it the subject matter of Bill C-15, to amend the Criminal Code and the Canada Evidence Act. I understand that it also has had referred to it Bill S-3, which was introduced by Senator Cogger and which received second reading yesterday. The Social Affairs, Science and Technology Committee has before it Bill C-16, which will amend the Unemployment Insurance Act. The Transport Committee is studying Bill C-3, to amend the Radio Act, and Bill C-4, to amend the Railway Act.

I have just been given notice that the supplementary estimates (A) will be deemed to have been referred to the Finance Committee if they arrive during the time this chamber has adjourned. This will enable the Finance Committee to get a head start on the examination of these estimates in the event that the Senate is not sitting at that time. The Energy Committee has before it the subject matter of Bill C-6, respecting the Newfoundland Accord. Of course, the Banking, Trade and Commerce Committee has before it Bill C-10, respecting the Excise Tax Act, Bill C-13, dealing with the corporate reorganization of Bell Canada, and Bill C-17, which contains the amendments to the Petroleum and Gas Revenue Tax Act, the subject matter of which was referred to that committee yesterday.

In addition to that, the Internal Economy Committee is now considering the main estimates for the Senate itself for the coming year. To that end, arrangements are being made to have the Subcommittee on Budgets meet to examine and prepare the draft estimates for submission to the chamber and thence to Treasury Board.

Honourable senators will see that there is a full schedule of work before us and that, although the Senate will not be sitting as a body during that period of time, certainly most, if not all, of us will be engaged in committee work during the next two weeks.

Everything I have said to date, of course, is subject to rule 14A, which provides that the Senate can be recalled during an adjournment in the event of an emergency. There might possibly be a situation that requires our attention—

**Senator Olson:** There is an emergency every day.

**Senator Doody:** At least one; some of us have more tribulations and trials than others. I understand that the honourable gentleman is speaking for himself in this particular instance. In any event, I commend this schedule to honourable senators for their approval.

With leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, November 25, 1986, at 2 o'clock in the afternoon.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I have just one or two comments to make. I think it is entirely appropriate that the committees sit to do their work, even though the chamber itself is in adjournment. If that practice can be firmly understood, and particularly understood by the public, it would be a step forward. I notice that the Deputy Leader of the Government has laid out a schedule of legislative pre-studies of the subject matter of bills, as well as the study of bills actually referred. I wonder whether he has any comment to make on references which have been made to the standing committees, other than those regarding bills and the pre-study of bills. The Foreign Affairs Committee, for example, has been given an important reference to continue its study of international debt questions. I wonder whether provision is being made for that committee to meet while the Senate is adjourned.

**Hon. George van Roggen:** Honourable senators, perhaps I may be permitted to answer that question. Senator MacEachen was present at the meeting of the Standing Senate Committee on Foreign Affairs on Tuesday, but, unfortunately, he had to leave before we reached this particular matter. At that time it was agreed—and I will take this opportunity to give notice to those members of the committee who were not present at that time—that if the Senate were to adjourn today for two weeks rather than for one week, then we would take the opportunity to sit all day on Tuesday, November 18, since Tuesday is our regular sitting day, rather than at 11 a.m. for two hours only, which is our usual allotted time. Because the committee will be drafting its report and the meeting will be in camera, as a result of this motion, we intend to sit that day from 10 a.m. until the lunch break and then in the afternoon until the committee adjourns at 4 p.m. or 5 p.m. So, basically speaking, we shall be sitting all of that day for the purpose of drafting our report rather than at our usual sitting hour.

[Senator Doody.]

**Senator Doody:** I thank Senator van Roggen for his intervention and Senator MacEachen for asking the question. Similarly, other committees may be sitting to examine or prepare other items, such as the Committee on National Finance in connection with the drafting of its report on post-secondary education. I would suggest that it might be appropriate for the various committee chairmen to make arrangements with the whips for room space, staff, and so on, in anticipation of sitting during the forthcoming two weeks. That may make it easier to spread the workload and have the staff more readily available.

**Senator MacEachen:** Honourable senators, on that point I believe it is important that we should attempt to co-ordinate the meetings, because a number of senators may wish to attend the meeting of the Energy and Natural Resources Committee as well as the meetings of other committees, including the Foreign Affairs Committee.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I suppose it is worth while noting—simply because I believe it was not always so—that all Senate committees have authority to sit while the Senate is adjourned.

Motion agreed to.

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## QUESTION PERIOD

[*English*]

### CANADA-U.S.S.R. RELATIONS

SPEECH OF CANADIAN AMBASSADOR TO UNITED NATIONS—REQUEST FOR CLARIFICATION OF GOVERNMENT POLICY ON SOVIET OCCUPATION OF AFGHANISTAN

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I should like to raise a question based on statements made by the Canadian Ambassador to the United Nations, which have been reported in the press, because his comments do raise some questions about the attitude of the government, or the perspective of the government, in connection with east-west relations and Canada-Soviet relations. Perhaps I can do no better than quote from the newspaper report of the ambassador's comments to the United Nations, which states that on Wednesday the Canadian Ambassador to the United Nations—

> . . . accused the Soviet Union of exhibiting a "sickness equivalent to depravity" in its war against Moslem rebels in Afghanistan.

The report goes on to say that Lewis said the Soviet Union continues to believe that "nihilism is preferable to negotiation, that butchery is preferable to bargaining."

Because this rhetoric is at least as violent as, if not more violent than, the rhetoric of President Reagan in the early years of his administration—which was epitomized by the use of the expression "the evil empire," which was objected to quite widely in the western world and in Canada—can the Leader of the Government tell us whether Canada's Ambassa-

dor to the United Nations had the authority of the Government of Canada when he used such expressions as "sickness equivalent to depravity", and when he said that the Soviet Union believes "that butchery is preferable to bargaining"?

I also ask, if in the opinion of the government that does not express the view of the government, that it be made clear and that the ambassador be instructed to read the expressions of policy which have been made by the foreign minister, whom I still believe to be a more important spokesman for Canada than any ambassador.

So, really, my question is: Is the Leader of the Government in a position to tell us whether Mr. Lewis spoke with the authority of the Government of Canada when he used language which is so reminiscent of the objectionable Reagan rhetoric epitomized by the expression "evil empire"? Now it is "butchery", which perhaps is worse.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the alliteration in the quotation which the Leader of the Opposition has just read leads me to believe that it is vintage Stephen Lewis.

Apart from that—

• (1430)

**Senator Frith:** Wine or vinegar?

**Senator Sinclair:** Bad wine!

**Senator Murray:** —I can only say that I had hoped to get a briefing on the matter today, but my colleague, the Secretary of State for External Affairs, is in Vienna attending the Conference on Security Co-operation in Europe, and I have been unable to get the kind of information that the Leader of the Opposition seeks. I simply make the point that whatever the language used, the context is the Soviet invasion and continuing occupation of Afghanistan, and it is pretty hard to find language strong enough to condemn that action.

**Senator MacEachen:** All of us have condemned the occupation of Afghanistan, and we continue to do so. However, the language used by the ambassador is extreme, violent and provocative. If it is just "vintage Lewis," then let us know that and let someone in authority tell Mr. Lewis that it does not represent government policy. In connection with the comments made by the Leader of the Government with respect to the occupation of Afghanistan, and notwithstanding that fact, I draw to his attention the statement made in the House of Commons by the Secretary of State for External Affairs on October 21. The Right Honourable Joe Clark said, as follows:

> —we understand that on human rights questions and on a range of bilateral matters, progress continues to be made. Mr. Speaker, I should add that I was encouraged by my own talks on Human Rights with Soviet Foreign Minister Shevardnadze, when he visited Ottawa.

Then he goes on to say:

> Canada believes progress here and on regional issues is essential to enable us to establish trust in each others intentions. This process of building trust is far from finished.

I wonder if anyone could believe that the utterances of the Ambassador to the United Nations, whether vintage or not, are consistent with that policy statement by the Secretary of State for External Affairs. I ask the Leader of the Government whether he could give me some clarification on that point.

**Senator Murray:** The Leader of the Opposition has described the ambassador's statement as "extreme, violent and provocative." That is pretty tough language itself, I would think.

**Senator Olson:** Accurate.

**Senator Murray:** In any event, I have just received a copy of the ambassador's speech to the General Assembly of the United Nations. I have not had a chance to read it, because I just received it within the past minute. There is one point that I would like to draw to the attention of the Senate, and that is the fact that the ambassador is apparently not making this statement for the first time. Indeed, when he used the phrases to which the Leader of the Opposition referred, he was quoting something that he said last year. The paragraph read:

> During the course of our intervention last year, I said on behalf of Canada that if we were back again, same time, this year, it is because the Soviet Union continues to believe that nihilism is preferable to negotiation; that butchery is preferable to bargaining.
>
> Harsh words, I concede. But we're back again.

**Senator MacEachen:** Honourable senators, it does not add to my comfort to be told that the ambassador used precisely the same words one year ago. It may add to the decibel level of the rhetoric, but it certainly does not add to any effort at moderation. I draw to the attention of the Leader of the Government that when Mr. Shevardnadze was here in October, the Secretary of State for External Affairs announced that Canada would begin final talks with the Soviets later that month on the renewal of the agreement on human contacts and exchanges that Ottawa suspended in 1979 to protest against the Soviet invasion of Afghanistan. The minister said in Ottawa that they were negotiating to re-establish the pre-Afghanistan human contacts and exchanges in order, presumably, to build a trust, yet, our Ambassador to the United Nations is describing the Soviets as "preferring butchery to bargaining." I believe that this matter is very serious.

I want to know whether what the ambassador said represents Canada's view of East-West relations and Canada's view of Soviet-Canadian relations. The visit by Mr. Shevardnadze took place only a few weeks ago. The memories of the smiling Prime Minister and the smiling Soviet Foreign Minister when they were photographed in Ottawa are still fresh in our minds. There were no words of "nihilism" or "butchery" on that occasion. Is Mr. Lewis setting policy? Tell us.

**Senator Murray:** Honourable senators, when the Leader of the Opposition refers to the decisions that were announced last month by the Secretary of State for External Affairs, he seems to be questioning the very principle of whether we should

continue to condemn the invasion and occupation of Afghanistan. That we do, and that the ambassador has done in his speech to the United Nations. All the diplomatic niceties were abided by during the visit of the Soviet Foreign Minister, and we continue to seek good and better relations with the Soviet Union. However, that does not stop us from condemning the invasion and continued occupation of Afghanistan by Soviet troops. Nor did it stop the Secretary of State for External Affairs the other day in Vienna from taking a very tough stand about Soviet abuses of human rights. I would have hoped that the Leader of the Opposition would applaud him and the government on that as well.

**Senator MacEachen:** I certainly do applaud the government for opposing the invasion of Afghanistan and violations of human rights. But Mr. Lewis's condemnation is much wider. It is a blanket condemnation in which he attributes to the Soviet Union qualities that were equalled by those described in President Reagan's excessive vocabulary. He makes the blanket assertion that the Soviet Union as a government prefers "nihilism to negotiation" and "butchery to bargaining." That is much wider than a specific attack on the invasion by the Soviet Union. That is what I find objectionable, and I would hope that the Leader of the Government would agree with me that it is a much wider condemnation than anything that the minister has said. I hope that the government will clarify the matter and tell Mr. Lewis that "vintage Lewis," as the language is described by the Leader of the Government, is not always appropriate in the United Nations.

**Senator Murray:** Honourable senators, I am sorry that this whole episode has given the Leader of the Opposition, as he says, some discomfort and that he finds it objectionable, but I do not think I can usefully add anything to what I have already said or that we can pursue it further today. However, I shall seek a prepared and considered reply on the matter from the Department of External Affairs and bring it in as soon as possible.

**Senator MacEachen:** I appreciate the thoughtful and careful reply, and I hope it is not evasive—

**Senator Murray:** Evasive? Me? Never!

**Senator MacEachen:** —because we will be following it up.

**Senator Doody:** A fellow Cape Bretonner?

**Senator MacEachen:** That is unfair.

## CANADIAN HUMAN RIGHTS COMMISSION

APPOINTMENT OF ANTONIO ARCANGEL TO HUMAN RIGHTS TRIBUNAL

**Hon. B. Alasdair Graham:** Honourable senators, I have a question for the Leader of the Government relating to the appointment of one Antonio Arcangel to the Canadian Human Rights Tribunal. Mr. Arcangel is the past president of the Toronto Chapter of Anak-ti-Batac, a well-known pro-Marcos organization. By the way, Batac is the name of the town in which former President Marcos was born and raised. A very large segment of the Philippine community in Canada has expressed surprise, indeed, amazement, unhappiness and outrage at this particular appointment. I wonder if the Leader of the Government could tell us whether or not the government was aware of Mr. Arcangel's close association with the Marcos regime before that appointment was made.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my information is that we were not.

**Senator Graham:** May I ask the Leader of the Government whether or not the appointment is under review?

**Senator Murray:** Honourable senators, my information is that the person in question has resigned.

**Senator Frith:** You could have waited until the question was asked.

**Senator MacEachen:** Supplementary, Alasdair?

[*Translation*]

## INDUSTRY

AEROSPACE—ALLOCATION OF CF-18 SERVICE CONTRACT

**Hon. Léopold Langlois:** I wish to direct a question to the Government Leader in the Senate. It concerns an article which appeared on November 5, 1986, in the *Journal de Montréal* and was reprinted in the *Quorum* on the same date, under the headline: "CF-18: Laberge feels that Pawley does not have all the necessary information".

Mr. Laberge, President of the Quebec Labour Federation, was reported as saying, and I quote from the article.

> It is not Canadair which has not met the conditions provided for the tenders, but the Bristol Aerospace consortium which has made uncalled for changes to its offer of services.

And I am now quoting Mr. Laberge own remarks:

> "The first bid submitted by this consortium which was known as CAST was $150 million higher than that of Canadair. This consortium changed its name to Bristol, and through privileged information, submitted a new tender for service which was $4 million lower than that of Canadair. An investigation will have to be carried out to discover how Bristol had access to this information and submit a new tender after the deadline—"

I wish to emphasize the last part of this sentence:

> —"and submit a new tender after the deadline".

My question to the Honourable Leader of the Government in the Senate is this: Could he confirm or deny this statement from Mr. Laberge, in order to put an end to this false pretence of a contract being unfairly awarded to Quebec which is being used to start another holy war against my province?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I think that in the first round, all tenders submitted were found unacceptable by the Government; a second round of tenders was necessary. I have no comment today concerning

the article which appeared in the *Journal de Montréal*. I take as notice the question put by Hon. Senator Langlois and I will report back to him.

**Senator Langlois:** I did not expect that the government leader in the Senate could reply to my question today, but I hope you will be able to do so when we resume our sittings.

• (1440)

[*English*]

## RESEARCH AND DEVELOPMENT

### NATIONAL RESEARCH COUNCIL FUNDING—GOVERNMENT POLICY

**Hon. Henry D. Hicks:** Honourable senators, my question is addressed to the Leader of the Government in the Senate. Today's *Ottawa Citizen* carries an article headed "NRC Axes Renowned 'Canadarm' Scientist." It then goes on to relate that Dr. Vlad Kratky, who is the head of the photogrammetric section of the NRC, and his whole team have been given notice that they will be disbanded and that there will be no money to continue their research after the end of March 1987. It is alleged in this article that this money is to be diverted toward the $1.2 billion U.S. orbiting platform project and space programs.

Nevertheless, it was the same group, under Dr. Kratky, who did the work on the Canadian arm manipulator, which is very germane to the space program and has made a significant contribution which redounds to the credit of Canada. I do not want to take too long in my preliminary remarks, but the report ends by quoting Dr. Kratky:

> There was no warning and no consultations.

Then Dr. Clive Willis, the general secretary of the National Research Council, said that because of the number of research projects being cut:

> . . . there is no way to do it easily.

I think we can all agree with that.

> In some instances, there was no way of telling people ahead of time. It's just too difficult to do that with every group.

The report concludes by saying:

> More than 200 jobs will be eliminated and dozens of research projects axed.

Could the Leader of the Government procure for this house some general statement of the government's intentions with respect to the National Research Council and the implementation of the government's announced policy to reduce the budget of the National Research Council by $20.5 million next year? It seems incredible to me that there has not been available to members of either House of Parliament, to the best of my knowledge, anything relating to the program of cuts that will relate to such an important agency as the National Research Council, in which all Canadians for many years have taken very great pride.

Could the Leader of the Government procure any kind of statement that might give us some idea as to what the result of these cuts is going to be on the National Research Council

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I noticed the article to which the honourable senator referred. I have not had an opportunity to get a report on that particular matter, but I shall do so.

I may state in passing that both Dr. Kerwin, the head of the NRC, and Mr. Oberle, the minister responsible, have appeared before a committee of the other place. The extent to which they have been questioned, or may have imparted information on the cuts, is something of which I cannot speak from any direct knowledge, but it appears that there was fairly extensive questioning.

In any event, I will do as the honourable senator asks and see if we can obtain a comprehensive statement of the intentions of the Council in this respect.

**Senator Hicks:** I thank the honourable leader, but I would point out that it is not simply this item I am interested in. I used this article only as a starting point for seeking some more general statement, and I think the Leader of the Government in the Senate recognizes that.

## TRADE

### IMBALANCE BETWEEN CANADA AND U.S.S.R.—GOVERNMENT POLICY

**Hon. Hazen Argue:** Honourable senators, I would like to address a question to the Leader of the Government in the Senate. As the leader knows well, the Soviet market for Canadian grain is of very great importance. I believe that the Soviets are today buying approximately one bushel in three of Canadian wheat going into the export market. Our trade balance with the Soviet Union is so favourable, our sales sometimes going as high as $1800 million as compared to our purchases from them of perhaps $50 million or $75 million, that the Soviet Union is putting greater and greater pressure on Canadian authorities to do something to improve, from their point of view, their balance of trade with Canada.

In the last number of weeks I personally have had no less than three visits from officials of the Soviet Embassy who are pushing Canada to take some sort of action that would help bring about an improved balance of trade from their point of view. In other words, that Canadians would be buying more from the Soviet Union.

Since this market is of the utmost importance to western Canada, and even with the lower prices in the current year it may go up to $1.5 billion, I would like to inquire as to the attitude of the government in this matter, and whether or not steps can be taken to assist in improving that imbalance.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, naturally, the subject came up at the time the last grains agreement was signed between Canada and the Soviet Union. The honourable senator has referred to an imbalance in trade between us and the U.S.S.R. I am told this is in the proportion of 30 to 1. What we have done is indicate to the

Soviet Union that we would do everything within our area of jurisdiction to achieve certain Soviet export targets in Canada. We thought that that was a prudent step to take, given the fact that we were seeking—and in fact obtained—a renewed Soviet commitment to purchase 25 million metric tons of Canadian grains over the next five years.

**Senator Argue:** Perhaps I should ask whether or not there was any particular commitment given. The term for that kind of commitment, I believe, is counter-trade. The Australians, as I understand it, have been writing in the fixed amount of counter-trade that they are ensuring that the Soviet Union will have with their country. Therefore, I am asking whether consideration has been given to the whole question of counter-trade and the giving of a more precise assurance to our very best purchasers of grain.

**Senator Murray:** Honourable senators, that is another subject. All I can say about the discussions that were held at the time is that we made no purchase commitments to them. However, we did give what might be called a "best efforts" undertaking to assist them to achieve certain export targets in Canada.

**Senator Argue:** I appreciate the answer given by the government leader. I have a further question, and I do not expect him to have this information at his fingertips right at the moment. I would like to ask whether the Leader of the Government in the Senate can give us some information, either now or at a later date, as to what kind of resources there are within the Department of External Affairs, whether it be a trade component or whatever, to assist in facilitating the sale of Soviet goods in Canada. I do not have precise information, but I suspect that those resources are meagre and are not particularly active, but I hope I am wrong. Therefore, I would appreciate it if the Leader of the Government in the Senate could bring to us some information on how many people are assisting in this area and what moneys have been spent in travel, et cetera. In other words, is a major effort being made in this area or is there just a perfunctory attitude that may not pay off?

**Senator Murray:** Honourable senators, I think the government is agreed that the imbalance in trade is a problem, and we have given, as I have said, a "best efforts" undertaking to the Soviet Union that we would help them redress the imbalance as much as possible.

I will inquire of the Department of External Affairs to see whether they can provide to the Senate the kind of information that my honourable friend has asked for today.

● (1450)

## CANADIAN SOVEREIGNTY

### THE NORTH—GOVERNMENT POLICY

**Hon. M. Lorne Bonnell:** Honourable senators, my question is for the Leader of the Government and it concerns Canadian sovereignty in the north.

[Senator Murray.]

Yesterday I attended a meeting with officials from the Department of External Affairs. Those officials advised me and others that as of January 1 Canada took sovereignty of an area 12 miles beyond Ellesmere Island, or the islands in the north, and declared an economic zone 300 miles north of that.

During the summer I travelled with officials from NATO. At that time, officials from the Department of National Defence claimed that Canadian sovereignty extended to the North Pole and that they were trying to protect it.

Now that I have been given the policy of two departments of government, I should like to know what the government's policy is.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will see if I can sort that out for the honourable senator.

## TRANSPORT

### PRINCE EDWARD ISLAND—PROPOSED TUNNEL, BRIDGE OR CAUSEWAY TO MAINLAND

**Hon. M. Lorne Bonnell:** Honourable senators, I have another question for the Leader of the Government and it relates to the joining of the North American continent to Prince Edward Island. I read in a local newspaper recently that construction firms have made proposals to the federal government for the building of bridges, causeways, tunnels or other modes of transportation for a permanent facility joining North America to Prince Edward Island. A decision was to be made by the Government of Canada sometime before Christmas.

Can the leader advise if anything has been decided by the Government of Canada and if such proposals are before the government?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I can say that a decision definitely had not been made up to Guy Fawkes' Day.

### PRINCE EDWARD ISLAND—NOVA SCOTIA FERRY—GOVERNMENT POLICY

**Hon. M. Lorne Bonnell:** I have one further question concerning that garden province, that million acre farm, the cradle of Confederation.

It has been said in local newspapers that because the government is anticipating making this decision before Christmas—that is, a decision on contracts to construct a permanent link—it is holding up a decision to construct ferries to be used between the province of Nova Scotia and Prince Edward Island at Caribou and Wood Islands.

Could the leader determine if the government is holding this decision up pending a decision on a permanent link?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I had better obtain a report on those matters.

## IMMIGRATION

### ALLEGED ABUSE OF MINISTERIAL DISCRETION

**Hon. Peter Bosa:** Honourable senators, my question is for the Leader of the Government in the Senate, since he is the only senator who can answer questions because there are no other ministers or parliamentary secretaries in the Senate.

I am sure I am not the only parliamentarian who receives representations from Canadian citizens who wish to sponsor immigrants to Canada and who are told that the prospective immigrants cannot be sponsored because of the high unemployment rate in Canada, notwithstanding the fact that those sponsors are prepared to assist these people financially at the beginning so that they can later contribute to the Canadian economy.

Can the Leader of the Government in the Senate suggest a line of reply to defend Canada's immigration policy, in view of the fact that recently a person was admitted to this country, notwithstanding the country's high unemployment rate and notwithstanding that person's long criminal record?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** If the honourable senator is referring to the application in respect of which I had an exchange with Senator Lucier yesterday, I can say that no decision has been made on that application.

**Senator Bosa:** Do I understand the leader to say that this matter has not been fully decided?

**Senator Murray:** That man entered the country in 1979 and has since applied for citizenship. In any case, no decision has been made on the matter.

**Senator van Roggen:** Is the cabinet overruling the Minister of State for Immigration?

**Senator Murray:** The decision will be made by the Minister of Employment and Immigration. The Minister of State for Immigration did his duty when he informed the Minister of Employment and Immigration that the earlier disqualification affecting that application had been removed.

If my friend is talking about the case that Senator Lucier and I discussed yesterday, I repeat, no decision has been made.

**Senator Bosa:** I am.

**Senator Murray:** That is the situation.

## FOREIGN AFFAIRS

### CANCELLATION OF VISIT OF VICE-PRESIDENT OF NICARAGUA

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I have a question to ask the Leader of the Government today in view of the proposed adjournment of the Senate.

Can the Leader of the Government throw any light on the cancellation of the visit to Canada of the Vice-President of Nicaragua, particularly on the contradictory statements that seem to have been made by the Nicaraguan Ambassador and a spokesman for the Department of External Affairs respecting the status of that visit? Could the leader also tell us why it is alleged that Canada would only offer the Vice-President unofficial visitor status and would not make arrangements to have the Vice-President received in Canada's capital?

Will some effort be made, as is intimated in press reports, to reinstate the visit, because it would be unfortunate if the visit were side-tracked in light of the allegation that the United States has influenced the Government of Canada on the status accorded the visit?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am informed that the Vice-President was, as the Leader of the Opposition has said, to have made an unofficial visit to Canada from November 11 to November 16. The visit was initiated by Nicaragua and the government welcomed the opportunity to receive Dr. Ramirez.

At the request of the Nicaraguan Ambassador, the Secretary of State for External Affairs agreed to meet Dr. Ramirez. That meeting was to have taken place in Toronto, because that was the most convenient location for both gentlemen. The Secretary of State for External Affairs was looking forward to a substantive discussion on the situation in Nicaragua and in the region.

As the Leader of the Opposition has said, the visit was cancelled by Nicaragua because Dr. Ramirez felt that he was not going to be received at a sufficiently high level. I may say that an effort was made to arrange appointments for him with either the Prime Minister or the Deputy Prime Minister, but neither of those gentlemen could be available at the suggested time. The meeting was to have taken place, I may say, during the Parliamentary recess.

The Department of External Affairs went on to arrange meetings with the Minister of State for Immigration, with the Premiers of Ontario and Manitoba and with the Quebec Minister of Culture, Communities and Immigration. I am informed that the government regrets the cancellation of the visit and the loss of an opportunity for discussions on an issue which is of great concern to Canada.

**Senator MacEachen:** I thank the leader for that information. What remains unclear is why the visit was described as being an "unofficial visit". How does the Vice-President of Nicaragua have an "unofficial" visit with the Secretary of State for External Affairs? Presumably one can describe it as that, and that will be the case, but who decided that it be given unofficial status?

• (1500)

According to the press, the ambassador said why, from the Canadian side, it was unofficial. I would like to know for clarification—perhaps the minister cannot tell us today—why it was an unofficial visit; at whose request it was unofficial; and whether it will be possible for Canada to offer to the Vice-President access to the Prime Minister or the Deputy Prime Minister so that the visit can be reinstated, because it is unfortunate that this has happened.

**Senator Murray:** Honourable senators, I will see whether something can be added to the bare bones information that has been provided by the department on this matter.

## IMMIGRATION

ALLEGED ABUSE OF MINISTERIAL DISCRETION

**Hon. John B. Stewart:** Honourable senators, my question is supplementary to that asked by Senator Bosa.

The Leader of the Government in the Senate told us that the decision on the application of the proposed immigrant would be made by the Minister of Employment and Immigration. As I understand from reading the press, up to now the matter has been dealt with by the Honourable Gerry Weiner, Minister of State for Immigration.

Could the Leader of the Government provide us with some guidance as to the commission given to the Minister of State for Immigration, for example, the letter from the senior minister indicating the ambit of the Minister of State's duties and responsibilities?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am not sure I can produce a letter from one minister to another, but I will certainly undertake to provide the information on the responsibilities and the authority, which I think is important in this case, of the junior minister.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have been asked to provide three delayed answers to questions.

## ATLANTIC CANADA OPPORTUNITIES AGENCY

CRITERIA FOR APPROVING PROPOSALS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, the first delayed answer is in response to a question raised in the Senate on October 30, 1986 by the Honourable Senator Frith regarding the Atlantic Canada Opportunities Agency—Criteria for Approving Proposals.

Letters of eligibility are issued if four criteria are met: eligible person, eligible location, eligible activity and eligible assets. The tax credit will be granted only when the assets are acquired and in use.

[*Later:*]

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, in order that the time period between now and the next sitting of the Senate may be profitably used, I should like to ask another question on this subject.

The answer that was given described the criteria and qualified each criterion with the adjective "eligible". The difficulty with that answer is that it is the various criteria for "eligibility" that interest me. I should like more detail as to what criteria go into establishing eligibility.



**Senator Doody:** I shall "return the message to sender" with the annotated comments of Senator Frith and shall report further.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I should like to follow up on this subject. My question has to do with the tax credit under which these eligibilities are established.

Can the Deputy Leader tell us how many firms have actually received the tax credit or have undertaken investments providing jobs as a result of the tax credit?

**Senator Doody:** I shall try to obtain that information.

## INDUSTRY

AEROSPACE—AWARDING OF CF-18 SERVICE CONTRACT—REJECTION OF IMP BID—GOVERNMENT REASONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, the second delayed answer I have is in response to a question asked by the Honourable Senator Graham regarding the awarding of the CF-18 Service Contract—Rejection of IMP Bid—Government Reasons.

The decision on the IMP bid for the CF-18 contract was taken on Friday, October 31. IMP was notified on this same day. IMP was judged to be non-compliant from a technical point of view. The government is not at present in a position to reveal further details of any commercial submission on any request for bids. The government is investigating the possibility of coming forward with more information. However, the agreement of all three consortia would be necessary before any more details would be made public.

**Hon. B. Alasdair Graham:** Honourable senators, one of the questions I asked was at what point in time it was determined that IMP lacked the expertise to be a serious bidder.

As honourable senators know, we had heard the continual talk in the other place, in this chamber and in the newspapers about the serious bidders being the Winnipeg-based firm, Bristol, and the Montreal-based Canadair. Yet, the Deputy Leader of the Government tells us today that they were notified on the day that the award was made.

What concerns me is that they were allowed to carry on all of their negotiations, enhance their submission and continue the meetings when it seems quite evident that the government had already considered that IMP was not in serious contention.

**Hon. Allan J. MacEachen (Leader of the Opposition):** On the contract, I note that the deputy leader has said that there can be no disclosure of what is meant by "technical non-compliance" without the consent of the three bidders. That may be the case. However, it is somewhat unfair to the unsuccessful bidder in Nova Scotia to be left hanging with the vague phrase "technical non-compliance," which has disqualified that firm, particularly when the term "excellent" has been used by the

Leader of the Government with respect to the two other bidders, implying that excellence exists in Montreal and Winnipeg but that Halifax is in some shadowy, obscure region of non-excellence.

I think it is a bit unfair to IMP to be shrouded in that vague description of "technical non-compliance." What is it?

**Senator Doody:** I will certainly make an inquiry on the senator's behalf. I would not want to give the impression that IMP was not told the reasons for its being judged non-compliant.

I gather from the comments that I read here that IMP was certainly given the reasons, but the government is not at liberty at this point to make public those reasons. However, I will try to obtain more information for the senator.

**Senator MacEachen:** Honourable senators, I do not want to press this unduly, but I noted that yesterday the Leader of the Government used the expression, "two excellent bids were received." That is all very well, but the implication is that "non-excellent" could be ascribed to the IMP bid. At what time did the government come to the conclusion that IMP was not a serious contender?

**Senator Doody:** Honourable senators, I will have to ask the department for more information in that regard. I have delivered the message that I received and I will now try to get it expanded upon.

**Hon. Henry D. Hicks:** There is one other observation that relates to this matter, honourable senators. In talking about the technical incompetence of IMP—

**Senator Murray:** "Non-compliance"—please don't make matters worse.

**Senator Frith:** Nice try, though! That one almost got by.

**Senator Hicks:** It should be pointed out that IMP does manage to make the Aurora aircraft, which is every bit as complicated an aircraft as the CF-18. Indeed, from an electronics point of view, because it is a submarine hunter it is much more complicated than the CF-18. Therefore, I do not think that the technical argument applies at all.

**Senator MacEachen:** Hear, hear!

## AEROSPACE—AWARDING OF CF-18 SERVICE CONTRACT TO CANADAIR—TECHNOLOGY TRANSFER

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, the third delayed answer I have is in response to a question raised in the Senate on November 4, 1986 by Senator Frith regarding Aerospace—Awarding of CF-18 Service Contract to Canadair—Technology Transfer.

Since the answer is lengthy and rather technical, I would ask that it be taken as read.

(*The answer follows:*)

> Transfer of the CF-18 technology from McDonnell Douglas, its U.S.-based manufacturer, through the CF-18 system engineering support and airframe repair and overhaul contract will broaden the technological base currently existing at Canadair. Accordingly, with extensive research and development, Canadair could build on the CF-18 technology base to enhance its current and future aerospace product lines.
>
> For example, the CF-18 airframe utilizes advanced carbon-epoxy composites assembled over conventional metal internal structures in its wings and vertical stabilizers. Current research and development has created more efficient composite materials, design techniques and production facilities that will replace the current metal internal structures with equivalent, but lighter, composite material structures. The CF-18 composite material design and fabrication technology transferred from McDonnell Douglas, complemented by further extensive research and development by Canadair, could have a significant impact on the company's future composite design and production capabilities.
>
> The CF-18 represents the state-of-the-art in avionics, armament and sensor systems integration resulting in unmatched operational capability among current fighter aircraft. This outstanding capability was achieved through the complex integration of 25 computers programmed in 11 different languages. However, in order to advance the weapon system integration technology into the next generation, a newly developed common computer language is being used for both embedded and operational computer software.
>
> The CF-18 weapon system integration techniques in concert with extensive research and development could result in Canadair being able to update and advance its capabilities and enhance the competitiveness of its current and projected aerospace business.

## SYDNEY STEEL CORPORATION—FUTURE OF PLANT

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have a delayed answer which I have not had the opportunity to put into the standard form. It is in response to a question asked yesterday by Senator Graham about the market study for Sysco.

The market study was conducted by A.D. Little of Canada Ltd. in 1985. It was a project carried out under the Planning Sub-Agreement of the Canada-Nova Scotia ERDA.

Sysco is updating its comprehensive business plan, and the market study is being updated by A.D. Little of Canada Ltd. as part of that process.

I believe I furnished the remainder of the information yesterday.

[*Later:*]

● (1510)

**Hon. B. Alasdair Graham:** Honourable senators, I just want to raise a question with respect to the answer given by the Leader of the Government regarding the Sydney Steel Corporation and market studies. There was carried out in 1985 a first market study by A.D. Little. We are now informed that a

second, updated study is being carried out by the same company. Could the Leader of the Government indicate when that study will be completed?

**Senator Murray:** I regret, honourable senators, that I do not have that information. I will find out.

## CORRECTIONS

### PAROLE OF INMATES

Question No. 1 on the Order Paper—**By Hon. Azellus Denis, P.C.**

9th October, 1986—During the months of July, August and September, 1986, how many inmates in federal penitentiaries were not granted the parole that was promised to them and to which they were entitled before the *Act to Amend the Parole Act and the Penitentiary Act* was passed during a special session called to this effect in July of 1986?

*Reply by the Solicitor General of Canada:*

The *Act to Amend the Parole Act* and the *Penitentiary Act*, adopted by Parliament July 24, 1986, does not prevent the release of offenders on parole. The Act authorizes the National Parole Board, according to established criteria, to retain in custody until warrant expiry, or place under strict residential conditions, those inmates considered likely to commit an offence causing death or serious harm to another person before the end of their sentence. It also allows the Board to grant Mandatory Supervision to certain offenders on a one chance basis, which means that if the Mandatory Supervision release is revoked the inmates will not be entitled to earn remission again.

Since the legislation was adopted and up to and including October 14, the National Parole Board has ordered 36 inmates detained; 31 have had residency requirements imposed on their Mandatory Supervision release; and, 32 have been given the one-chance option on Mandatory Supervision, for a total of 99.

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## CANADA PETROLEUM RESOURCES BILL

### THIRD READING

**Hon. Efstathios William Barootes** moved the third reading of Bill C-5, to regulate interests in petroleum in relation to frontier lands, to amend the Oil and Gas Production and Conservation Act and to repeal the Canada Oil and Gas Act.

**The Hon. the Acting Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. H.A. Olson:** Honourable senators, is the sponsor of the bill not going to give us a few comments on why he believes that it ought to be given third reading now? I have one or two matters that I would like to raise, but I yield the floor to the Honourable Senator Barootes.

[Senator Graham.]

**Senator Barootes:** I yield the floor to Senator Olson.

**Senator Olson:** Honourable senators, this afternoon we are faced with what I think is a very unusual situation in that the senators on the government side—in this case it was presented by Senator Balfour—have brought back a report from a committee which asks the Senate to give third reading to a bill before the committee has heard all of the evidence that is pertinent to the bill. Witnesses have been called and have apparently agreed to give evidence. At the committee meeting on Tuesday, November 18, the committee will hear from Mr. John Clink, President of Geophysical Service Inc. of Calgary, and Mr. David Bennett of the Tungavik Federation. On November 20 the committee will hear from representatives of Petro-Canada, who have not yet made representations on these bills. On that date the committee will also hear from Nova Scotia Resources Limited and COGLA, the Canada Oil and Gas Lands administration. These witnesses will deal not only with Bill C-6, which, of course, is still before the committee, but more particularly with the contents of Bill C-5.

I realize that I gave an undertaking some days ago that I was not going to object to or withhold consent to third reading of this bill today, and I will honour that undertaking. But I can tell honourable senators that if we are going to have such unusual practices as the reporting of a bill before the committee has heard all of the evidence relating to it, we will have to be very careful in giving undertakings in advance of when the consent that the government seeks is to be given.

What I think is more important than that, honourable senators, is that until yesterday afternoon most of us did not realize how serious is the situation facing us today with respect to this bill—not only with respect to this bill, unfortunately, but also with respect to the government's attitude and general policy. We are witnessing the end of the Canadian oil and gas industry as we know it today. Honourable senators were told yesterday afternoon that the two largest Canadian companies that are involved in the activity off the east coast do not believe that they can ever finish the exploration they started, even if the price of oil were to rise to $28 U.S. per barrel. Their response was straightforward and simple: In the present environment—and they were referring to government policy—there is no way in which they can persuade the private capital investment community to provide them with the funds that they need to develop the fields, to further drill out or delineate the discoveries that they have made.

I think that is a sad commentary on government policy. It means that the Government of Canada is passing over to the multinational companies the determination of Canadian oil and gas policy respecting the offshore. The President of Bow Valley, Mr. Donald Seaman, and the President of Husky, Mr. Art Price, informed the committee yesterday afternoon that they had a plan by which they would use seismic data that they had gathered in the Hibernia area and offshore Nova Scotia to try to drill certain wells to prove whether there is oil and gas capability. That is part of the development of an oil field. The next stage, of course, is to drill enough holes—what they call delineation—to find out whether they have something

worth developing. The program that was in place prior to this government's policy involved petroleum incentive payments, commonly called PIP grants, to assist them in this drilling to discover whether there are some gas and oil bearing strata as a result of the seismic activity that had taken place in a certain area. They would then move into the next stage, which is the delineation of how large these findings might be. That these companies could do with the PIPs; they cannot do it by themselves.

The reason for that is very simple: We are talking about $40 million or $50 million per well in some places. Not all of the wells are that expensive, but that is a realistic cost in terms of drilling offshore wells in some of the more hostile areas off Nova Scotia and Newfoundland.

**Senator Frith:** That is the cheapest, you mean.

**Senator Olson:** It could be the cheapest, but it is still an enormous amount of money per well. I see that Senator Doody understands that. But they got cut off. They had in place a plan to do this drilling so that they could delineate an area of potential production. Then they could take that data into the private capital markets and demonstrate that they had something useful for which they could borrow funds to bring it into production. So far they have not even finished the discovery wells, let alone doing the delineation to see what they have got.

• (1520)

So, they have not even moved into the second phase. They did not even finish the first stage. They got cut off by this government. So, there is no way they can raise the kind of capital which they need to do the development—that is, drilling all of the wells, setting up production platforms, and that sort of thing—to bring it ashore and put it into the market out of their cash flow.

They now have nothing to present to the capital markets, where they would raise the money to do that. It is a pretty sad story, because those companies have invested a good deal of money. They hold those land positions, and they know very well that there is no Canadian company—apart from perhaps three, including Petro-Canada—which has sufficient cash flow to engage in this activity. So now they are stuck.

When I asked them the question directly: "Are you saying that there is no way that you can revive the activity which Husky and Bow Valley have been involved in off the east coast?", their answer was simple and direct. They said, "No, we cannot do it, because we do not have the cash flow inside our company—internally generated capital—and we do not have an asset that is sufficiently proven to demonstrate to the capital market that they would lend us the money to do it." So, they are stuck.

That is unfortunate, indeed. It is unfortunate for the hopes and aspirations of the people of Newfoundland and Nova Scotia that they might be moving into an era where there would be a great deal of wealth generated in the gas and oil fields to be found offshore. Now that is all dead.

What is equally important is that the gas and oil industry in Canada is now precluded from being part of that action. Is there any Canadian company now in the gas and oil business big enough to get itself involved in spending $40 million or $50 million per well to complete the discovery process? There may be one or two. Petro-Canada, of course, is one. But this government is on a policy kick, or whatever one might call it, and does not want Petro-Canada to have any position. In fact, Bill C-5 withdraws many of the positions which Petro-Canada had. So, it will be the multinational companies that will be involved in the rest of development of Canada's offshore, or it will not be done at all.

They went on to point out that they do not have sufficient cash flow, or they are not in a tax bracket that makes them competitive with the multinational companies. That is very important if you are not competitive, because under the changes that will be forthcoming, or which are in effect, in the income tax law, they could write off those expenses against taxable income. But if you do not have enough taxable income, you cannot write them off. But for some of the larger multinationals that are known, that are taxable, their exploration costs are about 40 per cent of the actual capital deployed, after they consider the tax write-off, and so on. But if you do not have those tax levels, then, obviously, you are in a completely different category—and that leaves out the Canadians, with the exception perhaps of Pan-Canadian, which is the Canadian Pacific Gas and Oil Company—and perhaps Gulf, or what is left of Gulf Canada. Only they would have sufficient cash flow that they would be liable for taxes and so could become competitive in this. But that is all—no one else.

**An Hon. Senator:** Shame!

**Senator Olson:** Experience has demonstrated over and over again that gas and oil companies have a great deal to say about what is going to be pursued in Canada so far as gas and oil policy is concerned; but Canadian self-sufficiency in oil is no longer part of this government's policy. The Minister of Energy, Mines and Resources has said that that is on hold. He has come with a new definition of energy self-sufficiency. In other words, it is self-sufficiency for all energy sources, including hydro. That is new.

So, we see a government that has a policy which, unfortunately, is abdicating its responsibility to set the gas and oil policy for Canada in Canada.

**An Hon. Senator:** Shame!

**Senator Olson:** An honourable senator says "shame", and that is true: it is a shame. Perhaps this government will learn that if it becomes at the mercy of international companies like Exxon, International Shell in all its forms, and several others, it will not have anything to say about whether or not we do the kind of activity that is necessary—or whether we even have the capability to set oil and gas policy in Canada.

So far, honourable senators, I have been talking about the activity of bringing on more production out of the tar sands, which we know exist, because unless this government changes its attitude toward capital investment in oil and gas in Canada, no one will be interested in investing any money in it. That is

the story we were told yesterday afternoon by two of the most active companies in the business.

I believe it is a disgrace. I do not want to use too harsh language because I hope that this government can be persuaded to change its views. The Senate's regional responsibilities are most important. That is why the Senate was established. We have to remind ourselves over and over again that that is why we are here, namely, to come to the defence of regions when there appears to be discrimination against some regions. We should repeatedly remind ourselves that some provinces, such as New Brunswick and Nova Scotia, would not have joined Confederation, and therefore there would have been no Canada, if they had not agreed to set up an institution to be called the Senate, with the powers which the Senate has, so that it could deal with government policy and legislation which discriminates unfavourably against some regions. Because at that time they could see that there was the possibility of some demographic shifts—

**Senator Frith:** Probability.

**Senator Olson:** Probability—that is higher. The government is now destroying all of the hopes and aspirations of those people along the east coast. It is not because the investment that was made did not show some encouraging results. For example, there is Ben Nevis where several promising wells have been drilled. Now, half way into the piece and half way into the plans to develop those projects, and to give hope and enthusiastic encouragement to the people there, they have been shot down by this government's change in policy.

It is sad, when one thinks about it, that the former Minister of Energy, Mines and Resources used to say, "Well, we have to get rid of the NEP." That was an obsession with her. Bill C-5, of course, deals with the statutory amendments. I shall not go into the details, but its purpose is to do what she said she wanted to do, completely rub out the National Energy Program. Out with that program go the hopes and aspirations for Canadian companies involved in gas and oil activity off the east coast of Canada.

• (1530)

**Senator Frith:** And it gives control to the multinationals.

**Senator Olson:** The only possibility of that development being revived or continuing—and we received the answers in direct reply to questions that were asked in committee—is if these companies take their land positions and farm them out to the multinationals. Otherwise, there will be no more activity. Bow Valley and Husky have one more well, and it is grandfathered after they complete the one they are working on now. That is the end. They will go to zero activity and stay there. Mr. Price, President of Husky, said to the committee that they could not go back under the present policy environment, even if oil were $28 per barrel. So, when senators opposite, including—well he is not here, so I had better not say it. Perhaps the deputy leader will carry the message to cabinet. They can sit around and blame world oil prices for the loss of activity off the east coast, but from what we heard yesterday that is simply not true. I have been told this before, but now it is on public record that these companies cannot possibly revive their activity and their plans to drill out these fields and bring them into production, even if the price of oil were at $28 per barrel, in the present policy environment.

I hope that the government will recognize that some of these commercial companies have looked hard at the numbers they require and the policy environment they need to attract capital to do these things. Otherwise, it is the end of the potential for gas and oil development off the east coast. I should also be including the Beaufort Sea, as it is not much different. Development there is also very expensive. There were some very encouraging finds there, too, but all the activity will go down to zero. Tuktoyaktuk is a dead town. It had the brightest prospects of any town in the whole of the Northwest Territories and Yukon until this government changed policy with respect to gas and oil and killed the National Energy Program.

I am not going to stand here and argue that we should reinstate the National Energy Program. But rather than kill an entire program, could not the government merely have modified it and left in place some of the elements that were good and useful to the development of Canadian resources and the maintenance of Canadian control of oil and gas policy in Canada? That is all gone now. The passing of Bill C-5 has some importance, because it changes the structure. It is the policy decision that was made before Bill C-5 was drafted that should be amended. The same state of inactivity applies to western Canada. There may be some drilling in the sedimentary basin and maybe a few more thousand barrels of oil will be found, but the large expensive increases to Canadian oil production—namely, from heavy oil and tar sands—will simply not happen, because the kind of investment required is not available under the present policy environment of this government. There is no consideration whatever for Canadian self-sufficiency. That is no longer part of government policy.

Members of the Senate have a regional responsiblity to take up such matters. I think it is sad that we have Canadian companies, many of which are in my region, in Calgary—both Husky and Bow Valley are from Calgary, and, as I said before, they are the major Canadian players, along with Petro-Canada, of course, off the east coast—winding up. They will drill one more well that has been grandfathered, and that is it. These companies have invested millions of dollars of their own money on top of what has been paid by PIP, and now they will loose it or, at least, there will be no further activity and no way for them to recover that investment under the present policy environment.

This action will hurt these companies in other respects. They are laying off people. The President of the Newfoundland Oil Industry was before us, Mr. Robert Strong. As I recall—and I must draw on my memory because we have not received the report of the committee for that day yet—he told us that they had built up a fairly good infrastructure and support system for offshore oil drilling there. Now it is gone. They face the prospect of their businesses going down to zero. They will have to lay off everybody. They have no way of even paying the debt service charges on what they owe. That will all go back to

nothing. The chairman of the Offshore Trade Association of Nova Scotia also appeared before the committee and he gave us the same story. For several years now such companies have been obtaining ships and acquiring and building expertise so that they would have the capability to service these offshore oil rigs and any development that would result from the activity. Now he says that they have nothing left. Employment has already been reduced by two thirds, and the prospects are that in another eight months at the outside, most likely six months, the entire infrastructure of the support system will be down to zero. It is a sad story. It did not have to happen.

The government could have provided the funding necessary to keep the incentive programs going until these companies finished their plans for delineating these oil fields. The next stage is even more expensive, the development of oil fields that have been delineated. However, that stage would not be funded by government coffers, nor was that the intention. When these companies reach the stage where they have the asset to lay before the investment community, they can raise the funds to develop it. However, they have been stopped short of acquiring assets sufficient to secure development funds. That is where we are at. As I said, whether or not we pass Bill C-5 does not matter greatly. It is government policy that has to be changed and changed drastically. Otherwise, Canadian companies will lose all this investment. That is bad enough, but think of all the unemployment that will flow from those lost investments. However, I think the Government of Canada is going to lose control completely of the development of gas and oil in Canada, especially on the Canada Lands. I think Senator Barootes is trying to say something. I hope he is agreeing with me.

● (1540)

Therefore, I plead with the senators opposite, who obviously have more influence with the government than I have, to have this policy changed in order that we do not kill our whole industry completely. I understand that when international oil prices are down, there is a slowdown in development. That is not hard to understand, but surely we cannot go on with a policy such as this, where we transfer the entire influence on Canadian gas and oil policy over to some international market. It does not matter who sets that price in the international market. It may be the Persian Gulf States; it may be OPEC, or whoever. But we must see a change in attitude towards the gas and oil policy by the Canadian government so that investors will feel confident that there will be a regime in place long enough for them to have at least a chance of getting a reasonable return on their investment.

At the present time that is not apparent; in fact, the complete opposite effect is apparent and, consequently, there is no way the developers in this field can attract any further private capital and, therefore, their investment will go down to zero.

**Hon. R. James Balfour:** Honourable senators, I have a few remarks to make, not so much with respect to Bill C-5 which Senator Barootes will be speaking to but with respect to the opening comments of Senator Olsen, which I interpret to be a form of castigation and criticism of me for bringing in this report before the balance of the witnesses, as he said, have been heard from. The fact of the matter is that there are two bills before the committee; the fact is also that I was the deputy chairman of the committee and I had been instructed by Senator Olson's colleague, Senator Hastings, who left the country yesterday, that there had been discussions and that there was a disposition to report Bill C-5 yesterday.

In due course a motion was put to me as deputy chairman that the bill be reported without amendment. There were four senators present who voted. Three of those senators were Liberal senators; two from the maritimes and one from the Arctic. They voted in favour of the motion and I simply did my duty as the deputy chairman of the committee. I take exception to the remarks made by Senator Olson at the beginning of his address.

**Senator Olson:** I understand that, but I regret that I agreed to it.

**Senator Barootes:** Honourable senators, I want to take this opportunity to say that I appreciate the remarks made by Senator Olson. I appreciate the breadth and depth of his experience in these matters, particularly as they affect his province. I must say that if I had been the parent of the National Energy Program, I, too, would feel defensive of my own child. I doubt if anyone who was associated with that great undertaking could feel anything but that. It is not in the nature of things to renounce our own kin.

I must say to Senator Olson that I agree wholeheartedly with him; that I would like to support him and I wish that every senator here would give thought to his expression of our position as representatives of regions of Canada. If there is some time and some place for this august body, it would be that we have the opportunity to put aside from time to time our partisan beliefs, if you will, and our affiliations of a political nature and work toward those things that are beneficial for the regions which we represent. I wholeheartedly support any such effort.

I would like also to mention that in speaking of the new regime, if I may use that term—and it is a generality—it is one that was promised; it is one that the petroleum industry of Canada supported and it is one that they support to this very day. In fact, it was after Senator Olson had unfortunately left the committee that I put that question to the President of Husky in respect to the NEP, the PIPS and the PGRT, and he agreed, as indeed I believe did the Bow Valley representatives, that they were in favour of the dismantling, should I say, of the National Energy Program. They were highly critical of it as it existed, even though they prospered under it.

I should again point out that the idea of self-sufficiency has not been abandoned by this government, and the industry looks forward to the establishment of self-sufficiency, whether it be in energy or in oil, for Canada by Canadians.

Senator Olson pointed out that two of the largest Canadian companies involved on the east coast were represented yesterday. Of course, the largest Canadian company involved out

there on the east coast is Petro-Canada rather than these two companies which are of moderate size. I am sure you will hear the same idea from Mobil, from PetroCan, and from everybody else, but I contend that the major problem is not a change in the regime; it is not the destruction of PIPS; it is not the alleviation of the PGRT, but the drastic, sudden and unexpected drop in the price of oil per barrel. None of these projects is very viable at $10 or $12 per barrel of oil. In fact, I must say to you that not all of the explorers are as pessimistic as my two friends who appeared before the committee yesterday. I have an article here written by Mobil Oil who say they are encouraged at the present time, and I think that in the course of the next few weeks we will hear from them as they undertake further development in the Hibernia field along with their partners.

I will now state my belief—and at this stage I suppose it is a belief, but it may also turn out to be a prediction—that as prices rise, which they inevitably will, we will see a restoration of activity in the east coast. I believe that the delineation of those early pools of oil will be completed and that some day in the not too distant future we will see delivery of oil from Hibernia, from Ben Nevis, from Terra Nova, and from all these areas.

Further, it is my fond hope that that oil will ultimately be delivered to Come-By-Chance, and perhaps to a refinery in Canso, so that the prosperity of the maritimes can be enhanced by this natural resource which will ultimately be so difficult and costly to develop. However, I predict that it will be developed.

Senator Olson spoke about the incentives that have been removed for drilling under the new regime in respect of tax credits and royalty relief. I say to Senator Olson that those incentives are as favourable today for Canadian companies as they are for the multi-nationals. The problem posed to us is the fact that many of the Canadian companies do not have tax credits and the cash flow with which to make these undertakings. Let me tell you that Mr. Price said yesterday that he wanted a neutral regime, one that was equally favourable to all companies, whether Canadian or multinational. The new incentive is as helpful to Canadian companies as it is to foreign or multinational companies.

• (1550)

For those few companies like BVI, and maybe Husky to a certain extent, that are not able to use the new tax credit, the tax benefits under the Exploration Tax Credit, let it be known, are refundable to them in cash up to 40 per cent. As well, under the Western Accord, the government allows unused income tax write-offs to become deductible against the old PGRT. Both of these measures will be very helpful to non-tax-paying companies, which is what was explained to us yesterday.

In fact, if you look at it precisely, the broad investment tax credit provisions in the Income Tax Act are 20 per cent refundable for large companies, but 40 per cent refundable for small companies. So, there is an incentive for our smaller Canadian companies to participate.

[Senator Barootes.]

I should point out some other information that should be helpful and will, I think, ultimately restore the activity that we all want. Companies doing exploration on frontiers will have their cost in Canada reduced to approximately 40 cents on each dollar that they expend. Yesterday the two gentlemen who appeared before the committee representing Bow Valley Industries and Husky Oil said specifically that under the old PIP regime they were spending 30 cents of each dollar out of their pocket. The new regime makes it approximately 40 cents out of each dollar, but look at how that compares to frontier exploration that is being done in other countries. For example, explorers of similar nature working in the United States have to expend 54 cents of each exploration dollar out of their own treasury; in the United Kingdom, 60 cents for the North Sea explorers; in Australia, 54 cents; in Norway, 49 cents. Canadian exploration companies are expending out of their pocket only 40 cents. It is not quite as good as the 30 cents it used to be, but 40 cents is not bad. I myself would be most pleased to undertake exploration on the east coast if someone were to give me 100 cents on the dollar, but 40 cents is not a bad bargain.

I believe that as prices rise, we will see more activity in these areas, and as that exploration is restored, I think we can restore the economy, the confidence and, I hope, the recovery of oil from the east coast, from the Arctic, from the Beaufort, as well as continuing our exploration in the western sedimentary basin.

Motion agreed to and bill read third time and passed, on division.

## SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator Barootes, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Doyle*). (*7th day of resuming debate*).

**Hon. Richard J. Doyle:** Honourable senators, I am surprised the Speaker was able to find me. Since I last spoke in this chamber the seating arrangements have been changed. I might say I am now in the enviable position of having a medical doctor to the left of me and a medical doctor to the right of me. I have a feeling that somebody is trying to send me a message. Whether it is the deputy leader, the whip, or both, I will take it into account, and I will also take into account the wisdom with which I am surrounded, and I will be most cautious to make few references to matters obtaining to health.

**Senator Frith:** It is just their politics you should worry about!

**Senator Doyle:** I think I will not get a quarrel from either gentleman if I restate the old fact that if you do not use a muscle, it atrophies. For that reason, I try to keep my hand in, or my nose in, as it were, investigative reporting. However, on

this occasion I must report to my leader utter failure in my attempts to determine how the Honourable Senator Heath Macquarrie builds his podium. I know a good deal about his platform, but nothing about his podium, that dazzling collection of books, periodicals and pamphlets that he assembles on his desk to support the notes for whatever speech he may be making in the Senate. It teeters a bit, leans a lot and, in the galloping passages, slides towards Senator Balfour. But his podium hangs on to the hallelujah finish, and while the applause still lingers it is dismantled. Snoopers are foiled in all efforts to examine its parts, perhaps a great dictionary—the Oxford, of course—maybe a book of famous quotations, the biographies of Bach, Beethoven and Brahms, a slim volume of the secrets of Anna Pavlova, the unexpurgated collection of promises to Atlantic Canada and, of course, the Bible.

When Senator Macquarrie built himself a podium last week for his participation in this debate, I thought it might have been appropriate for him to include in his stack the collected speeches of Senator Duff Roblin and the annotated reports of the Standing Senate Committee on Banking, Trade and Commerce, autographed by Senator Lowell Murray. I thought that might have been appropriate, because a number of us have been using this occasion to extend our congratulations to those two fine leaders of the government.

Without a podium of my own to teeter, lean or slide towards Senator Barootes, I can only express my personal gratitude for patience within caucus and example in this chamber.

• (1600)

Honourable senators, it is a great honour for me, a very junior senator, to be given the opportunity to speak in this debate on the motion for an address in reply to the Speech from the Throne, and I shall do so with whatever humility I can muster.

Humility, as I have observed it, does not always come easily in this chamber, and it is particularly difficult to sustain when intellect and intuition combine to inform you that the government has acted wisely and sensitively in describing the thrust of its agenda for this new session of Parliament. Humility here must be mixed with regret—regret that some members of Parliament who sit in their redoubt opposite can see no good in the Speech.

I did listen carefully to the Leader of the Opposition in the Senate, the Honourable Allan MacEachen, when he spoke a few weeks ago. I am sorry he is unable to be with us at this moment. While I would not presume to weigh the worth of his rhetoric—Senator Murray did such a good job of that—I cannot ignore one of his observations on the Throne Speech. With his wonderful gift for understatement, the Honourable Leader of the Opposition had this to say:

> Priorities and policies have become fuzzy and diluted; the government has dropped all pretensions of offering this country leadership and now offers instead an unpalatable mush of generalities. So unpalatable is the mush that has been served up that the Minister of Energy, Mines and Resources has himself disowned the Speech from the Throne. Of course, I hesitate to point out in making that comment that an eminent journalist has told us:
>
> Sitting in the Chamber near the Speaker's Chair was the man substantially responsible for the Speech, Lowell Murray, the Government Leader in the Senate.
>
> The Honourable Marcel Masse has said:
>
> I am one of those who, if I may be allowed to have personal views, wonders what's the use of this business.

And Senator MacEachen adds:

> If that is the confidence the government has in its own efforts, then I say, "What's the use?"

That is the end of the quotation and that, honourable senators, is the end of Senator MacEachen's account of how high hopes have turned to mush.

Praise be, it is not the only account of the minister's remarks. On October 5 Richard Cleroux of *The Globe and Mail* gave another account.

**Senator Frith:** What newspaper was that?

**Senator Doyle:** I believe I said *The Globe and Mail*, but I will check that. Strangely enough, it was *The Globe and Mail*!

**Hon. Senators:** Oh, oh!

**Senator Doyle:** To continue, honourable senators, Richard Cleroux of *The Globe and Mail* gave this account:

> While there may have been a reason for a Throne Speech 150 years ago, (Mr. Masse) said, "We should ask ourselves now, do we still have a reason?"
>
> He said that because a Throne Speech is read by a head of state rather than an elected party leader, it has to remain above partisan considerations and deal with broad outlines of forthcoming legislation, programs or new items.
>
> The result, Mr. Masse said, is that it ends up couched in generalities. "And everybody says the speech is vague."
>
> Moreover, a government does not control the House of Commons agenda and therefore some pledges are not fulfilled. They are repeated in the next Throne Speech, "and people say they were just warmed over."
>
> Mr. Masse suggested taking a lesson from the Quebec model.

Honourable senators, I seem to have misplaced that part of my speech which is a continuation of the quotation in which Mr. Cleroux went on to say that the Quebec model had some merit, that in the French model the lieutenant governor appears before the legislature, receives the greetings of the legislature and the loyalty intended for the sovereign, wishes the legislature well in its deliberations, and then departs. Later, in the proper place, the premier makes his report to the province on the business of the session.

I ask: Is it scandalous for a minister of the Crown to question the form of the Speech from the Throne or to ponder a way of dealing with the government's statement of intentions that might enhance credibility at a small cost to tradition? Is it

scandalous for a veteran politician to pluck one or two words, or even three or four words, from a minister's mouth, leave them in a free fall from context in an effort to make mush of the issues in debate?

A headline writer, having nothing more to go on than that, could be forgiven for putting this on the next day's front page, "Masse disowns Mulroney, MacEachen tells all."

Orland French, a columnist who knows a good deal about the regions of this country, wrote this the other day:

> Politicians keep fuelling cynicism every day. And so do the media.

A rare vice-regal view of the Speech from the Throne might have caused a sensation had it been printed when it was given by a great Liberal who was Governor General when he included the next lines in a speech to the Press Gallery 30 years ago. This is Vincent Massey speaking. I can hear him now. He said:

● (1610)

> I have a stern Prime Minister beside me
> Waxing in stature, growing ever wiser.
> (And this is well, for he is my adviser!)
> Lots of advisers have I got, comprising
> Over a score—and how they love advising!
> Each year they give me their combined advice
> On plans to implement—or put on ice.
> Their views I give you, seated on The Throne,
> Reading the pages in a level tone.
> Under their orders, I can have no choice,
> The country hears me as His Master's Voice,
> Transmitting policies that are not mine;
> I'm just an old TransCanada pipeline!
> But once the Speech is finished, I must own,
> I use a large blue pencil, all alone;
> Just how, no one must know, whate'er his mission
> With either Government or Opposition!
> Over the years the Speech seems always longer—
> And so the reader must grow ever stronger—
> Not mentally; his efforts must be towards
> Keeping the vigor of his vocal chords.
> He plagues his listeners from sea to sea.
> Some of them listen in captivity;
> Helpless they sit, and hear from first to last
> The endless list of bills that will be passed.

Mr. Massey was saying that the Speech from the Throne is an imperfect vehicle from the point of view of the advisers who prepare it; it is a ludicrous chore for the person who must read it. All the symbolic purposes of vice-regal or royal participation in the opening of Parliament could be served—probably better served—by ceremonies devised to underline and emphasize our loyalty to the Throne. The gracious presence here of the present Governor General, of which Sentor Barootes spoke so eloquently, need not involve her being heard as "Her Master's Voice transmitting policies that are not mine." And the 20 advisers—a few more nowadays—could concentrate on commitments and details the Prime Minister might include in his report, to the consternation of those who sit in opposition. Critics would have more to chew on than counting words or paragraphs to divine the government's priorities or sincerity. Certainly, there should be no taboo in arguing the point.

Within the traditional limitations imposed by the necessary acknowledgment that the Governor General should not be asked to make political points for the government, the Speech from the Throne delivered in this chamber last month was heartening to most of us who heard it and to most of those who examined its text with open minds.

Of course, it did not cover everything—I looked in vain for any direct reference to the importance of breathing out and breathing in. Some matters of great concern were dealt with most succinctly. For instance, it hardly seemed necessary at this time to dwell again on the imperative of sustaining Canada's relationship with the United States. This, of course, opened a door to those critics who weigh Throne Speeches by the measure of how many sentences are devoted to this or how many paragraphs are given to that.

What this Speech from the Throne did labour, as my colleague, the Honourable Michel Cogger, emphasized at the beginning of this debate, were the twin virtues of consistency and continuity.

The speech recalled that the government, two years before, had been given a national mandate for reform. It had undertaken the tasks of national reconciliation, economic renewal, social justice and constructive internationalism.

> Today my Ministers believe these goals are within reach.

read the Right Honourable Governor General.

> We live today in a world of increasing uncertainty and interdependence. We live in a world where unforeseen events, both at home and abroad, demand flexibility and adaptiveness.
>
> Although my Government will remain sensitive to changing circumstances, it is determined to pursue these national objectives in the confidence that their fulfillment will bring lasting benefit to all Canadians.

John Ferguson, in an analysis of the speech for Southam News, saw the business of flexibility and changing circumstances as a hedge. "For that," wrote Ferguson, "read 'We'll do our best, but we won't be able to do everything.' "

Well, that is fair enough, whether the so-called "hedge" is attributed to troubles in the popularity polls or "policy on the fly." The Prime Minister, speaking in the other place two days later, declared with great candour:

> "We have never said that the record would be perfect. We never campaigned on a platform of perfection. All we said was that we would work hard in a serious, sustained way to try to improve the lot of all Canadians.

Well said. But would it not be asking too much to have the Governor General read out "My Ministers aren't perfect" or, even in Mr. Ferguson's words, have the good lady declaim that her ministers "won't be able to do everything"?

However, their capacity to do a great deal can be measured in the record of what they have already done. Senator Murray made much of that record and so did Senators Cogger and Barootes, who must be congratulated on their presentations of the resolution before us.

Some indication of what remains to be done, or at least attempted, has been placed before us in this debate with great vigour by Senators Nurgitz, MacDonald, Macquarrie, Atkins and Simard. Senator Hicks' reasoned arguments deserved the attention they received from both sides of this house, as did the impassioned case for the disadvantaged made by the Honourable Brenda Robertson. Too many members of the Senate missed that speech when it was given Thursday afternoon. I can only commend them to *Hansard*, where some of the fire that kindled the delivery may be missing, but not the facts that fed the fire.

Minister Masse may argue that the Speech from the Throne is an imperfect instrument, and I may agree with him. But this Throne Speech has prompted intelligent and constructive discussion of our future course and it is bound to make an impact of consequence.

On motion of Senator Petten, for Senator Olson, debate adjourned.

## "A PEOPLE APART—NATIVES IN SASKATOON"

SPECIAL NEWSPAPER REPORT—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Buckwold calling the attention of the Senate to a special report by the *Saskatoon Star-Phoenix* entitled "A People Apart—Natives in Saskatoon".—(*Honourable Senator Marchand, P.C.*).

● (1620)

**Hon. Len Marchand:** Honourable senators, when I adjourned the debate yesterday, I was in full flight when it was necessary for the house to adjourn to give Royal Assent to a bill. So, I will try to generate some of the fire that I had yesterday following the excellent address by my colleague, Senator Buckwold. I do not plan to keep honourable senators here for too long.

When I completed my remarks yesterday, I was referring to what the Senate did in the past and I was beginning to set out what it might do in the future. I referred to self-government and to some of the recommendations that arose from the special joint committee which reported on June 22, 1948. I was about to quote one of the recommendations, and I propose to do that now. I commended the work done by Keith Penner and I endorsed the recommendation dealing with self-government. The report of 1948 said:

> That such Reserves as become sufficiently advanced to be then recommended for incorporation within the terms of the Municipal Acts of the province in which they are situate;

That was an attempt at self-government, at giving the people independence. But there was one serious flaw in that it suggested that the provinces should have some jurisdiction over Indian people. That is a flaw that we cannot forget. The Indian people of this country, today, do not want to come under the jurisdiction of the provinces.

Honourable senators will recall that at the last constitutional conference the Prime Minister, the Right Honourable Brian Mulroney, tried to make some kind of a deal with the provinces to get them to take some responsibility. Perhaps he should have been briefed a little better and told more about the facts of life, that our people do not want to come under any kind of jurisdiction of the provincial governments. That is a fundamental part of it, and it is a flaw in the recommendation to which I referred. I am sure that the Prime Minister, the next time around, will be a lot wiser in understanding the desires of native people regarding self-government. The basis must be a constitutional amendment that will recognize their right to self-government, because that is what they want.

The Constitution now provides that the federal government has jurisdiction with respect to Indians and Indian land, and the Indian people do not want to change that relationship. That is basic. So, in any future discussions, that must be remembered.

The following is another recommendation:

> That greater responsibility and more progressive measures of self government of Reserve and Band affairs be granted to Band Councils, to assume and carry out such responsibilities;

I can agree with that. Some of it has been done. There have been some good examples of self-government. Earlier this year we had the Sechelt self-government bill, namely, Bill C-93. In my remarks at the time I acknowledged that in that bill there were some good powers given to the band council and the band. That is part of the direction in which we have to go.

When I spoke earlier I referred to the Youth Committee's report, which recommended that there should be a standing Senate committee on native issues. At a later date I will propose that such a committee be set up. I believe that we have the talent on both sides of the chamber. Certainly, we have the time and the commitment. I believe also that there is a lot of goodwill on both sides of the house whereby we can make a contribution toward solving many of the problems.

A key part of the Penner committee's report on self-government was the fact that representatives from the native community were *ex officio* members of that committee. That is what made it so acceptable in the final analysis. They were part of the committee and were able to participate in the work of the committee on a day-to-day basis and give guidance on how the committee should function. They made a worthwhile contribution to the report.

However, there are many more things that need to be done. The agenda is long, and we cannot do everything in a short time. There are many issues in the country today where voices are crying out and are not being heard. A lot of misunderstanding exists.

One of the most serious issues, on which there is a good deal of misunderstanding, concerns the whole question of aboriginal rights—which involves aboriginal title, claims, and so on. The words go on. The situation last year concerning the Haida in the Queen Charlottes is a prime example. In my home town I spoke to a fellow who was cutting his lawn. In essence, he said, "What the hell do you Indians want? I don't really agree with a lot of the things that you are putting forward." They tell us, "Quit your crying." However, that is not the general attitude of most Canadians. Many people have come to me and said, "I agree with what the Haidas are putting forward. Let us get busy and try to settle it."

Last Christmas an opinion poll was taken concerning the Haida issue, and I was happy to see that 50 per cent of the people of British Columbia sided with the Haida. That is a pretty good average. I would like to see a Senate committee tackle this issue as one of the first items on the agenda. Those who appeared before the Youth Committee did not repeat a lot of the old rhetoric. Much of what they said was very basic, and that tempered many of the recommendations that were made. There were approximately five basic recommendations, one being that the committee recommended that it would like to see the claims settled, and the question of aboriginal rights dealt with. Therefore, I believe that the Senate, sitting in committee with *ex officio* members, could make a lasting contribution in the whole area of native issues.

As I have said, the agenda is long. In the field of education, great strides have been made during the past 20 years. In the late 1950s approximately 20 status Indian students attended university. During the past year something like 4,000 attended university. Many native people have now become educated—lawyers, teachers and others. That has been achieved by various ways and means. I applauded the Honourable Otto Lang, the former Minister of Justice. It was under his direction that the Native Law Program was set up in Saskatoon. Basically, that program gave recognition to the fact that there were a lot of talented young native people who did not have the basic education to go on to university and to become lawyers. This program provided an opportunity whereby they could take courses over a period of time and, if they qualified, go on to regular university training and obtain a law degree.

• (1630)

The Native Indian Teachers Education Program of British Columbia worked on the same basis. They recognized that there were talented native people who did not have the basic education to get a teaching degree but who had the ability. Under that program, special arrangments were made for students to upgrade themselves. If successful, they would go on to get their degrees at the University of British Columbia, in this case. Simon Fraser University had a similar program. We are now in the process, through the Faculty of Agriculture, of setting up similar courses in resource areas. In the beginning the course was to be for agriculture alone, but we suggested that it be broadened to include all the resources, such as forestry, wild life, zoology, botany, and so on. These programs are examples of some of the things that can be done in education.

However, as Senator Buckwold pointed out yesterday, the accomplishments in education leave a lot to be desired. I wish the Leader of the Government in the Senate were present so that I could make a special plea to him with regard to education in the province of British Columbia. The federal grants to the provincial Department of Education for native students attending provincial schools are made under what is called the Master Tuition Agreement. At either the end or the beginning of every school year, heads are counted and a payment is made on the basis of the per capita cost to the provincial government. This is fine in terms of payments for kids so that they can go to school. However, it is also where the power lies. The federal government really does not have much influence in terms of provincial policy as regards our people. The policy of the Province of British Columbia, and the other provinces for that matter, has been lacking, particularly in understanding what our people need and what our people are all about. If the leader were here, I would ask him to support the request by the leadership of the native people of the province of British Columbia to dismantle this agreement soon, before the next renewal date at the end of May. Do it now. It would be a great move.

Instead of making payments directly to the Government of British Columbia, the payments should go to the bands or tribal organizations. There are some very competent and able band governments and tribal administrations, and they could handle these kinds of money transfers from the federal government. Because the money is where the power lies, these administrations could negotiate with the provinces, in this case the education departments, for the kind of education that our people require within the provincial system. This would be a great contribution, and I hope that he will look at the idea and do as I ask.

In the recent election, Premier Vander Zalm said that he would be forming a commission on education. Of course, this matter falls under provincial jurisdiction, but I hope that he does. I think that it would be a good move. There has been so much turmoil in education in British Columbia in the past few years because of cuts by his predecessor. The confrontation between educators and government was awful, and it has left a bad taste in the mouths of many people. I do not deny that some cuts were necessary. The economy of the province of British Columbia is in pretty bad shape. We have 12 to 14 per cent unemployment, and for a province as productive as British Columbia that is pretty bad. So, I can understand the desire to make cuts. However, it could have been done in a different way so that there was not the confrontation that arose, particularly that in the field of education. I wrote to the new premier and suggested that he include some of our people in that proposed commission. The work they could do would

make a lasting contribution to the future of education for our people in that province. I hope that Bill Vander Zalm will listen to me and take heed of my letter. Honourable senators, I could go on, but that is the gist of the message that I wanted to bring forward.

We in the Senate have a responsibility, and the Constitution is very clear on the question of legislative responsibility to Indians. We at the federal level have the exclusive right to legislate with respect to Indians and Indian lands. I hope that I receive support from both sides of the chamber to set up a committee on native affairs so that we can do more of the work that we are capable of doing.

Before I close, I would like to mention one more thing. Yesterday I talked about the contribution of the media. I described it as being, to a large degree, hit-and-miss and sensational. I also mentioned that I had seen some very good work over the years. An example of good work that I saw in the late sixties, through the seventies and into the eighties was that of a reporter by the name of George Mortimer of the Toronto *Globe and Mail*. His dogged, digging style was very good, and he made a real contribution in the way he wrote his articles. He went out to communities and reservations and dug up the background on what people were all about, the background on what the issues were all about. George Mortimer did not write only one article and then drop the topic. He wrote a series of articles over a period of years. He is an example of what I mean by a good reporter doing good work and providing good press. Another such reporter was Ron Rose of the Vancouver *Sun*. He was a little later than George Mortimer. He did not write sensationalism. He was a lot like Mortimer, hard nosed and hard working. He went out to the community meetings, talked to ministers, to MPs and obtained the facts and the necessary background. He was a very knowledgeable reporter and he made a real contribution. The articles of these two reporters are fine examples of what can be done by good press, by good hardworking reporters who are willing to dig into the facts and do the work.

• (1640)

In any event, honourable senators, I hope that once I have done my homework and brought forward a proposal to establish a standing Senate committee on native issues, I will get support from all sides of the house.

**Hon. Ann Elizabeth Bell:** Honourable senators, I would like to ask a question of Senator Marchand. He may have already mentioned this, and I missed it, but I was wondering how the *ex officio* members were selected for the Penner Committee on self-government?

**Senator Marchand:** It was done, by and large, in consultation with the committee and the organizations. In other words, the organizations put forward people and the selection was done in consultation and was mutually agreed upon.

On motion of Senator Adams, debate adjourned.

[*Translation*]

## SOCIAL AFFAIRS, SCIENCES AND TECHNOLOGY

COMMITTEE AUTHORIZED TO CONTINUE STUDY OF CONSULTATION PAPER ON CHILD AND ELDERLY BENEFITS

**Hon. Arthur Tremblay** rose pursuant to notice of Tuesday, November 4, 1986:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to continue the study undertaken in 1985-1986 on the Consultation Paper on Child and Elderly Benefits, issued by the Department of National Health and Welfare, tabled in the Senate on 5th February, 1985, and to report thereon;
>
> That the papers and evidence taken on the subject and the work accomplished during the First Session of the Thirty-third Parliament be referred to the Committee; and
>
> That the Committee present its report no later than Tuesday, 22nd December, 1987.

He said: Honourable senators, I shall be very brief and shall even forgo rereading the text of my motion. This motion already appears in the *Minutes of the Proceedings of the Senate*.

I shall simply explain the meaning of this motion. Its purpose is to authorize the Committee on Social Affairs, Science and Technology to continue consideration of the consultation paper on child and elderly benefits begun during the previous session.

This work was undertaken over a year ago. It resulted in a first interim report tabled around December, if I recall correctly. This interim report was of great inspiration and usefulness during the discussion on the bill on family allowances and on other occasions.

Last summer, we asked our research staff to continue to assemble the material required to pursue the examination we had already undertaken. My motion asks the agreement of the Senate to continue our work. It is therefore made in a spirit of continuity to further our understanding of certain issues, such as child benefits and the whole issue of the situation of families as far as child support is concerned. Honourable senators, those are the explanations that I wanted to give.

**The Hon. the Acting Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** Agreed.

Motion agreed to.

[*English*]

## VETERANS AFFAIRS

MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY DOCUMENT ENTITLED "A STUDY TEAM REPORT TO THE TASK FORCE ON PROGRAM REVIEW (NIELSEN TASK FORCE)—SERVICE TO THE PUBLIC—VETERANS"—DEBATE ADJOURNED

**Hon. Jack Marshall,** pursuant to notice of November 5, 1986, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the Document entitled: "A Study Team Report to the Task Force on Program Review (Nielsen Task Force)—Service to the Public—Veterans", dated May 1985, tabled in the Senate on 12th March, 1986, and also matters arising from the report as well as any subjects of interest to the present and future requirements of Canada's veterans; and

That the Committee present its report no later than 1st September, 1987.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a question with respect to this motion. I would like to ask, first, whether or not this is a continuation of a study that was already under way. Second, I would like to ask if there is any budget requirement by the committee to undertake the study proposed in this motion.

**Senator Marshall:** Honourable senators, this is a new reference to the Nielsen Task Force report. That makes it a new subject and there is no budget.

On motion of Senator Doody, debate adjourned.

The Senate adjourned until Tuesday, November 25, 1986 at 2 p.m.

## APPENDIX

(*See p. 187*)

### EXCISE TAX ACT

### EXCISE ACT

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-14

THURSDAY, November 6, 1986

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

### FOURTH REPORT

Your Committee, to which was referred the subject-matter of the Bill C-14, intituled: "An Act to amend the Excise Tax Act and the Excise Act", has, in obedience to the Order of Reference of Thursday, 30th October, 1986, examined the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

IAN SINCLAIR
*Chairman*

# THE SENATE

**Tuesday, November 18, 1986**

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

Prayers.

## BUSINESS OF THE SENATE

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, on behalf of the government I wish to thank honourable senators for having responded on such short notice to the call to assemble today to deal with a matter of urgent public importance. The matter in question, of course, is a labour dispute at west coast ports which could have very grave consequences for Canada's export trade. The government has therefore moved to legislate an end to the dispute.

The situation at the moment is that there is a bill being debated in the other place, and there is an order of the House of Commons that at 4.45 this afternoon all questions will be put to dispose of that bill.

Honourable senators are aware that several Senate committees are scheduled to meet this afternoon—the Foreign Affairs Committee, the Banking, Trade and Commerce Committee and, I believe, the Energy Committee.

There have been some discussions between the leadership on both sides as to the course we should follow. I believe we are agreed that the appropriate procedure is to adjourn until approximately 5.15 this afternoon, at which time, if all goes as expected, we will have before us Bill C-24. Senator Doody, the Deputy Leader of the Government, will be ready at 5.15 p.m. to move second reading, and if the opposition is ready and willing to proceed shortly thereafter, we could then go into Committee of the Whole. I have asked the Minister of Labour, the Honourable Pierre Cadieux, to stand by in my office from 5.15 p.m. to appear before the Committee of the Whole, if necessary. We will be seeking consent of the Senate to proceed with the bill in all its stages so that the bill can receive Royal Assent later this evening.

I may say that it is the intention of the government to propose that the Senate adjourn, when it disposes of that bill, to Tuesday, November 25, at 2 o'clock in the afternoon.

If what I have just said represents the understanding of the leadership opposite and is agreeable to all honourable senators, I would propose that the Senate adjourn to the call of the bell at approximately 5.15 this afternoon.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Please proceed.

**Senator Murray:** The Leader of the Opposition has invited me to go ahead and do that, so I move, seconded by the Honourable Senator Doody, that the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately 5.15 this afternoon.

**Senator MacEachen:** Honourable senators, I am quite agreeable to that proposal. We could have held the Senate for an hour or so for Question Period, but inasmuch as there are several committees which are slated to meet at 2 o'clock, I think it appropriate to adjourn now so that they can meet as scheduled, and we can deal with business later, if that is a constructive way to proceed.

**Hon. H.A. Olson:** Honourable senators, I want to make one comment. I appreciate what the Leader of the Government has said about the process—that is, going into Committee of the Whole and the fact that the Minister of Labour is standing by—but I wonder if he would give us an undertaking that he will provide us with the background material—that is, the circumstances leading up to the lockout—so that we could look at this somewhat carefully between now and the projected time of our resuming the sitting later this day. It would expedite the passage of the bill at that time, and if there is such material prepared—and I presume that there is—it would help if we could have it. So, I would ask the Leader of the Government if he could give us an undertaking to that extent.

**Senator Murray:** Honourable senators, the sponsor of the bill, my colleague Senator Doody, has indicated that such information is available. I will see that it is given to the honourable senator and, if possible, distributed to all honourable senators immediately.

**Senator MacEachen:** Very well.

The Senate adjourned during pleasure.

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At 5.15 p.m. the sitting of the Senate was resumed.

## MAINTENANCE OF PORTS OPERATIONS BILL, 1986

FIRST READING

**The Hon. the Speaker** *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-24, to provide for the maintenance of ports operations.

Bill read first time.

SECOND READING

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

**Hon. C. William Doody (Deputy Leader of the Government):** With leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the bill be read the second time now.

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

**Hon. Senators:** Agreed.

**Senator Doody:** Honourable senators, the Canada Labour Code provides a framework for the conduct of collective bargaining in federal industries, and for the most part these industries compose an essentially public-interest jurisdiction involving key transportation and communications activities that are vital to the economy of our country and the well-being of its citizens.

The thrust of the Canada Labour Code places the prime responsibility for bargaining and resolving disputes on the parties themselves. However, it is recognized that they may require help in what may at times prove to be a complex task. The code, therefore, provides for conciliation and mediation procedures which may be invoked to assist the parties in reaching their ultimate goal of concluding or renewing a collective agreement. It is only as a very last resort that governments should intervene in the collective bargaining process.

However, honourable senators, today we find ourselves faced with a situation in which the British Columbia Maritime Employers' Association and the International Longshoremen's and Warehousemen's Union are engaged in a dispute that has reached the last resort stage. The parties failed in their efforts to resolve the dispute in direct negotiations between themselves, and subsequently failed to take full advantage of the range of expert conciliation that was extended to them.

Following a breakdown in their negotiations in early October, the employer exercised its legal right to impose a lockout, which was lifted after three days in an effort to promote further bargaining. On October 29 the Minister of Labour appointed two mediators to assist in the negotiations. On November 14 the Minister of Labour personally appealed to the parties to resolve their dispute. Nevertheless, the parties remained deadlocked.

Honourable senators, the inability of the parties to resolve their dispute, indeed, their wilful abdication of their responsibility to one another and to the Canadian public has forced the government to bring about a conclusion to a work stoppage which the economy of this country can little stand to bear. The recently concluded work stoppage at Thunder Bay has delayed grain exports, and this government is not prepared to stand idly by and see the livelihood of Canada's grain producers placed in further jeopardy by a lengthy work stoppage at west coast ports.

In addition to the damage which a lengthy work stoppage would cause to Canada's reputation as a reliable exporter of grain, the business community and its employees depend upon water transportation for shipment of goods and resources. They are also subject to undue hardship as a result of this work stoppage. We are thus faced with a situation in which the parties to the dispute are able to inflict more punishment on innocent third parties than on one another.

● (1720)

Before providing honourable senators with the details of this particular labour dispute, I wish to make it clear that this government remains totally committed to the process of free collective bargaining and holds the belief that the common well-being can best be encouraged through the constructive settlement of disputes through meaningful negotiation.

Part V of the Canada Labour Code establishes a framework of rights and responsibilities within which management and organized labour are to conduct their relations. That framework places the responsibility for resolving labour-management disputes clearly on the parties to collective bargaining. The Labour Code provides for a complete range of third party assistance to labour and management to aid them in resolving their differences through the bargaining process. Unfortunately, there are rare situations where bargaining fails and the government, as defender of the public interest and caretaker of the economy, must intervene to prevent irreparable damage. This is the situation we face today in the dispute involving the British Columbia Maritime Employers' Association and the International Longshoremen's and Warehousemen's Union, Canadian area.

The current dispute, honourable senators, between the BCMEA and the ILWU centres around the negotiations for renewal of the collective agreement which expired on December 31, 1985. The agreement, covering some 2,250 regular longshoremen and 2,000 casual longshoremen, was the subject of direct bargaining between the parties from October 4 to December 2, 1985. Following the breakdown of direct negotiations between the parties, the union filed a notice of dispute and requested that the conciliation proceedings of the Canada Labour Code be waived. In view of the dismal record which characterizes labour negotiations between these parties, the Minister of Labour decided it would be inappropriate to waive conciliation efforts and thus appointed a conciliation officer from the Federal Mediation and Conciliation Service of Labour Canada on December 20, 1985 to assist the parties in resolving their differences.

During the month of January 1986 the parties continued to meet in direct negotiations. Conciliation meetings between the conciliation officer and the parties began on February 3, 1986 and continued on various dates during the following two-month period before the parties again met in direct negotiations for two days in early April. Talks were subsequently adjourned to accommodate the union's annual convention and election of officers during the second week of April. The incumbent, Mr. Dave Lomas, was replaced by Mr. Don Garcia as president for the Canadian area of the International Longshoremen's and Warehousemen's Union. Mr. Garcia immediately requested that the conciliation officer file his report and that no further third party assistance be provided.

Once again, in light of the difficulties which have typified past negotiations between these two parties, the minister determined that further conciliation assistance would be appropri-

ate, and he appointed a conciliation commissioner. Mr. Dalton Larson was appointed on May 30, 1986, following which meetings with the two sides took place on five separate occasions during the month of June. Following the hearings, Mr. Larson advised the parties by letter dated July 18, 1986 that he would require written submissions from them in support of the positions that each had taken during the conciliation proceedings. The parties were requested to submit any data, statistics and historical background information which would provide the conciliation commissioner with additional insight into their respective positions on the various contract items in dispute. Following receipt of the parties' submissions, Commissioner Larson afforded each party an opportunity to rebut the arguments put forward by the other.

Following a comprehensive review of the parties' respective positions, Mr. Larson wrote and filed his final report with the Minister of Labour. The report of the conciliation commissioner was subsequently released to the parties on September 8, 1986, and further direct bargaining took place on September 25 and on October 3.

On October 6, 1986 the BCMEA instituted a lockout of the work force. In response to a telegram which the Minister of Labour sent them, seeking a resumption of grain shipments, the BCMEA agreed to lift the lockout for a 30-day period, during which time the parties were to continue in their efforts to resolve their differences.

Longshoring operations resumed on October 8 and the parties reconvened in negotiation on October 15. Following the failure of those negotiations, the minister appointed two mediators on October 29, and they immediately convened meetings aimed at resolving the impasse.

As I mentioned earlier, on November 14 the Minister of Labour personally met with the two bargaining committees and appealed to them to settle their differences through the negotiation process.

In order to provide honourable senators with some perspective on this dispute, it may be instructive if I recount briefly the findings of the conciliation commissioner who dealt with the dispute. In his report, Mr. Larson made recommendations dealing with all of the contentious issues, including wages, container handling, bulk terminal operations, pensions, hours of work, and automation protection. Conciliation Commissioner Larson recommended a three-year agreement effective January 1, 1986 to December 31, 1988, with a wage freeze in the first year, a 2 per cent increase on the base rate in the second year, and a 3 per cent increase on the base rate in the third year of the agreement.

By far the most contentious issue, and the one which the commissioner labelled "a singular impediment to the successful conclusion of a new collective agreement," is the container handling clause, article 26.05 of the collective agreement. This clause, which provides the union with jurisdiction over the stuffing and destuffing of consolidated cargo containers which are destined for, or come from, any point within the Vancouver local area, or the Prince Rupert port area, places the Port of Vancouver at a competitive disadvantage with major United States ports such as Seattle and Tacoma.

The BCMEA feels that the removal of the limitations represented by the container clause would increase sharply the amount of container traffic and thus the amount of skilled work available to the union. This view is shared by the Vancouver Port Authority, the Vancouver Board of Trade and a number of shipping lines.

From its point of view, the ILWU views the employers' claim with skepticism and is concerned that if the forecast of increased traffic predicted by the BCMEA is wrong, the union will have surrendered jurisdiction over a substantial part of its present work with little hope of winning it back.

Honourable senators, I think it would be worth while at this point to review briefly the situation pertaining to the container clause since its inclusion in the collective agreement in 1970. While the clause was negotiated into the collective agreement with the expectation that it would maximize work opportunities for longshoremen, it has actually proven to have the reverse effect. With the advent of the container handling clause in the collective agreement, shippers began moving their containers through Seattle and other west coast ports and then trucking them to Vancouver in order to avoid the effects of the clause. While the amount of container traffic to the Port of Vancouver has increased marginally over the past decade, it has lagged considerably behind the increase in the amount of Canadian container cargo handled by the ports of Seattle and Tacoma. Reliable sources have estimated that as many as 80,000 containers shipped through American west coast ports each year are destined for Canada.

The container clause has been the subject of a number of reports and studies by various interest groups. In 1982 a committee of two, one representing the employers and the other representing the union, was appointed to make recommendations concerning the container clause. The report of that committee, co-authored by the current ILWU Canadian area President, Mr. Garcia, recommended a one-year moratorium on the container clause, with a monitoring of the related effects on container traffic through the Port of Vancouver and employment opportunities for longshoremen in the Port of Vancouver. That recommendation was subsequently rejected by the union caucus. During 1985 a larger committee was appointed by the parties to review the container handling issue and to attempt to measure the amount of container work being done by longshoremen.

Meetings were held from time to time from March to October of 1985, and options explored regarding the form of employment safeguards which would be required to replace the current provisions. In his recommendations for resolving the current labour dispute between the parties, Mr. Larson recommended that the container clause be eliminated on condition that the BCMEA guarantee that the number of hours available to be worked on the containers in any year be fixed at 725,000. In the event that the hours fell below that number, the BCMEA would be required to pay any shortfall at straight-time rates to the trustees for the benefit of active

members of the ILWU to compensate for actual work opportunities lost. The commissioner also suggested that the guarantee should continue indefinitely until the employer is able to convince the union that there is no longer a need for it.

● (1730)

In other areas the commissioner has recommended the extension of the mechanization and modernization supplementary pension agreement to all union members without restriction as to when they joined the union, an increase in the employer contributions to the welfare plan, and increased flexibility in the deployment of dock gantry crane drivers as part of the regular work force. Commissioner Larson recommended against the employers' demand for a comprehensive new system for bulk terminal operations and, instead, proposed a revision of work rules to allow for holding over a crew to the next shift to complete unloading procedures at overtime rates.

Honourable senators, the bill before us today, namely, the Maintenance of Ports Operations Bill, 1986, orders the immediate resumption of longshoring and related operations in the west coast ports. With the sole exception of matters relating to container handling, the longshoremen will return to work under the terms as set forth in the report of the conciliation commissioner, Dalton L. Larson. The bill provides that if the parties to the collective agreement are unable to agree to the interpretation or incorporation of any of the conciliation commissioner's recommendations regarding the collective agreement, a referee may be appointed to interpret the amendment for the purpose of incorporating it in the agreement and/or to determine the manner in which the amendment should be expressed in contractual language. Because of the critical importance of the container clause to both parties, an industrial inquiry commission will be appointed to make a final and binding determination, after conducting a comprehensive investigation of the issue.

One has only to look at the dismal record of labour relations between the employers and the union over the past 16 years to realize that the parties themselves must shoulder the bulk of the responsibility for the situation in which we find ourselves today. The record speaks for itself. With the exception of one two-year agreement signed during the period of the anti-inflation program in the mid-1970s and the one round of bargaining which saw wage re-opener negotiations for 1984 result in an extension to the contract through 1985, the parties have engaged in work stoppage action in every round of collective bargaining since 1970. On three previous occasions legislation has been required to end work stoppages.

Honourable senators, no collective agreement imposed by a third party will ever effectively substitute for a collective agreement which has been negotiated by the parties themselves. However, in this case the report of Conciliation Commissioner Dalton Larson strikes a reasonable compromise in the dispute between the BCMEA and the ILWU, and it is for this reason that his recommendations are being imposed as the basis of the new collective agreement between the parties. Nonetheless, in recognition of the fact that the container clause has been a matter of contention for at least a dozen years, a comprehensive study of the container issue will be undertaken, which will analyze every aspect of the problem, including the effects on the competitive position of the ports. Within a short time, the Minister of Labour will appoint an industrial inquiry commission to conduct a comprehensive investigation of the container issue, and its findings will constitute a binding resolution of the matter.

Honourable senators, failure to agree is no reason by itself for intervention by government or Parliament in a labour dispute. If we were faced with industrial action for which there were reasonable alternatives, or in which the parties only inflicted harm on one another, the obvious course would be to let the work stoppage continue until the two parties decided to end it.

However, that is not the nature of the industry in the present case. The west coast ports are crucial to the economy of this country. Their importance to the ability of western Canada's grain producers to get their crops to domestic and world markets is unquestionable.

A protracted work stoppage on the west coast, which further damages Canada's international reputation as a reliable exporter, cannot be tolerated. A final resolution of the container issue is imperative. The provisions of the Maintenance of Ports Operations Bill, 1986, addresses these two key issues.

In conclusion, honourable senators, let me summarize. This dispute has dragged on too long and the work stoppage is causing far too much harm to other sectors of the economy. The parties refuse to resolve their differences. Parliament, therefore, is required to act and to fulfill the responsibilities which the parties have abdicated. In order to ensure that the public interest is protected from the intransigence of the parties to a private dispute, I urge honourable senators to give speedy passage to the Maintenance of Ports Operations Bill, 1986.

**Hon. H.A. Olson:** Honourable senators, I would like to begin what will be a fairly brief intervention at this time by expressing my appreciation to the Deputy Leader of the Government for providing us several hours ago with the background information that he had in his possession at that time. I am sure he and other senators will understand that that was very useful. I must add that I am accepting that background information as fact, even though some of it is in the form of opinions. Obviously, we have not had time to check it with the opinions of other people who would have an interest in this case. As I say, I am not questioning it; I merely accept it because we have not had time to check it out thoroughly, notwithstanding the fact that I am aware that that is sometimes a dangerous procedure.

Honourable senators, we are dealing here with a lockout, which is somewhat different from a strike, although the consequences of shutting down operations are obviously the same in either case. I understand that in this case the reason that these two parties are unable to reach an agreement is that the container clause, which is the contentious issue between the parties, remains in effect. That clause is one that was put into

the agreement between the parties some years ago and is operative until a new agreement is reached. Therefore, the provisions of the past agreement still apply. As I understand it, the union is apparently in favour of that position whereas the employers are not.

I agree with the Honourable Deputy Leader of the Government, Senator Doody, that this work stoppage is harmful to the grain producers in western Canada. However, it does not stop there. It is also detrimental to everyone else who is involved in the export trade through those ports. It becomes even more critical at this time because of the quality of the crop that was grown in western Canada this past year. The very difficult harvesting conditions reduced the quality substantially from what it would have been had the crop been harvested under better conditions. This circumstance has made the crop much more difficult to sell in the international market.

• (1740)

Knowing that, and also knowing that the international market is very difficult at this time because of competition, particularly from the EEC and the United States, it is extremely important that those ports be operated every day so that we can maximize the amount of grain getting to market.

From that brief summary you can take it that we agree that it was important to bring in this legislation quickly, which the Minister of Labour gave an undertaking to do last week, after his meeting on the west coast when he was unable to bring both parties together. We commend the government for that.

Having said that, I must point out that I think the bill is badly drafted. There are provisions in the bill that go beyond what Parliament has done in situations like this in the past. Some of them—and I will be brief—are precedent setting and, indeed, dangerous. They go much further than emergency legislation demands. We have been summoned to complete all stages of debate on this bill in one day. I am not objecting to that, but ordinarily, when we are asked to pass legislation such as this, it is to deal with an emergency situation and is to be effective for a short period of time, until further investigation, negotiation, bargaining, and so forth takes place so that an agreement can be reached. Emergency legislation normally does not extend as far into the future as this bill does. For example, this bill will impose a collective agreement which we have not yet seen and that could run until the end of December 1988—more than two years into the future.

**Senator van Roggen:** After the next general election.

**Senator Olson:** Yes. It also crossed my mind that that might have been the reason for having the legislation extend for such a period of time.

I see the deputy leader, who has attempted to give us all the reasons as to why this legislation has been brought in, is shaking his head in such a way as to indicate that he does not agree with that comment.

**Senator Murray:** The government's mandate runs to 1989.

[Senator Olson.]

**Senator Olson:** Yes, but four years is the norm, and that would mean the mandate ends in 1988.

In any event, I should like the Leader of the Government and the Deputy Leader of the Government to know that we recognize this and do not believe that emergency legislation should include elements of political expediency. That appears to be what the government had in mind when it put the dates in.

**Senator Walker:** What are you going to do now?

**Senator Olson:** I will point out some of the weaknesses in this legislation, which is the highest responsibility of the opposition in dealing with proposals put forth by the government.

**Senator Walker:** You will never change!

**Senator Olson:** There are more weaknesses, so you should save your comments until I have cited all of them.

Another problem is that there are some new features in this bill that we have not seen in emergency legislation before. I think they are undesirable and should not be included under the guise of emergency legislation. I think the worst relates to the clause dealing with punishment for offences. Clause 13 does, in fact, prohibit a person involved in a labour union from being employed in that field if a conviction is registered against that person. There is no equivalent prohibition on the other side.

**Senator MacEachen:** There has been an amendment.

**Senator Olson:** I am aware that an amendment has been made. I believe clause 13(3) was added during the debate in the other place, but I do not think that that quite answers the problem where you do not have an equal burden on each side. However, this punishment of five years is new. It used to be that punishment was in the form of fines, but prohibiting a person from being involved in a particular field for five years is new. I am not absolutely certain of that, but I think it is new.

Again, I think this change should be brought about through amendments to the Canada Labour Code and should not be brought into being through emergency legislation.

However, it is here, and I want to point out to the government that I think it is not the right way to introduce new precedent-setting provisions to the Canada Labour Code.

There are one or two other problems. There is a great deal of imprecision, if I may use that word, as to what is meant by the term "Industrial Inquiry Commission". I intended to refer to the Canada Labour Code under Part V to see if there is a clear definition of that term, but I did not have the time. If there is not, then we have a difficulty, because this bill, I believe, states—and I am just now having a quick look at it—that the terminology in the Canada Labour Code, Part V, should apply to the provisions of this bill. I do not object to that, but I want to make sure that there is the kind of definition that is required, especially for that Industrial Inquiry Commission, because there has been some discussion as to whether that commission consists of one person or a group of three or five, and whether or not there will be a requirement

that consultations take place with the employers and with the labour unions before the Industrial Inquiry Commission is established. That, quite frankly, is not clear in this bill.

One other matter that has disturbed us is that there will be subsequent terms and conditions in the agreement that because of this legislation will have the force of law before we even know what they are. In other words, we are giving a blank cheque to a commission to come forward with an agreement, and this legislation has the effect of making that the law of this land, even before we have seen its terms. I am not sure that that is good legislation—that is, to give authority to someone to create terms and conditions which will have the force of this legislation in advance of our having seen them.

I see the leader is a little agitated about that, as if to say that that might have been the practice in the past, but I think on reflection he will see that it was not designed in that same manner. We would never give a blank endorsement of whatever might come and for the length of time involved in this agreement.

● (1750)

In conclusion, honourable senators, I think that the government and the Minister of Labour have not taken their own advice, because when the minister spoke on second reading of this bill he said:

> It is only as a very last resort that governments should intervene in the collective bargaining process,

That is a fact; I am not arguing with that. But, then he goes on to say:

> and such interventions should be minimal if we are to maintain respect for the law and the institutions of Parliament.

I think that is a good statement, but I think that the government has not kept the intervention in this emergency legislation minimal. Its duration is far too long—it applies to the end of 1988—and, indeed, it has brought in some precedent-setting provisions and labour-management relations that I think deserve more consideration than they can receive in an emergency debate where you pass all stages in one day, or, indeed, almost in one sitting.

So, honourable senators, there are some very serious weaknesses in this bill, and I hope that we recognize that when we pass it in the emergency situation that we are faced with now. I will stop there and hope that the minister will be present so that we can put our questions to him when we consider the bill in Committee of the Whole.

**Hon. Senators:** Hear, hear!

**Hon. Edward M. Lawson:** Honourable senators, I, too, would like to touch on a few concerns—though I share some that have been expressed by Senator Olson. First, dealing with the negative aspects of the legislation, Senator Olson asked a question about the penalty section and where it came from. Yes, it is new—new in Canada, but not in the United States. It is a direct extract from the Landrum-Griffin labour legislation dealing with penalties in the United States, and it also included the unfair aspect of it where you only apply the penalties to the union side and not to the employers. Now, there is a mild amendment that has been made in the other place, and it appears to be evenhanded and to bring some balance, but it does not. On the union side, any officer of the union will be disqualified from acting for that union for five years if he is found to have committed an offence under the act. An employer in similar circumstances is disqualified from acting for the association, but would be free to represent or to act for any dock operator or any company doing business on the waterfront. So, really, there is no place in Canadian legislation for these kinds of penalties if they are not going to be applied fairly. That is the first concern I have.

My second concern is the imposition of—and this is a point Senator Olson raised—the term of the contract for what is ultimately a three-year period. It is a very dangerous practice, I believe, for legislation to impose a contract under those terms.

I think, perhaps, I should say at the outset that it would be appropriate if I were to reveal what might appear to be conflict of interest on the legislation, although I think it is more imaginary than real, because some might say that the organization that I represent in real life—which is a trucking union, the Teamsters Union—can be the beneficiary of the continuation of the lockout. In the last few days when the lockout occurred and one of the ships carrying automobiles had to be re-routed to the United States, it took 90 trucks to haul those cars back to the Port of Vancouver, or the city of Vancouver. They would normally have been off-loaded there, but, because they were not, 90 members of my organization achieved additional job opportunities as a result. But having revealed that apparent conflict of interest, I should point out that that temporary gain of jobs would be offset so desperately by the continuation of this dispute that it is hardly worth mentioning. It should be pointed out that what we are talking about here is legislation ending an employer lockout, an employer strike; that is why it seems even more unfair that we have such penalties directed at the union, who are locked out not by their choice but because it is imposed on them by the employers. So, I think it shows a somewhat detectable bias on the part of the government that there are more severe penalties for the union when the legislation is necessitated by an employer lockout.

The key issue appears to be the container clause—and much has been made of that—and it obviously is a very real issue between the parties, because the longshoremen have tried successfully for 16 years to maintain that clause. But it is an oversimplification to suggest that that is the real cause of the dispute, because if we were able to wash the clause away tomorrow and double the container traffic, the port would grind to a halt—not because of a strike or a lockout but because of its inability to deal with the traffic. Much has been made in the press, and so on, about the Port of Seattle and how they are taking away a lot of the business from the Port of Vancouver. That is true, but how are they able to do it? Well, Seattle has 31 container cranes; in the Port of Vancouver, this modern port, we have five. So, if we doubled the container

traffic, we could not handle it. A lot of the responsibility for the problem rests in the hands of this government and previous governments. Sometimes it is the best thing that happens to have a dispute like this come to Parliament, because then Ottawa becomes aware and the government becomes aware of the very serious problem we have in Vancouver and the desperate need for a crash program of facilities to compete with Seattle, Long Beach, and all of the other west coast ports, which we are unable to do because we do not have the facilities. I have talked with operators in Vancouver, trucking operators, port operators, who have bold, innovative, imaginative plans to expand the ports and to expand the traffic and capture this business. What we desperately need, notwithstanding this legislation, is a committee that involves the City of Vancouver, the Port of Vancouver, the longshoremen, the trucking operators, the federal government, Ports Canada, all of the players who are involved—and a crash program to make this a truly modern port with all of the facilities needed to recapture this business and to create many hundreds more jobs. As you will have noticed from the honourable deputy leader's remarks, there was a willingness on the part of some of the officers of the longshoremen's union to set the container clause aside. That element of goodwill should have been seized upon to move in and create all of the necessary facilities and all of the necessary equipment which would have resulted in more and more jobs. I suspect that this would have made the container clause a not very important issue because there would have been sufficient additional traffic, additional jobs, and additional job security that the container clause could have been the subject of very easy negotiation between the parties. But in the absence of all of that, who can blame the longshoremen for digging their heels in and saying, "No; unless we are satisfied that something will be done to create job security and guarantee more jobs, why should we simply give it up?" While I am not minimizing the impact of the container clause, it only represents 12 per cent to 15 per cent of the traffic in that port. So, let us not take it—as we weigh the container clause or impose an arbitrary settlement—that that is the end of the issue: It is not quite that simple.

What I am saying, in conclusion, is that what we require is a crash program in which all the people involved would come together to develop that port the way it should be so that we can compete, and by that action I think we would go a long way towards solving the problem that we are facing here today. It seems that we face this problem every four years—the last couple of times it was to legislate the end to a strike; this time it is to legislate the end to a lockout. We could avoid that four years down the road, or eight years down the road, if we would simply come together and work it out.

Having said all that, I turn to the positive aspect. While I think that the longshoremen have a legal right to take the position they are taking, and while I recognize that the employers have a legal right to take the position they are taking in locking out the longshoremen, I think that the rights of the City of Vancouver, the Province of British Columbia, and the country as a whole outweigh their individual rights and that we have no alternative but to pass this legislation. I feel it would be a hollow piece of legislation if we do not take some positive steps to avoid the problem in the future.

[Senator Lawson.]

• (1800)

Motion agreed to and bill read second time.

CONSIDERED IN COMMITTEE OF THE WHOLE

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I move that the bill be referred to Committee of the Whole, and that the Senate do now resolve itself into a Committee of the Whole for that purpose.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Murray, P.C., that this bill be now referred to Committee of the Whole.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

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The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Senator Rhéal Bélisle in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Pierre H. Cadieux, P.C., Minister of Labour, was escorted to a seat in the Senate Chamber.

[*Translation*]

**Senator Murray:** Mr. Speaker, it is a pleasure to welcome to the Senate, for the first time, my colleague, the Honourable Minister of Labour, Mr. Pierre Cadieux. Mr. Cadieux is a lawyer from Quebec and has been the Member for the riding of Vaudreuil since September 1984 and a member of the cabinet since last June.

[*English*]

I would simply tell my colleague that he will find he is in good and knowledgeable company in this chamber to deal with the bill having to do with labour matters. The Leader of the Opposition in this place, Senator MacEachen, held the portfolio that M. Cadieux now holds almost a quarter of century ago.

**Senator Buckwold:** You can still learn from him.

**Senator Murray:** He, too, had occasion to bring in legislation settling labour disputes from time to time.

Another senator who was with us this afternoon, Senator Croll, was Minister of Labour of the province of Ontario before you were born.

I am sure Mr. Cadieux will not let that information intimidate him. As he will have noticed earlier this evening, I am

sure he will find that, by and large, senators are constructive, reasonable and of very good humour.

Mr. Chairman, I do not believe that the minister has an opening statement to make but, of course, he is ready to respond to the questions of honourable senators as we go through the bill clause by clause.

[*Translation*]

**The Chairman:** Honourable senators, Mr. Cadieux, speaking on behalf of the government, do you wish to make a statement before we start consideration of this bill in Committee of the Whole?

**Hon. Pierre Cadieux (Minister of Labour):** No, Mr. Chairman.

[*English*]

**Senator Olson:** Mr. Chairman, I should like to join with the Leader of the Government in the Senate in welcoming the Minister of Labour here to the Senate for the first time. I hope we will be able to find some amicable solutions to some of the matters in this bill that bother us and which were raised just a few minutes ago during the debate on second reading.

It may be that at the outset you would like to deal with only two of those matters. One relates to what we believe to be new departures in legislation, particularly the amount of time involved. As we said, it looks as though we could have a collective agreement under this bill which could run to the end of 1988, and that seems to be a long period in dealing with emergency legislation and is, perhaps, unprecedented in emergency legislation.

The second matter concerns a new provision in the bill to do with penalties. In the last few minutes I have been advised by Senator Lawson that these penalties are not new in the United States but they are, in fact, new in Canada, in spite of the amendment that was moved and accepted in the other place. As Senator Lawson has pointed out, we do not believe that the burden of these penalties applies equally on both sides to the dispute at the moment.

Perhaps the minister could deal with those matters and then we could ask some questions as we move through the clause-by-clause study of the bill.

[*Translation*]

**Mr. Cadieux:** Thank you very much, honourable senators. I welcome this opportunity to be here today to answer your questions.

As you probably know, I have had to answer similar questions in the other place.

[*English*]

Those concerns are serious enough that I understand your wanting to question some of the issues that have already been raised in the other place.

With respect to the duration of the agreement and the fact that it might last until 1988, I do not think we are facing an unprecedented situation, because other conciliation reports have been the subject of legislation before and they have been passed for the duration of the collective agreement that was provided for in those reports. I would refer you to a situation in 1974 where the government legislated the recommendations of Commissioner Perry, the conciliation commissioner in the west coast grain handlers' dispute. In 1975 the government legislated the recommendations of the conciliation commissioner in the dispute involving the St. Lawrence River ports, Montreal, Quebec and Trois-Rivières. Therefore, we are not hearing something new with respect to collective agreements being imposed through recommendations.

If you read the bill carefully, which I am sure you have already done, you will notice that the parties, notwithstanding the fact of the imposition of the present recommendations, have every opportunity to return to the table and to reach whatever agreements they feel are reasonable. Obviously, any agreement that they may reach will be the law as between the parties.

• (1810)

With respect to the legislation of penalties, Senator Lawson mentioned that it is unknown in Canada. With great respect, that is not so. The Province of Quebec was legislating such penalties as recently as last summer in the construction dispute there. Of course, that government legislated some other very tough dispositions last week, but that situation was different because they were dealing then with an illegal strike. I repeat, however, that in the construction dispute of last summer, the Province of Quebec did impose such penalties. This practice is not therefore related directly to the American provisions to which the senator referred.

With respect to the amendment that was proposed in the other place, that was an amendment initiated by the government.

**Senator Olson:** Are you speaking of the amendment to clause 13?

**Mr. Cadieux:** Yes, senator, it is actually the amendment to subclause 13(3). We did recognize at the time of the debate that there was an unfair, or unequal disposition, if you like, in the bill that seemed only to address the union. The government felt that a similar disposition ought to be introduced in the bill to deal with the employers. The amendment was accordingly proposed by myself, as a matter of fact, and was adopted.

**Senator Sinclair:** Honourable senators, if I may, I should like to extend a welcome to the minister and to express my enjoyment at meeting yet another Minister of Labour. We always look forward to that. I also welcome his very distinguished colleague, who has had great success in settling industrial disputes.

My question really turns upon procedure, Mr. Minister. The Honourable Deputy Leader of the Government in this chamber delineated the facts surrounding this very dismal record between the BCMEA and the ILWU. If I recall correctly, he said that since 1970 only two agreements had been negotiated between the parties and that on three occasions legislative action was required. He also delineated all of the steps taken in the mediation, including your own intervention.

In light of the importance of the free flow of traffic and the rhythm that is so essential to transportation, why was this bill not passed last week so as to come into force on proclamation? In that way there would have been no work stoppage and, likely, no diversion of ships, and so on.

**Mr. Cadieux:** Senator, as was mentioned earlier, I am a fairly new minister to begin with, and a brand new minister of labour. Of course, this may be my own ignorance, but I do not know of any case where there was legislation ordering people back to work if they were not off work. Last week there was no lockout.

**Senator Sinclair:** If I understood the press correctly, you said to the parties that either they agreed or legislation would be introduced to force them back to work. That being so, and to prevent a break in the rhythm—the very important rhythm—of transportation through the port, this bill could have been passed last week, after which it could have been proclaimed, and there would have been no work stoppage at all. Am I wrong in my understanding?

**Mr. Cadieux:** Senator, on Friday morning I told the parties that they ought to agree and indicated to them that if they failed to come to a negotiated agreement, which I encouraged, and if there were disruption in the operation of the port, I would introduce legislation. The parties subsequently met, I am told, for approximately 90 minutes. By Friday afternoon they were unable to come to a negotiated agreement, indicated that to the press, and the lockout was effective at 1 a.m. on Saturday.

I immediately looked into my final option, which was to introduce legislation. It was prepared and was introduced at the first possible moment.

**Senator Sinclair:** My point, Mr. Minister, if I may, is this: Given this very unusual circumstance, given this history of the inability of these parties to engage in collective bargaining with any measure of success, given the slim chance of their getting together on such a contentious issue as the de-stuffing and stuffing of a container—which has caused problems in every port throughout the world—would it not have been open to you, and more effective, to say to the parties that you had a bill which had been passed; and they should either agree or it would come into force on proclamation the moment a strike was called or a lockout imposed?

**Mr. Cadieux:** Again, senator, I am relatively new to this business, but I do believe in the collective bargaining process. Until such collective bargaining is impossible, I do not think that governments should intervene. I met with the parties and I told them what I would do, that I would do it with regret, but that I would do it because it is my responsibility as Minister of Labour to ensure that other parties do not suffer from their incapacity to come to a negotiated settlement after trying to do so for 16 years. I believe, senator, that the government acted fairly in the circumstances at the first appropriate moment.

**Senator Lawson:** Honourable senators, I have only a couple of questions that I will direct to the minister. I add my voice to those welcoming him. I also welcome an old friend, Bill Kelly, who has a distinguished career with the Department of Labour.



I share the minister's view that the dispute between the parties was unsolvable. I do not quarrel with the position he has taken—a determined position to give them an option to resolve their difficulties. Failing that resolution, he was forced to act. I do not quarrel with that. I think that the longshoremen are a determined, strong, militant organization and that if they were locked out for two weeks, two months or, perhaps, six months, they would not change their position on the container clause. I do not, therefore, take issue with the minister's action.

I thank the minister for his reference to the Quebec legislation; I was not aware of it. But I would ask whether their legislation is as unfair as this is. Subclause 13(2) reads:

> (2) No officer or representative of a union who is convicted of an offence under this Act that was committed while the officer or representative was acting in that capacity shall be employed in any capacity by, or act as an officer or representative of, the union at any time during the five years immediately after the date of the conviction.

It is very clear that any such union representative could not work on the waterfront, the dock, or be in any way associated with the longshoremen's organization. That is very clear as I read it. If, however, we go to the amendment that has now been brought in, we will see that it talks about members of the employers' association. Subclause 13(3) reads:

> (3) No officer or representative of a member of the employers association, including any corporation listed in Schedule I, who is convicted of an offence under this Act shall be employed in any capacity by, or act as an officer or representative of, the employers association . . .

What, in this legislation, would prevent that officer of an association, on the day following his conviction, from being an employee of any one of the 50 companies on the scheduled list and continuing to work in his capacity or in some capacity on the waterfront? What is to prevent him from doing that under this legislation?

**Mr. Cadieux:** First, senator, with respect to subclause 13(2), which deals with the union, the prohibition applies to the individual acting as an officer of the union and not, obviously, to the longshoremen or those working in any other capacity on the waterfront. Subclause 13(3) applies to the employer officer in that he would not be able to work in his capacity as an officer of the association of the employers. In that sense, then, it is an equal situation.

**Senator Lawson:** Equal—one horse, one rabbit! I think it is most unfair. The representative of the employers' association could still work in a managerial capacity within any one of the 50 companies. The union member, on the other hand, would have a limited opportunity with just the local unions. That is the weakness in this legislation. It seems that it is being applied in a totally unfair manner.

Am I to understand that clause 12, which deals with the alteration of the agreement, means that the parties are free to negotiate any other change except the reduction of the term, that it must extend to the end of 1988? My question really is: Could the parties agree, by consent of the parties, to make it a one-year contract, and then go back to the negotiations; or are they allowed under this legislation to make modifications, but not allowed to change the term; that it must run the full three years until 1988?

• (1820)

**Mr. Cadieux:** My interpretation of the bill is that the parties could make any alteration which they would agree to make.

**Senator MacEachen:** Including the expiry date?

**Mr. Cadieux:** If I may refer you to clause 5, it says:

> The term of the collective agreement to which this Act applies is extended to include the period beginning on January 1, 1986 and ending on the day on which a new collective agreement entered into between the parties thereto in amendment or revision thereof comes into effect, or on December 31, 1988, whichever is the earlier.

**Senator Lawson:** But clause 12 says:

> Nothing in this Act shall be deemed to limit or restrict the rights of the parties to the collective agreement to which this Act applies to agree to vary or amend any of the provisions of the agreement as amended pursuant to this Act, other than a provision relating to the term of the agreement, and to give effect thereto.

That appears to be in conflict with clause 5.

**Mr. Cadieux:** No, senator, it is not.

**Senator van Roggen:** Mr. Minister, I join my confrères in welcoming you here this evening. I was going to deal with the amendment, but Senator Lawson has already done so. I would simply like to reinforce the complaint he makes. If we refer to the penalty clauses of this bill, there is in 13(1)(a), (b) and (c) a parallel on both sides, which could be fairly imposed by a court because there is leeway regarding the fines. When we come to subclause (2) as the bill was originally drafted, we find there is a very serious additional penalty imposed on individual union officers in that for five years they cannot act further in that capacity. They are fired from their jobs and they are relegated to driving a truck on the docks or to driving a taxi cab.

That is a very serious penalty against individuals, and over and above the extensive fines provided for, which are quite adequate to break the union if a judge saw fit to do so. What is now proposed to parallel this on the side of the companies? Merely a meaningless amendment. A company officer who commits a similar offence may pay the fine, as would a union man, but does he lose his job? No. The company simply says that his confrère on the other side of the office is appointed in his place to act on the employers' council. That is all that happens. Nothing else happens. So, that man remains in his job, his pay cheque remains intact, and he has no penalty imposed on him whatsoever, except that the company is put to the inconvenience of saying that Vice President B instead of Vice President A becomes the company's representative in the employers' association. That is the only penalty, and it is a meaningless penalty. It is not a penalty at all. I would suggest that it would have been better not to have brought in that amendment. It highlights the terrible imbalance in the penalties as between the employees and their companies and the union.

Having said that, it is important that the record should show that coming from British Columbia I applaud the need for this legislation and the necessity of keeping our ports operating. I would not, therefore, offer an amendment. However, I wish the record to show that I consider the penalty provisions not to be parallel when considered in addition to the provision concerning fines and that I consider this to be a meaningless amendment.

I come now to the question of the make-up of the commission. The bill contains a provision that a commission shall be appointed. Can the minister tell us whether he contemplates the commission comprising one or more members, and whether he has given any thought to how the commission will be appointed? Do you intend to seek suggestions from the unions and employers regarding the members of the commission, if there is more than one? Do you anticipate proceeding as in a typical arbitration, where the parties could each suggest one commissioner and those two commissioners, in agreement with yourself as minister, could appoint a third? I consider it important that Parliament, which is being asked to legislate what might be called a "pig-in-a-poke" piece of legislation, should have the benefit of your thinking at the moment regarding the make-up of the commission—the decision on which will be statutorily imposed by this statute in advance.

I might say parenthetically, concerning your reference a few moments ago to other occasions where reports of commissions had been enshrined in legislation, that those reports at that time were already produced and parliamentarians had them before them; but today Parliament is being told: "You pass legislation where you put in law, by statute, a report, whatever it might say, by a commission which has not yet been appointed." That, I believe, is extremely unusual legislation, and we should not be asked to do that without at least having the benefit of your thoughts, as minister, on how the commission will be appointed.

**Mr. Cadieux:** With respect to the appointment of a commission that will render a report that will be binding on the parties, that, senator, is a fact with this legislation, and I humbly suggest that it may involve the same procedure that is followed in connnection with arbitrators, namely, that when we appoint arbitrators and say that their report will be binding on the parties, we do not know what that report will contain, anyway.

With respect to the commission itself, most probably it will be a one-person commission. With regard to the issue of the container clause, notwithstanding some of the arguments that have been made today and which I have heard also in the other place—that it may not be the only important issue, that there

may be other points which have to be looked into with regard to the operation of the port, and the difficulty which has occasioned the disruption of the port and the inability of the parties to agree for the past 16 years—I considered that instead of legislating immediately on keeping or removing the clause, it would be appropriate to appoint a third party commission to look into it once and for all and to render a decision which would be binding on the parties. That is exactly what we are doing; and I am sure that the person appointed to head the commission will be the best person in the country to do so.

**Senator van Roggen:** I have one further question on a separate point. The estimates of the additional container business that might be attracted back to Vancouver over a period of time from Seattle and elsewhere has run as high as 80,000 containers per year. The Port of Vancouver, having been operated for many years by civil servants in Ottawa, some of whom had never seen salt water, for many years has suffered very badly in comparison with port development elsewhere. The previous government went to some lengths, under the new Ports Act, to try to give more authority to the ports. I would not like to say that the situation has been reversed, but under the present government there has been a tendency to drift away from that, which I regret but which I will not go into in any detail right now.

● (1830)

My question to you is this: Have you had or do you intend to have discussions with the Minister of Transport and your other confrères on the question of starting now, before the report of the commission comes down, to enhance the Port of Vancouver, to put in new container cranes to get ready for these additional containers which cannot be utilized if there are not the facilities there to handle them? As Senator Lawson has just pointed out, there are only five container cranes in Vancouver whereas there are 30 in Seattle. Admittedly, Seattle does more container business than we do because of trade with Hawaii, and many of our commodities are not suitable for containers. However, we need more facilities than we have now, and keeping in mind that the lead time to order, build and install container cranes is probably two years at a minimum, I would hope that the government will move forward on that front simultaneously with this legislation.

**Mr. Cadieux:** I agree with something that was said earlier by an honourable senator. Unfortunately, I forget who it was, but I believe that it was Senator Lawson. That is that if there is one good side to this back-to-work legislation, it is that it focuses Ottawa's attention on what is happening in the B.C. ports and perhaps on the difficulties the ports are facing, notwithstanding the container issue. I agree that in order to be competitive, the ports may require a face lift, particularly to compete with the facilities that are found in Seattle, Tacoma and other ports on the west coast of the United States. As the honourable senator is aware, I do not have the jurisdiction to make recommendations that go beyond my portfolio. However, the commission that is to be appointed will have sufficiently broad terms of reference to look into the situation of the ports in general, as well as the specific mandate to look at the container issue. I expect that it will be able to speak on such issues as competitiveness and others. Certainly, when I get the report, I shall make the necessary recommendations to my colleagues. I intend to hold discussions with the port authorities in the near future to follow up on what I have learned during this debate and, perhaps, to make some suggestions as a concerned Canadian to the effect that they should begin to look into these facilities.

**Senator van Roggen:** With respect, my point was that consideration of and decisions on this matter should be made before the the commission hands down its report.

**Senator Lawson:** On the broad terms of reference the commission of inquiry will have, will they include the right of other organizations who may be directly affected by the recommendations of the commission to make submissions? I am sure that Mr. Kelly understands what I am referring to. Depending on what decision the commissioner imposes, whether it is the one with regard to mileage limits or any other one, it will affect other trades and other organizations. Will those trades and organizations have the right to protect themselves from such a decision by having the right to make representations?

**Mr. Cadieux:** Of course, the commission will have terms of reference and the commissioner will adopt his own procedure within those terms of reference. I would be very surprised if any commissioner refused valid submissions from any party with respect to such an issue.

**Senator van Roggen:** Mr. Minister, a moment ago you made the point, in answer to my question about the general development of the Port of Vancouver through additional containers and so forth, that the commission or commissioner, as we now know that it will be a single man or woman, will not only be looking at the container provision but can make recommendations relative to the broader development of the Port of Vancouver. I would criticize the breadth of the scope of the commission. In any event, as I read subclause 7(1), it says:

> On the coming into force of this Act, the Minister shall refer the matter of the container provisions set out in article 26.05 of the collective agreement to which this Act applies and such other matters related to that provision as the Minister deems appropriate to an industrial inquiry commission appointed by the Minister for a final and binding determination of those matters by the commission.

I suggest to you, Mr. Minister, that according to that wording the commissioner will be confined strictly to the container clause and nothing else, or I cannot read English.

**Mr. Cadieux:** I accept your argument, but, with respect, I do not agree. I think that the mandate of the commissioner is very clear. The commissioner will be given some terms of reference to deal with the specific mandate of reporting on the container clause, which will be binding on the parties to this particular dispute or to this particular collective agreement. Notwithstanding that mandate, the terms of reference will be

broad enough for the commissioner to make the right decision as to whether or not the container clause should stay or should be removed. Therefore, I think that the commissioner has to look at the general situation of the ports in British Columbia and of the ports in the western United States in order to come to a final decision as to whether or not the container clause is good or bad and whether or not it should stay. I am sure that the commissioner will include in the report some recommendations as to the infrastructure and the ancillary points involved in determining whether or not that particular clause should change, remain or be cancelled.

**Senator van Roggen:** I suppose that there is no point in belabouring this point. That is not what the clause says and I suggest that you, Mr. Minister, will be *ultra vires* of this legislation if you refer matters other than the container provision to the commissioner. The commissioner in considering the question of the container clause may take broad evidence to arrive at his conclusion, but his mandate, if he, indeed, is obeying the statute—which, I trust, he will do—will be to bring down a recommendation relative to the container clause, and nothing else.

**Mr. Cadieux:** With all due respect, I agree with the honourable senator in the sense that there will be a specific binding recommendation on the container clause. However, the commissioner will be able to study all other related matters—and that is as I understand the legislation— relating to the container clause and thereby will be free to make some recommendations.

**Senator van Roggen:** Anybody can make a recommendation or have an opinion, but that is not part of the statute.

**Senator Lawson:** I prefer the minister's comment with regard to the "broad interpretation." That is the only way to conduct this commission successfully. If that is what is to be done, may I say on behalf of those who are directly involved and whom I mentioned earlier—trucking operators, employers and others—that there is a wealth of goodwill, and these people are willing and anxious to sit down with the commissioner to attempt to find a long-term solution to the problem and would welcome an opportunity to put forward constructive suggestions.

**Mr. Cadieux:** After 16 years, I welcome such a proposal.

**The Chairman:** Honourable senators, the Senate is in Committee of the Whole on Bill C-24, an Act to provide for the Maintenance of Ports Operations.

Shall the title be postponed?

**Hon. Senators:** Agreed.

**The Chairman:** Shall consideration of clause 1, the short title of the bill, be postponed?

**Hon. Senators:** Agreed.

**The Chairman:** Shall clause 2 carry?

**Senator Olson:** I have one short question on the interpretation of clause 2(2), which reads:

> Unless otherwise provided, words and expressions used in this Act have the same meaning as in Part V of the *Canada Labour Code*.

More specifically, that clause refers to the definitions contained in the Canada Labour Code. That specifically means that the definitions contained in the Canada Labour Code will have the same meaning as the definitions contained in this bill. In my speech I raised this matter of the industrial inquiry commission. Can the minister tell me whether that inquiry commission is defined differently in the Canada Labour Code from the way it is defined in this proposed legislation and, if so, which definition will prevail?

• (1840)

**Mr. Cadieux:** Mr. Chairman, I refer the honourable senator to paragraph 7 which deals specifically with the industrial inquiry commission. The honourable senator will note that in subparagraph (5), the bill says:

> The industrial inquiry commission has and may exercise all the powers of a person appointed as a commissioner under Part I of the *Inquiries Act*.

The reason for this specific subparagraph (2) to which you have already referred is that in the Canada Labour Code there is a specific delay to report. The provision under this bill is different. That is why we have included that particular subclause. In other words, unless otherwise provided here, the Canada Labour Code will apply.

**Senator Olson:** I take it, then, from your answer that in your opinion there is no ambiguity in this?

**Mr. Cadieux:** No.

**The Chairman:** Shall clause 2 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 3 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 4 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 5 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 6 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 7 carry?

**Senator MacEachen:** Honourable senators, I want to make a number of general observations about the impact of clause 7. As the deputy leader has pointed out, this bill provides for the suspension of collective bargaining rights which are provided for under law. What the government is doing is asking Parliament to suspend those rights. That, in itself, is a major request—an extraordinary request—and is seldom invoked, except when the public interest is involved and affected. Certainly, it has been done on occasions in the past, and here again Parliament is being asked to waive collective bargaining rights in order to protect the public interest.

In addition to that, Parliament is being asked to give the force of law to the conclusions of the conciliation inquiry. Clause 6 tells us that the recommendations contained in the conciliation report will become part of the contractual language of the collective agreement. Therefore, Parliament knows what is in that conciliation board report and is being asked to legislate it.

In the case of the report of the commission of inquiry, the situation is somewhat different. Parliament is being asked to approve the appointment of an industrial inquiry. Presumably the minister can do it on his own under the Inquiries Act, but in this case Parliament is being asked to do it. The minister will then refer to that industrial inquiry commission the container provision.

It is true that at least on one occasion that I can put my hand on in the past the government of the day, having appointed an arbitrator, came to Parliament and asked Parliament to legislate at that moment the future findings of the arbitrator. I have always found that to be, in a sense, an extraordinary request which can only be justified by the serious injury to the public interest which would occur in its absence.

In this case the inquiry commission will make certain pronouncements on the container provision. Subsequent to those pronouncements, the conclusions or the pronouncements will become part of the collective agreement. We do not know what those provisions will be. That will be determined by the commission of inquiry. When the commissioner of that inquiry makes up his or her mind, Parliament will not be asked to approve at all. I think it has always been an extraordinary request to make of the House of Commons and of the Senate to legislate provisions of a collective agreement which are, at that moment, unknown to any legislator. I think it is a very extraordinary request, and I underline it simply because it is extraordinary; not because it is without precedent.

Now that we are dealing with clause 7, I want to draw to the attention of honourable senators what I thought was a clear conclusion, or a clear determination, by the minister as to what was meant by the matter of the container provision. The section says:

> . . . the Minister shall refer the matter of the container provision set out in article 26.05 of the collective agreement to which this Act applies and such other matters related to that provision as the Minister deems appropriate to an industrial inquiry commission appointed by the Minister for a final and binding determination of those matters by the commission.

The container provision is clear cut, but the scope of the commission is expanded by the addition of the phrase:

> . . . and such other matters related to that provision as the Minister deems appropriate . . .

That is further reinforced by the concluding phrase:

> . . . of those matters by the commission.

[Senator MacEachen.]

The minister, then, will refer the container provision and such other matters as he deems appropriate that are related to the container provision. The minister then used the expression:

> The commission will study the general situation and will study all related matters.

Surely, honourable senators, the question of job security is a related matter. The minister acknowledges that. I want to find out from the minister why he did not accept the amendment put forth in the other place when the question of job security was explicitly proposed as one of the related matters. Did he think that it was unnecessary to accept the amendment?

● (1850)

There were additional matters in a second amendment that was put forth in the other place that expanded the consideration beyond job security to the consideration of the development of the port, which is a related matter, to rail facilities and to the improvement of the competitive position of the port. I understand that an amendment was so proposed, but that it was turned down, as was the amendment dealing with job security.

I want to find out from the minister whether these "related matters" included job security, development of the port, rail facilities and improvement of the competitive position of the port, and, if they did, why he did not accept the amendment. Was it because he thought it was unnecessary and did not want to be limited by the inclusion or by making particular reference to three matters when perhaps the minister wanted to have seven or eight related matters referred to the industrial commission of inquiry?

Before I sit down, I must refer to the comment made by the Leader of the Government that I, at one time, was Minister of Labour. I had almost forgotten, but, now that I have been reminded, I, indeed, was Minister of Labour. I must say that the present minister made it at a slightly younger age than I did, and he certainly made the Senate more quickly than I did.

**Mr. Cadieux:** I hope the fact that I made it earlier than you did will not be held against me, senator.

With respect to the question of precedent, I would like to put on the record that in 1976, in a dispute involving the Port of Halifax—which was a lock-out, by the way—the government resolved the dispute through binding arbitration by an industrial inquiry commission. At that time I understand it was Judge Nathan Green who was appointed. So, obviously, this is not an unprecedented event, as you have mentioned.

With respect to the amendments that were proposed in the other place, the first amendment was effectively referring to more elements than job security. The principal reason that particular amendment was not accepted was that it referred to matters that go beyond my own jurisdiction. If I recall correctly—and I do not have the text before me—there was a suggestion that there should be some binding recommendations on the railway facilities in the Port of Vancouver. I do not think as Minister of Labour I have the jurisdiction or the authority to bind the Government of Canada with respect to that particular issue.

When that amendment was defeated, effectively another amendment was presented with respect to job security. That was also defeated, and the general reason was that, as I indicated in the other place and as I am indicating to this place now, job security will definitely be part of the terms of reference the commission will have to handle.

**Senator MacEachen:** I thank the minister for that clarification—that is that in his mind the related matters include job security.

Just for greater clarification, the broader amendment referred to the development of the port, rail facilities and the improvement of the competitive position of the port. I gather that while the minister earlier used the expression "general situation," he did not intend it to include the development of the port, the rail facilities or the improvement of the competitive position of the port.

**Mr. Cadieux:** The specific mandate of the commission, as I have indicated earlier, in order to report in a binding way will be on the container clause. In order for this commission or commissioner to determine what ought to be the binding recommendation on the container clause, as provided in article 26.05 of the collective agreement, the terms of reference will permit the commission or commissioner to look into, as you have said, the port operations in general, the competitiveness and other related issues. I think a reasonable commissioner, who wants to bring down a binding resolution of the situation that has been in existence for 16 years, will consider that.

**Senator MacEachen:** I will not pursue this beyond one more question, but, presumably, whatever the commissioner brings down will have to be relevant to the collective agreement and, therefore, the commissioner will impose or write certain specific terms of the collective agreement. I can readily see that the development of the port directly, or rail facilities directly, would not be part of the terms of the agreement, but I do suggest that job security, and provisions for job security, could be the subject of his inquiry and, indeed, he could, in making whatever recommendations he wishes about the container provision, provide for certain aspects of job security which, presumably, the longshoremen have been concerned about. That is all I want to say.

**Mr. Cadieux:** On that point, senator, I believe that if one looks at the Larson Report, one will see that in his recommendation, which has not been imposed on the parties, he suggests that the container clause be done away with, but that 725,000 hours be guaranteed to the employees. That is a job security issue, and the terms of reference will definitely permit the commissioner to make similar recommendations if he so decides.

**Senator Stewart:** Honourable senators, I wonder if the minister would deal with two points: I noticed that in the discussion that has taken place he has relied on the fact that there is or there are one or more precedents. These precedents may be good; these precedents may be bad.

Is there some other reason, setting aside the question of precedents, why the government has chosen to proceed in this way so that the report of the industrial inquiry commission appointed by the minister will make a determination which will be final and binding? Does the minister feel, quite aside from the precedents—which may be bad—that this is good legislative procedure?

The second question relates to the whole question of delegation by Parliament of its legislative authority. We know that this happens again and again. Parliament delegates authority to ministers and committees of the council to make orders and regulations, but in those cases Parliament is making the delegation to a minister or to a group of ministers who are under immediate responsibility to Parliament, particularly the House of Commons, and the regulation could very well be revoked under the pressure of reason or other considerations. Here we are being asked to make a delegation to a commissioner whose report will be final and binding. In other words, this is an extraordinary conferral of parliamentary authority. Is this not correct? How does the minister justify this kind of delegation of Parliament's legislative authority?

• (1900)

**Mr. Cadieux:** First of all, senator, on your first point as to whether or not this is the appropriate procedure or the appropriate method to solve this particular issue, this issue—as I have mentioned before, and as has been mentioned before in this distinguished Senate—has been "kicked around," if I may use that expression, for the past 16 years. The parties involved in this particular dispute have never been able to agree on this particular issue—not because they have not tried. I believe it was referred to in an earlier speech, and it was referred to in my speech in the other place, namely, that even in 1982—if my memory serves me right—there was a two-person committee that was struck in order to look at the container clause—a member from the employers and a member from the union. The union member at that time was Mr. Garcia, who today is the leader of the ILWU. That two-person committee came down with the suggestion that the container clause should be suspended for one year, and when it was presented to the union caucus it was rejected. So, we were back to square one once again. I think that after 16 years somebody had to make a decision to bring this to a final conclusion, and that is what I have done with this particular mechanism, which I feel in the present circumstances is the appropriate mechanism.

With respect to the delegation of authority, notwithstanding the fact that I do not necessarily like to act simply because it was done before—I particularly like to innovate myself—but, considering that in arbitration that is exactly what we do, I do not think that this is a precedent, and I think it is the appropriate thing to do this time.

**The Chairman:** Honourable senators, shall clause 8 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 9 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 10 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 11 carry?

**Senator Doody:** Mr. Chairman, I don't think we called clause 7. Did we?

**Senator MacEachen:** That is right.

**Senator Olson:** No.

**Senator Doody:** No, I am afraid we did not. We called it, it was debated, and then we moved on to clause 8; we never did carry clause 7.

**The Chairman:** Shall clause 7 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 8 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 9 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 10 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 11 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 12 carry?

**Senator Olson:** Mr. Chairman, I have been trying to reconcile what clause 12 states with what the minister explained with respect to clause 5 a few minutes ago, because clause 12, as I understand it, states that:

> Nothing in this Act shall be deemed to limit or restrict the rights of the parties to the collective agreement to which this Act applies to . . . vary or amend any of the provisions of the agreement . . . other than a provision relating to the term of the agreement, and to give effect thereto.

It seems to me that that specifically states that there can be no adjustment of the term, and yet in clause 5 I got the impression that the minister was trying to make the argument that that provides that the term could be any time that is agreed on to have it come into effect, or December 31, 1988, whichever is earlier. Could he explain what the difference is? Is this after the agreement is made, or is there that much latitude left?

**Mr. Cadieux:** My understanding, senator—and you were right when you stated what I mentioned earlier—is the following: According to clause 5, the term of the present collective agreement is extended until December 31, 1988. Should the parties agree on a term, whether it be because of this particular legislation or because they decide to sit down at the table and negotiate a new collective agreement, they could obviously make it for whatever term they so chose.

**Senator Olson:** Short of December 1988.

**Mr. Cadieux:** That is correct. But with respect to just patching amendments, in that case I understand that clause 12 would not permit the restriction of the duration of this particular act, but if they reach a new agreement, they could do it for whatever term they would so choose, or sooner, as clause 5 states.

**Senator Olson:** Does that apply to more than just the container clause, or are we speaking specifically about that and only that?

**Mr. Cadieux:** The parties, senator, could reach a new collective agreement that would solve the container issue; and that is what I recommended they do last week. That is what we have been suggesting they do for the past 16 years, so obviously, if they wanted to sit down tomorrow and reach a new collective agreement, including the container clause and all other dispositions, wages, pensions, et cetera, I would welcome the event.

**The Chairman:** Honourable senators, shall clause 12 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 13 carry?

**Senator MacEachen:** Honourable senators, with respect to clause 13, I certainly want to express my deep disappointment that such a punitive provision is included in this legislation as the one which strips union officers of their functions.

The minister has cited precedent with respect to parliamentary approval of unseen provisions of a collective bargaining arrangement. He is right, there have been cases in the past, but I can't find any case where the Parliament of Canada has approved that a union officer, or a member of the union, be stripped of his office in the union because of a contravention of a provision of a bill. I know of no such case.

• (1910)

I know of a number of situations where laws were passed by Parliament— and no doubt there are many others—where penalties were provided for employers and for union members for failing to comply with the provisions of the back-to-work legislation. In 1982 in the case of the longshoring and related operations at ports on the west coast, the punishment related to the contempt of court provisions; in the case of the postal services, fines were provided for; and in the Great Lakes shipping instance, contempt of court and injunction proceedings were provided for.

In this particular case very substantial fines are provided for. In the case of an individual who is convicted of an offence there would be a fine of not less than $500 and not more than $1,000. The fines are between $10,000 and $50,000 in the case of a representative of an employer or of an employers' association.

Why, in addition to that, have we taken the further step of providing that an officer or representative of a union will be stripped of his functions for a period of five years? That is new; that is objectionable; and I object to it, even though it has been resorted to in the United States and in Quebec. I do not think a provision such as that would get through Parliament except in this emergency situation.

Personally, I would advise the minister that if at any future time this provision appears in a bill, it will require greater consideration than we have been able to give to it in this case.

Generally the practice in Canada has been to permit unions to run their own affairs. I have never heard of a government taking it upon itself to remove a union officer—at least not recently.

**Senator Murray:** Careful.

**Senator MacEachen:** We just removed them all in one case.

**Senator Murray:** You did it yourself.

**Senator MacEachen:** This is certainly unprecedented. I think it raises the question of the internal regulation of unions and employer associations. I think it is a bad proposal. It is the kind of proposal that should be considered very carefully in a committee and upon which we ought to hear evidence. Certainly, if this were not an emergency situation, I would be very tempted to move an amendment to strike this out of the bill because it really is unnecessary. Why must you strip a union representative of his union office for five years? That really is punitive and unnecessary. I regret that it appears in the legislation, and I hope that the minister will bear in mind that it ought to be reconsidered in the future and that it certainly ought not to appear in any future legislation, unless we have very good reason to put it into the general law.

That is all I want to say. I intended to be brief, but I wanted to express my deep disappointment at this provision.

**Mr. Cadieux:** I take your comments very seriously, senator, and I would have preferred, notwithstanding the fact that it is interesting for me to be in the Senate for the first time, not to be in this chamber for the first time with this legislation. This is legislation which we as a government do not like to pass, but circumstances oblige us to assume our responsibilities.

The circumstances of this particular case obliged me as Minister of Labour to introduce this legislation because of the incapacity, inability or unwillingness of the parties to come to a negotiated agreement after trying for 16 years. This legislation has been introduced and will be, we hope, passed because an emergency situation exists. Much as I do not like it, this is a serious piece of legislation.

Those clauses which include added penalties, as the honourable senator suggests, are new in federal legislation. That is a fact which I do not deny. However, they are not new in Canada, and we hope that no one will suffer this kind of penalty because the law will be respected by everyone as a law passed by the Parliament of Canada.

With respect to former practices, I would point out that I would not find it pleasant either to send people to jail because of contempt of court and so deprive them of their livelihood.

**Senator MacEachen:** The minister has defended the legislation and we have not opposed the legislation. What I oppose is this particular provision. I will take the advice of a former leader of mine and hold my nose and pass the clause.

**Senator van Roggen:** Honourable senators, although I have already spoken on this particular point in dealing with the particular clause, I should simply, once again, like to register the repugnance I have in voting for this legislation when it includes a penalty provision which is totally out of balance as between the two sides.

With all respect to the minister's answer to Senator MacEachen a moment ago—he said it was necessary for him to assume his responsibilities and bring in this legislation, much as he dislikes it—that is not what we are talking about. We support this legislation and we all regret that this becomes necessary upon occasion, and particularly so on this occasion. That particular clause is not necessary in this instance and is repugnant to me. If I ever see it again in legislation coming forward, even if it should be emergency legislation, I intend to vote against it.

**Senator Olson:** Although we can agree with almost everything the minister said a few minutes ago about the problems involved in bringing in this kind of legislation to deal with a very important matter, I wonder if he would just go one step further and give us an undertaking in response to Senator MacEachen's concern that he will come back to the two houses of Parliament to remedy some of the objectionable parts of this bill in a situation where we can call witnesses to deal with the matter.

**Mr. Cadieux:** I am sure you would agree that it would be totally unacceptable for me, as a responsible minister, to undertake to do something in response to a situation which may or may not arise in the future.

**Senator Stewart:** Honourable senators, on this question the minister has argued that he has to assume his responsibilities to bring in and defend this piece of legislation. The implication is that he feels it is his responsibility to introduce a clause containing this specific provision.

Can he tell us what he has in mind? What does he anticipate? What is he trying to prevent by this particular punitive clause?

**Mr. Cadieux:** I hope I do not have to prevent anything. In coming forward with this type of legislation, where there are punitive clauses which impose fines and, in other cases, imprisonment if fines are not paid, we have considered all the recent legislation that has been passed. I have taken the decision, senator, to include this particular provision, first, because of the seriousness of this particular problem and, second, because I feel that if one is an officer of a union or an association, as in this case, one has an added responsibility to respect the law passed by the Parliament of Canada.

• (1920)

**The Chairman:** Shall clause 13 carry?

**Senator MacEachen:** On division.

**The Chairman:** Shall clause 14 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall Schedule I carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall Schedule II carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 1, the short title, carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall the title carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall I report the bill without amendment?

**Hon. Senators:** Agreed.

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**The Hon. the Speaker** *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

**Hon. Rhéal Bélisle:** Honourable senators, the Committee of the Whole, to which was referred the Bill C-24, to provide for the maintenance of ports operations, has examined the said bill and has directed me to report the same without amendment.

THIRD READING

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

18 November 1986

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 18th day of November, 1986, at 7.30 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

## ADJOURNMENT

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 25th November, 1986, at 2 o'clock in the afternoon.

Motion agreed to.

The Senate adjourned during pleasure.

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• (1930)

## ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to regulate interests in petroleum in relation to frontier lands, to amend the Oil and Gas Production and Conservation Act and to repeal the Canada Oil and Gas Act (*Bill C-5, Chapter 45, 1986*)

An Act to provide for the maintenance of ports operations (*Bill C-24, Chapter 46, 1986*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, November 25, 1986 at 2 p.m.

# THE SENATE

**Tuesday, November 25, 1986**

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

Prayers.

## NEW SENATORS

**The Hon. the Speaker** *pro tempore:* Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Registrar General of Canada showing that the following persons, respectively, have been summoned to the Senate:

Ethel Cochrane

Eileen Rossiter

Mira Spivak

### INTRODUCTION

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

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

**Hon. Ethel Cochrane,** of Port au Port, Newfoundland, introduced between Hon. Lowell Murray, P.C., and Hon. C. William Doody.

**Hon. Eileen Rossiter,** of Charlottetown, Prince Edward Island, introduced between Hon. Lowell Murray, P.C., and Hon. Orville H. Phillips.

**Hon. Mira Spivak** of Winnipeg, Manitoba, introduced between Hon. Lowell Murray, P.C., and Hon. Duff Roblin, P.C.

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

● (1410)

## THE LATE HONOURABLE DONALD CAMPBELL JAMIESON, P.C.

### TRIBUTES

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I regret the necessity to rise this afternoon because of the sad duty I must undertake, and that is to pay tribute to the memory of the late Donald Jamieson, whose funeral was held in St. John's, Newfoundland, on Saturday last. The unexpected passing of Don Jamieson caused a great deal of sadness among his many friends in Newfoundland and in Canada as a whole. In rising to pay tribute to him, I am aware that he has earned the great praise which has been expressed about him since his death and that he occupied a very important place not only in the history of Canadian politics but in the history of Canadian broadcasting.

My association with Don Jamieson began when he was first elected to the House of Commons in a by-election in September 1966. He remained there until his resignation following the general election of 1979.

He became a minister of the Government of Canada in the fall of 1968 and remained as a minister until the general election of 1979. He began his ministerial career as Minister of Defence Production and concluded it as Canada's Secretary of State for External Affairs. In between those ministries, he discharged responsibilities as Minister of Regional Economic Expansion, Minister of Transport and Minister of Industry, Trade and Commerce. For those 11 years, as a member of the Government of Canada, he discharged heavy responsibilities and attracted much admiration not only for his ability to communicate his views and defend his position in the House of Commons but also for his accessibility as a minister and the firmness and competence with which he discharged his ministerial duties.

I must say that the general election of 1979 was a turning point in Mr. Jamieson's political career, because very shortly after that election he returned to Newfoundland to become leader of the Liberal Party in his native province; and that caused him to resign his federal seat.

I was involved in discussions with Don Jamieson as he made his decision to return to Newfoundland and become leader of the Liberal Party. I think it would be true to say that Don Jamieson expected, following the provincial election, to become Premier of Newfoundland. Of course, politics is unpredictable and brings its own disappointments; but in that case it must have been a real disappointment for Don because he was such an authentic Newfoundlander and because in the course of his ministerial career he had become in Canada as a whole the voice of Newfoundland.

Around the cabinet table he put forward forcibly the interests of Newfoundland, and he became part of the Atlantic ministerial group which at that time frequently acted to advance regional interests in the cabinet. As a minister from Nova Scotia, I had the occasion frequently to seek his assistance in the interests of my province, which he unfailingly gave when asked.

I must say that the years following his resignation to seek the leadership of his party in Newfoundland must have been difficult for him because there was much excitement in Ottawa. Had he remained in Ottawa, he would have become a minister in the new government of Mr. Trudeau following the 1980 election. But that was not to be, and subsequently he was appointed Canadian High Commissioner to London. I believe that Don, because of reasons which many honourable senators would understand, would have preferred to have become Canada's representative in Washington. Prior to Newfoundland's entry into Confederation, he had advocated the union, or an association, of Newfoundland with the United States, and perhaps he had that subconscious desire to probe life in that other country which did not become associated with what was to become the province of Newfoundland. As we know, Don accepted the decision of the people of Newfoundland and became a loyal Canadian, a tremendous Canadian who always took pains to express his satisfaction with Newfoundland's association and unity with Canada.

● (1420)

I was a close friend of Don Jamieson's. He used to say to me, "Allan, you are my best friend." I used to say to myself, "Well, that comes from Don Jamieson's generous heart," because we all know that he had a multitude of best friends. I shared many political, parliamentary and social occasions with him and remember one occasion which, afterwards, Don never ceased mentioning. He had been invited to my constituency to address a nominating meeting on my behalf. At the beginning of the meeting the chairman asked that *O Canada* be sung. All stood and as we began to sing the curtain closed leaving us there singing to the curtain. Don never forgot that. I should recount the constituency event in his own riding following his termination, his end in politics. Don had closed the book of politics and his constituency association held a parting dinner for him in Marystown. I was asked to come to speak at the testimonial dinner, which I did with great enthusiasm. But because of the enthusiatic hospitality which Don offered on that occasion, my return to Ottawa was delayed by 24 hours.

Don Jamieson never lost interest in conversation, whether it be politics, history or theology. Don had wide interests, and on those occasions when we met conversation was always interesting and, I must say, lengthy.

Honourable senators, I should stop here, but not because there is no more to be said. I want to express my own sadness at Don's passing and to acknowledge the important place he will hold in the political history of Newfoundland and of Canada as a whole. He will be greatly missed by all, but particularly by his widow, Barbara, and the members of his family—Donna, Heather, Roger and Debbie. I express my sympathy to them now, as I have already done by other communications, for I was unable to attend the funeral in Newfoundland because of longstanding commitments which I had made in connection with the chairmanship of a Canada-German meeting in Toronto. Barbara provided great support to Don. She was a friend to him. They shared all their triumphs and disappointments of life together. I must say that special sympathy must be extended to her and to all members of the family.



**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, if I may, I will join my voice to the hundreds of thousands of fellow Newfoundlanders and, indeed, millions of Canadians who mourn so deeply the passing of a great man. There are few people in Newfoundland who have made a more lasting contribution to that island province than Don Jamieson. I remember him well from way back.

I guess my first recollection of Don Jamieson was during the confederation campaign when he was actively espousing the cause of economic union with the United States and, being an innovator, he was flying over the city of St. John's in a very small aeroplane with a megaphone. I very often heard his voice booming at me from the sky, telling me what a great advantage it would be to join the land of milk and honey to the south.

His impact on all of us who grew up in Newfoundland was great. He was the first hockey broadcaster, and I remember well the play-by-play hockey broadcasts that he used to make. There is a story that I will tell with some humour because I remember Don Jamieson mostly for his great humour. He talked once of doing a play-by-play commentary of a professional wrestling match in New York. One of the wrestlers eventually came over and said to him: "Will you please slow down, sonny, we can't keep up with you."

Don Jamieson was indeed a great man; a man without rancour, without vitriol. I got to know him really well and learned to call him friend when I was in the provincial government and had occasion to come to Ottawa almost on a weekly basis, as ministers from Newfoundland do who need friends and need help from the federal cabinet. For all the world knew, we were of one political party. Don Jamieson never said no and never turned his back. He was always as helpful as one could reasonably expect anyone to be. He shared all of our major problems, none of which was his doing. Whether it was our liner board mill, our oil refinery or any of the other major disasters that we faced from time to time, Don was always there and helped as much as he could. I know that I will certainly miss him and that all of us in Newfoundland will miss him greatly. I share the condolences that will be sent to Barbara, to his three daughters, to Roger and to his brothers, Basil and Colin. Canada is the less for his passing, and Newfoundland mourns him greatly.

**Hon. Frederick W. Rowe:** Honourable senators, I do not intend to repeat what has been said by my colleagues, Senator MacEachen and Senator Doody, but I want to add a few thoughts to give honourable senators and others some idea of the type of man that Canada has just lost.

Don Jamieson and I started out originally as political enemies. As Senator MacEachen has said, Don supported what was called economic union with the United States. The leader of that movement was Chesley Crosbie, father of the present Minister of Transport and Newfoundland representative in the Canadian government, the Honourable John Crosbie. On the

other hand, I supported confederation and at that time, of course, the two of us were in political conflict. At no time during that rather exhausting period of approximately three years prior to 1949 did Don ever, to my knowledge, utter anything that was derogatory about me. I, of course, attempted to extend the same courtesy. However, I was supporting Joey Smallwood and Don was supporting Chesley Crosbie, and that was that.

• (1430)

We all know what the ultimate result of that was, but there was no animosity before or afterwards. As Senator Doody and Senator MacEachen have already said, when that great fight was over, nobody was a better Canadian than Don Jamieson.

He was a remarkable man in many ways. Don was only 12 years of age when his father died, and because he was the oldest that meant that he had to leave school and go to work to help support the family, a responsibility that he undertook for many years. Because of that, he had no opportunity to acquire a full, formal education. Nevertheless, he became a great orator and a great politician. His ability to use words was extraordinary, his memory was fantastic, and his ability to work great. Don Jamieson was one of the greatest Newfoundlanders we have produced.

Relying on his great memory, he would go on radio, and later television, week after week, month after month and year after year to give a 15-minute news report without having a note in front of him, and most of that report dealt with events that had just occurred. Even when the event he was reporting had occurred only half an hour before his news report, from listening to him one would have thought that he had memorized his report a long time in advance. He had a golden baritone voice and, as a lover of music, I always appreciated that. In my view, Don Jamieson was one of the greatest orators Newfoundland has had.

Newfoundland is famous—and I do not say this in any boastful fashion, but it is generally considered to be true—for its orators. It has turned out an incredible number of good speakers, and I think that has something to do with the fact—and I do not say this in any racial sense—that so many of our people are of Welsh descent. There are Lewises, Williamsons, Thomases, Joneses and Roberts. Those families all came from Wales. There are an incredible number of people of Welsh descent in Newfoundland, considering the size of the population. Of course, one third of Newfoundland is pure Irish—and I use the word "pure" advisedly—and that, too, may explain why we have produced so many great speakers. If I were asked to list the four greatest speakers I have known, I do not know of anyone who would be superior to Peter Cashin—an uncle, by the way, of Richard Cashin and son of a former Prime Minister of Newfoundland, Sir Michael Cashin—and the Honourable Gordon Bradley, who was also summoned to the Senate. As a matter of fact, I am in logical descent, from a senatorial point of view, from Gordon Bradley. He had a tremendous voice. Then, I would also place on that list the names of Joey Smallwood and Don Jamieson.

We shall miss Don Jamieson. I was very happy that so many honourable senators and members of the House of Commons were able to attend the funeral in St. John's, Newfoundland, in spite of the bad weather Newfoundland has experienced lately.

I know honourable senators would want me—as has already been suggested by Senators Doody and MacEachen—to convey to his lovely, gracious and charming wife, Barbara, whose virtues were extolled by Senator MacEachen, the deepest sympathy of all honourable senators.

**Hon. Finlay MacDonald:** Honourable senators, I had not intended to speak today because, along with other honourable senators, I paid my respects to the late Don Jamieson in St. John's, Newfoundland, last Saturday. However, Senator Frith has encouraged me to make reference to the time when he, Senator Graham, Senator Grafstein and I were actively involved in broadcasting. The contribution Don Jamieson made to Canadian broadcasting was considerable. Before Don Jamieson entered public life, there was a problem with the public and the private elements of broadcasting in this country; it was a sort of "them" and "us" attitude. The co-existence of the public and private elements was a rather tenuous thing at best. It was Jamieson's leadership, when he was the President of the Canadian Association of Broadcasters, that I think caused the private broadcasting element of the country to recognize that public broadcasting was still the paramount agency, though they also had an enormously important role to play. They still have an important role to play today, although they now tend to express their legitimate concerns with more moderation than they did at that time. I am speaking of some 30 years ago. It was Don Jamieson who was largely responsible for that recognition.

As a Conservative from Nova Scotia, I was sent to Newfoundland on a futile suicidal mission to try to defeat the Smallwood government. Every afternoon, when I got back to the hotel, I would receive a call from Jamieson. He would say, "Now that you have finished your mischief, would you like to come home for dinner?" We remained great friends.

At the risk of repetition—because I have already told this story in this chamber on one previous occasion—let me say that on one occasion I asked Don Jamieson how, with such a close race in the referendum to join Canada, those who voted against Confederation took the result, and how they reconciled themselves to the result. Jamieson said: "Well, my son, I had a half interest in a race horse in Corner Brook once, and the only way we could get that nag out of the starting gate was to put a quart of demerara rum in its feed bag." I asked: "Did it ever win any races?" He said: "No, but it was the happiest loser you ever saw."

He was a distinguished person and a dear friend and I shall miss him greatly.

**Hon. B. Alasdair Graham:** Honourable senators, I do not want to speak about the career of Don Jamieson because that has already been covered, but I do want to say a word or two about the man himself. I was indeed fortunate to be able to attend the funeral held in St. John's last Saturday.

Don's life has touched many people of different persuasions and different walks of life. We often hear that Canadians are too shy, that they are too reluctant to wave the flag, that they lack a sense of patriotism and that they do not have enough heroes. One could never say that about Don Jamieson. He was never shy, he always waved the flag, and I think it can be truly said that he was a genuine patriot, both of Newfoundland and of Canada.

● (1440)

It is difficult to imagine anyone who was more fully involved, indeed, more fully alive. It is difficult to imagine anybody who loved his family more, who had a greater love for his province and, indeed, for his country. I remember him as having an incredible habit of inquiry, an incredible thirst for knowledge, a great curiosity. He learned everything he could—not just about the large issues but about the small issues of the day as well. He always enjoyed, indeed, he contemplated and savoured, new challenges in life. He had the courage of his convictions and he had the ability to make up his own mind—not in a spirit of selfishness but in a spirit of selfless responsibility to others. He was innovative; he never lacked for new ideas, he never lacked for new ways of trying to solve problems or to do things. He was never imprisoned by the past and he was always building on yesterday. When it came time to act in the public interest, he did so in a way that was always meaningful and free from prejudice. We will always remember his resonant, indeed at times, his thundering eloquence, and we will never forget his legendary stories and his remarkable humour. He was my close friend as, indeed, he was to many of you. In fact, if truth be told, he was one of my heroes and he really did make a difference. So, I join with all honourable senators in extending to Barbara and all members of their family an expression of very sincere sympathy with many happy memories.

**Hon. Senators:** Hear, hear!

**Senator Rowe:** Honourable senators, it has occurred to me as an afterthought that honourable senators might be interested in the fact that this book I am holding, called *The Book of Newfoundland*, one of six volumes of which J.R Smallwood was the publisher—Volume III, page 70, in case you want to make a note—contains a lengthy article that is, in fact, the equivalent of a small book. The title of the article is, "I Saw The Fight For Confederation", and the author is Donald C. Jamieson. Anyone who is interested in Don's remarkable career would get a good insight from Don's own appraisal of the struggle.

**Hon. Jerahmiel S. Grafstein:** Honourable senators, I would like to add my words of tribute to the late Don Jamieson. The magic of public speaking is a lost art. The ability to elevate and transform public audiences by the spoken word may soon be forgotten. When we think of this changing state of public affairs, we remember with kindness and great respect Don Jamieson who was a living bridge between the oral tradition of public speaking and the new electronic state of broadcasting, both radio and television.

[Senator Graham.]

I was first introduced to the late Don Jamieson under very exciting circumstances. I was introduced to the magic of Don Jamieson in Hamilton by our colleague, Senator Dan Lang, who was then the Ontario campaign chairman of the Liberal Party in the 1965 general election. Don Jamieson was asked to be the announcer of a very historic event—the last political rally not only of that campaign but what was to be the last political rally of the late Lester Pearson. It was Don Jamieson's great broadcasting presence serving as the over-the-air and behind-the-scenes speaker who transformed a rather difficult and what might have been otherwise a disastrous political event into a compelling and exciting piece of electronic history. So when I think of Don Jamieson, I think of how, by the magic of his words and his voice, he could take an ordinary event and transform it into a memorable electric moment of political history. Recently—just over two years ago—I had the occasion to listen to Don speak under very different yet equally impressive circumstances. He was one of the guest speakers at the Oxford Union where he had been invited to debate the issue of the future of the Commonwealth. Even there in that greatest of oratorical forums, once again, Don's flights of oratory lifted the audience. Not only did he transform the audience but, more important than that, he carried the debate and his side won.

Don Jamieson exemplified the Canadian dream to many other young Canadians. He demonstrated how a man could rise above adverse circumstances by sheer ability and the force of his personality. He was a great public speaker, a historic broadcaster, an outstanding political figure and a great diplomat. Above all, he was a great Canadian. For me he will always remain alive. What greater tribute could one pay to a friend than to say to his family and legion of admirers that Don Jamieson lives on; the lilt of his voice and the grace of his words will remain alive forever in our hearts and in the pages of Canadian history. We will miss you, Don.

**Hon. Senators:** Hear, hear!

## NEW SENATORS

### WORDS OF WELCOME

**Hon. Lorna M. Marsden:** Honourable senators, I would like to extend, if I may, a word of congratulations and a warm welcome to the three new senators who have joined us this afternoon.

**Hon. Senators:** Hear, hear!

**Senator Marsden:** It is, of course, always a pleasure to welcome new colleagues into this chamber, but this is an especially historic occasion for the Senate. It is not often that we have three new senators on one day, but we have never before in the history of this chamber had three senators, all of whom are of the proper sex. This brings to 26 the number of women of Canada who have ever been appointed members of the Canadian Senate and reduces to one the number of provinces that have never yet been represented by a woman. Only Saskatchewan, I think—if my history is correct—has never had as a representative a woman in this chamber. But, of

course, none of them is here because of her sex, they are all here because of their fine personal qualities and the work that they have already contributed in their own communities to their families and to public life in our country.

**An Hon. Senator:** Hear, hear!

**Senator Marsden:** They are here because of their intelligence and their understanding of their respective provinces and of Canada. Nonetheless, I think it is important that they are here not only for those reasons but also as women. No doubt there will be many occasions in the future when we will disagree about matters of substance and of policy, but I believe we will all have a great deal in common, and I look forward to many productive years of work together. Once again, my very best wishes and congratulations.

**Hon. Senators:** Hear, hear!

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, on behalf of the government and of the supporters of the government, I would like to welcome the three new senators to our ranks and to thank Senator Marsden for having drawn our attention to their arrival here in such a gracious way. Each of these new senators brings a very impressive record of community service to this chamber and all of us who know of their record and who know them are expecting great things from them. I think that—as I have already assured them—they will enjoy this place and enjoy the friendship, the camaraderie and, sometimes, the contentiousness that arises here in the debates. They will find it to be a place from which they can derive enormous personal satisfaction in serving their provinces and the people of Canada.

● (1450)

Once again, on behalf of my colleagues on this side, I want to bid a very warm welcome to them and thank Senator Marsden for having done so on behalf of the opposition.

**Hon. Senators:** Hear, hear!

**Hon. Joyce Fairbairn:** Honourable senators, I, too, would like to join in welcoming the new senators, Senator Cochrane, Senator Rossiter and Senator Spivak, to this chamber and to the new and quite vigorous back bench on this side of the chamber.

I believe their appointment has helped, slowly but surely, to redress the evident imbalance of gender in this chamber. As an Albertan, where the battle to give women the right to be appointed to this chamber began, to see the three of them march down the centre aisle was of special significance to me.

They all bring a wealth of experience and sensitivity to this place and I look forward to serving with them.

**Hon. Senators:** Hear, hear.

## AGRICULTURE AND FORESTRY

### FIRST REPORT OF COMMITTEE TABLED

**Hon. Orville H. Phillips,** for Hon. Jack Marshall, for the Standing Senate Committee on Agriculture and Forestry—formerly called Agriculture, Fisheries and Forestry—which was authorized by the Senate to incur expenses with respect to its examination of the impact of the recommendations contained in its report on soil and water conservation in Canada, entitled: "Soil at Risk—Canada's Eroding Future", reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

## OFFICIAL LANGUAGES

### REPORT OF JOINT COMMITTEE TABLED

**Hon. Jean-Maurice Simard,** Deputy Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Official Languages, which was authorized by the Senate to incur expenses with regard to its examination and consideration of such legislation and other matters as may be referred to it, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

### FIRST REPORT OF JOINT COMMITTEE PRESENTED

**Hon. Jean-Maurice Simard,** Deputy Joint Chairman of the Standing Joint Committee of the Senate and of The House of Commons on Official Languages, presented the following report:

Tuesday, November 25, 1986

The Standing Joint Committee of the Senate and of the House of Commons on Official Languages has the honour to present its

### FIRST REPORT

Your Committee recommends:

That the quorum of the Standing Joint Committee of the Senate and the House of Commons on Official Languages Policy and Programs be six members, whenever a vote, resolution or other decision is taken, so long as both Houses, the government and the opposition are represented, and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when four members are present so long as both Houses, the government and the opposition are represented.

Respectfully submitted,

JEAN-MAURICE SIMARD
*Deputy Joint Chairman*

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

On motion of Senator Simard, with leave of the Senate and notwithstanding rule 45(1)(*f*), report placed on the Orders of the Day for consideration later this day.

[*English*]

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

REPORT OF JOINT COMMITTEE TABLED

**Hon. Nathan Nurgitz,** for the Standing Joint Committee on Regulations and other Statutory Instruments, which was authorized by the Senate to incur expenses in connection with its permanent reference relating to the review and scrutiny of statutory instruments, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

## LEGAL AND CONSTITUTIONAL AFFAIRS

FIRST REPORT OF COMMITTEE TABLED

**Hon. Nathan Nurgitz,** Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reports, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-third Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

## THE ALLIANCE NATIONALE CONSOLIDATED ACT, 1945

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED

**Hon. Nathan Nurgitz,** Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Tuesday, November 25, 1986

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Bill S-3, intituled: "An Act to amend and repeal The Alliance Nationale Consolidated Act, 1945", has, in obedience to the Order of Reference of Wednesday, 5th November, 1986, examined the said Bill and has agreed to report the same with three amendments:

1. *Page 1, preamble:* Strike out line 27 of the French version and substitute the following:

"existence à titre de société consti-"

2. *Page 2, preamble:* Strike out lines 1 to 6 of the French version and substitute the following:

"*f*) qu'il n'y a actuellement aucune disposition législative permettant à une compagnie d'assurance constituée en corporation en vertu des lois du Canada de continuer son existence à titre de société constituée en corporation en vertu des lois d'une province:"

3. *Page 2, clause 1:*

(a) Strike out line 21 of the French version and substitute the following:

"nuer son existence à titre de société"

(b) Strike out lines 28 and 29 of the French version and substitute the following:

"Compagnie continue son existence à titre de société constituée en corpo-".

Respectfully submitted,

NATHAN NURGITZ
*Deputy Chairman*

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

On motion of Senator Nurgitz, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

• (1500)

## LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

**Hon. Nathan Nurgitz:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move, seconded by the Honourable Senator Doody:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, before granting leave, is there any budgetary problem with reference to this? Is it covered by a budget?

**Senator Nurgitz:** Yes, honourable senators, I am informed that this is covered by the previously approved budget.

**Senator Frith:** I believe that honourable senators should grant leave.

**Hon. Senators:** Agreed.

Motion agreed to.

# QUESTION PERIOD

[*English*]

## ENERGY

OIL AND GAS INDUSTRY—RELIEF OF SEVERE ECONOMIC PROBLEMS—GOVERNMENT POLICY

**Hon. H.A. Olson:** Honourable senators, I direct my question to the Leader of the Government in the Senate in his capacity

as Minister of State for Federal-Provincial Relations. Following the First Ministers' Conference in Vancouver a few days ago, the Prime Minister acknowledged—and we appreciate that he did acknowledge this—that the severe unemployment and the depressed economic conditions in the oil and gas industry were national rather than simply provincial or regional problems. He went on to say that he would recommend to the cabinet that some additional help be extended to the oil and gas industry. Could the Minister of State for Federal-Provincial Relations give us some indication of what he meant by that, and, perhaps more specifically, when we can expect a substantive announcement? When can those people suffering from these severe economic conditions get some relief from this problem?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I would have thought that Senator Olson, for his part, would have acknowledged the important steps already taken by this government to come to the aid of the energy industry in this country. However, with respect to the statements attributed to the Prime Minister by the honourable senator and by the media within the last day or two, I regret that I am not in a position to make any announcements today.

**Senator Olson:** Honourable senators, I will acknowledge everything that can be acknowledged—

**Senator Frith:** That won't take long!

**Senator Olson:** Yes, it won't take long, but I would hardly expect that the Leader of the Government would want me to recite that as part of a preamble to a question. However, he says that he is not aware of this statement. I am sure that the minister responsible for federal-provincial relations must have been directly involved in the activity and the process that led up to the Prime Minister's statement. I can think of no more important task to be performed by a minister with those responsibilities. Surely he can give us some indication as to what it involves and when we can expect a further announcement in this regard.

I might also say as an aside that this assertion by the Prime Minister that he will recommend something to cabinet is a departure in public relations. I have never before heard it put quite that way by a Prime Minister. Perhaps we are going to have to learn what that means and I am trying to find out. There are some deadly serious aspects to this question, in spite of a little levity in this regard on the part of both the minister and myself. I think that for the people who are desperately seeking some way out of the economic problems in which they find themselves, it is wrong to raise false hopes about a possible future for them in the oil and gas industry, where they might have earned their living all of their working lives.

I asked when we might expect a further announcement because the minister will realize that there has to be such an announcement soon if it is to be effective for this season. Some four or five weeks ago I raised a series of questions pointing out to him that if companies were to undertake any sort of work in the field—whether it be further seismic exploration, drilling or whatever—they needed to have such information soon so that their plans could be put in place and their contracts made in time. Much of the western basin is muskeg area where operations can be carried out only during the season when the ground is frozen.

I ask the minister again whether he can give some indication of the time at which we can expect such an announcement. Thousands of people are standing by waiting for some positive action so that they can have some hope for activity in their field.

**Senator Murray:** Just for the record, let me state very quickly—and I can state it quickly—that this government dismantled the most offensive, confiscatory and counterproductive aspects of the honourable senator's National Energy Policy.

**Senator Olson:** You have said that dozens of times.

**Senator Murray:** Further to that, we did away with the Petroleum and Gas Revenue Tax. Those are not inconsiderable measures to have been taken by the Government of Canada. Indeed, in respect of the PGRT, it has been dismantled at a cost in revenue of some $800 million to the federal treasury.

Having said that, I also remind the honourable senator that there was a public exchange on this very subject at the First Ministers' Conference between the Prime Minister, who stated that energy is not a regional problem, not one confined to Alberta, but a national problem—and opportunity—and the Premier of Alberta, who made certain representations on behalf of his province. Since that time, there has been a private meeting between the Prime Minister and the Premier of Alberta. Contrary to what Senator Olson has said, there is nothing new in having a minister—even a Prime Minister—indicate publicly that the government will be taking certain measures under consideration. That is what the Prime Minister has said. I expect that in due course the government will be seized of these matters and that eventually there will be the sort of announcement that my honourable friend is seeking.

**Senator Olson:** Honourable senators, I am amazed at that reply.

**Senator Frith:** And he is not easily amazed!

**Senator Olson:** It sounds as though the minister did not know what went on at the federal-provincial conference. The Prime Minister stated very plainly—and it was not some misinterpretation on the part of the press or the media because it was shown on television; I watched it myself—that there was some additional action that would be taken by the federal government to give relief to this industry. I did not ask the government leader to repeat—as he does every time I ask him a question—all of the things the government has done that he thinks are so great for the oil industry. Even after all of that

has been applied, the Prime Minister has acknowledged that some additional action needs to be taken. That is the undertaking he gave in Vancouver and, by the way, in Calgary, too.

I ask the minister this: What is in the mind of the government, and when will an announcement in that regard be made? Will it be made in time to be effective for those people who are in desperate need this season? I hope that the minister will not take us down that trail, as he has done at least a dozen times in the past few months, of repeating the same things he has reiterated today. I want him to focus specifically on what the Prime Minister said—that is, that there will be additional action. What is it and when can we expect it?

• (1510)

**Senator Murray:** I am sorry that the honourable senator is so guilt-ridden about the past and does not like to be reminded. I will simply tell him in one short, sharp sentence that the policy of the government in this matter will be announced in due course.

**Senator Olson:** As a final supplementary—perhaps we should never say "final," but I will—that is all that we are going to get. You are going to come around and raise hopes, but never give an indication of what it is in substance so that people can rely on it.

**Senator Murray:** Our past performance is the best indicator of our future action.

**Senator Olson:** The highest level of unemployment in the gas and oil industry in the history of Canada! That's part of your legacy, too, if you want to talk about results of your actions.

## PHARMACEUTICAL INDUSTRY

### DRUG PRICING—EFFECT OF PROVISIONS OF BILL C-22

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a question for the Leader of the Government concerning the subject matter of Bill C-22, generic and non-generic drugs and the price thereof. A good deal of opinion has been exchanged in the House and in the press, and there has also been an exchange of information. However, I have a specific question to which I would ask the Leader of the Government to obtain an answer. He may have to take this as notice. It is a more narrow question than some which have been posed elsewhere. On the basis of the apparently extensive studies undertaken by the government—I say "apparently" because the minister in the other place has said they have done many studies—can the government say whether, in its opinion, the cost to the consumer of newly introduced drugs will be higher if Bill C-22 is passed than it would have been if the bill were not passed?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I suggest that it is a line of questioning which could be put to officials and/or to the Minister of Consumer and Corporate Affairs if we were able to proceed with the pre-study of the bill in question. That bill is now before the other place, as the Deputy Leader of the Opposition knows, and I would suggest that if the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, his colleagues and my honourable friends opposite were willing, we could facilitate the pre-study of the bill by that committee.

If the Deputy Leader of the Opposition wishes, I could attempt to bring an answer to his specific question, but I invite him to assist us in facilitating the pre-study of the bill by the standing committee.

**Senator Frith:** Honourable senators, I do not disagree with the Leader of the Government that the answer to my question could usefully be explored by the committee on the occasion of a pre-study of the bill. There are some perhaps temporary problems about the pre-study of Bill C-22. The Leader of the Government and his deputy were good enough to suggest that to us and to explain why they thought it was appropriate. We have also explained why we think that for the moment there are some difficulties about proceeding with the pre-study at this time, and for that reason I would ask the minister, without disagreeing with what he said earlier, to try to bring in an answer. Perhaps, by the time we receive his answer, we might be in a position to use it as a springboard to a study by the committee.

**Hon. M. Lorne Bonnell:** Honourable senators, as a supplementary question, can the Leader of the Government tell me why this matter should go to the Standing Senate Committee on Banking, Trade and Commerce rather than to the Standing Senate Committee on Social Affairs, Science and Technology? I am not sure that bankers know very much about drugs, although they may know a great deal about costs. Basically, we are thinking about the health of Canadians, particularly those on low incomes, senior citizens, those in need and single-parent families who have to purchase expensive drugs. In my opinion, that is more important than the legal or constitutional matters involved with this bill. Why should not this bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology where it could be studied by those who have a more scientific knowledge?

**Senator Murray:** Honourable senators, it is because the rules of this place provide that bills affecting patents and royalties—and this applies to Bill C-22—be referred to the Standing Senate Committee on Banking, Trade and Commerce. I trust that the honourable senator would agree with me that the members of the Standing Senate Committee on Social Affairs, Science and Technology, distinguished as they are, have no monopoly on either knowledge or compassion.

**Senator Bonnell:** In reply to my friend, I agree with him. If that is the rule of the Senate, then I will obey the rule. But sometimes we can change our rules by unanimous consent, and perhaps we could obtain unanimous consent to do that on this occasion.

**Senator Murray:** Why?

**Senator Bonnell:** We could always attend the meetings of the Committee on Banking, Trade and Commerce, participate in the debate and ask any questions we wish. Perhaps the

chairman of that committee will notify the members of the Social Affairs, Science and Technology Committee of the meetings of his committee, in addition to placing a notice on the notice boards.

I have a further question for the Leader of the Government—

**Senator Murray:** Is it on the same subject?

**Senator Bonnell:** No, it is on a different subject.

**Senator Murray:** May I say, as a former chairman of the Standing Senate Committee on Banking, Trade and Commerce, that the membership of that committee is as warm-hearted a group of senators as I have ever met.

**Senator Frith:** How often have you attended meetings of the Social Affairs, Science and Technology Committee?

**Hon. Paul Lucier:** Honourable senators, I have a supplementary to Senator Frith's question in connection with Bill C-22, and also concerning the consequences of that bill on the pricing of drugs. Without commenting on what is contained in the bill itself, can the Leader of the Government tell us what the intent of the bill is, if it is not to raise prices? Why would the multinational pharmaceutical companies have spent millions of dollars and lobbied for years to get us to put in these changes if there will not be an increase in prices? Surely they are not doing it for our welfare? That has never been the case in the past.

**Senator Murray:** Honourable senators, that is a debating point, and the oral Question Period is no time for a debate. First, let me inform the honourable senator that we need this legislation because it will bring new drugs to Canada faster than is now the case. The introduction of new drugs in Canada is being delayed under the present dispensation. Second, I wish to tell the honourable senator that there is hanging in the balance, with this legislation, tens of millions of dollars of investment, research and jobs in this country in that sector. The honourable senator could get up and ask three more questions, but I suggest that if he wants to ask questions on the bill, he should go to the committee when the bill is before it; and if he wants to debate the bill, he should wait until it arrives here.

**Senator Lucier:** Can the Leader of the Government tell me if it means that we are now going to get all kinds of research money spent in Canada by the multinationals, and why they never spent a nickel in Canada before 1969, when they had every opportunity to do so?

**Senator Murray:** The honourable senator should look at the plans that have already been announced by those companies and the statements which have already been made by the minister on that matter. Once again, the honourable senator is raising debating points, which he can raise on second reading or, indeed, in committee.

**Senator Lucier:** Honourable senators, I will be doing that. I would tell the Leader of the Government that I have looked at the plans. That is why I am asking the question.

**Hon. Hazen Argue:** Honourable senators, as a supplementary, can the Leader of the Government tell us what organizations in this country, apart from drug companies and a few business firms, have asked for this legislation, and how widespread is the opposition to it, including from senior citizens, the labour movement and other organizations? Is anyone really for it, except the Tories and the drug companies?

● (1520)

**Senator Murray:** Honourable senators, the honourable senator has asked a classic question that can be put to the minister and to officials at the committee meeting, and to which he will receive a reply that may surprise him.

**Senator Argue:** Honourable senators, with the greatest respect, I think that that answer is most inadequate. What I asked was whether or not there were widespread bodies of public opinion in Canada that want this legislation, or is it a fact that many of those organizations to which I have referred have gone on record as opposing this action by the government, believing that it will cause an astronomical increase in drug prices and that it will be a detriment to the health of Canadians?

**Senator Murray:** Honourable senators, the government has explained, and I have tried to explain in a word or two, the implications of this legislation in terms of the introduction of new drugs into Canada, in terms of investment and research in this sector in Canada and in terms of international agreements to which Canada is party and should respect. In all these matters the government has made a judgment call that this legislation is demonstrably in the national interest.

**Senator Olson:** Like what you did for the oil industry.

## ABORIGINAL PEOPLES

### NATIVE LAND CLAIMS—GOVERNMENT POLICY

**Hon. Len Marchand:** Honourable senators, I have a question for the Leader of the Government in the Senate. As the minister knows, it has been some months since the Coolican Report on Native Claims was made public. He will also know that the natives of this country are very supportive of that report. When will the minister or the government be announcing a new policy on native claims?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my friend is quite correct in the two premises upon which he has based his question. As for the question itself, I can tell him that the government has not yet taken a decision on that matter. However, I hope that one will be taken shortly.

## CANADA POST CORPORATION

### ATLANTIC PROVINCES—POST OFFICE CLOSURES AND AMALGAMATIONS

**Hon. M. Lorne Bonnell:** Honourable senators, first, I would like to tell my good friend, the Leader of the Government, that

if he had let me go on with my separate question instead of interrupting me when I was about to put it, he would not have received all the supplementary questions.

**Senator Doody:** Another warm-hearted senator.

**Senator Argue:** Even when he talks, he does not say more than he has to.

**Senator McElman:** Cold-blooded and warm-hearted.

**Senator Bonnell:** It is an old trick that you learn after a while, that if you do not say any more than you have to, you will get fewer questions.

An article in the *Ottawa Citizen* of November 25 says that post offices within eight kilometres of each other will be considered for amalgamation or closure, and that this plan has already been approved by cabinet. Will the minister tell us how many post offices in Atlantic Canada will be closed or amalgamated, particularly in Prince Edward Island?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, without accepting the veracity of the statement which the honourable senator has just quoted from the press, because I have not read the entire article, I will tell him that I shall endeavour to obtain the information he seeks concerning the plans of that crown corporation for the Atlantic provinces

**Senator Bonnell:** Honourable senators, can the Leader of the Government tell me how many homes will lose home delivery because of this new policy? Does the Leader of the Government have any idea of how many thousands or millions of people will lose home delivery?

**Senator Murray:** Honourable senators, I suggest that that question ought to be put on the Order Paper, and we shall endeavour to bring in as accurate a reply as we can.

### SECURITY OF NEW MAIL BOXES

**Senator Bonnell:** Honourable senators, before I put the question on the Order Paper, will the Leader of the Government seek out some information about the new postal boxes? According to last evening's national news, some people in the post office say that they cannot get into them at all, that the key does not work, while other people say that you can easily lift them and take all the mail out. Can the leader tell us anything new about the security of these boxes?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I shall see what Canada Post has to offer in the way of an explanation.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have answers to a number of questions. With your permission, I would like to follow the usual procedure. I will identify the question, but will not read the answer unless specifically asked to do so. I would ask that all unread answers be printed as part of today's proceedings.

[Senator Bonnell.]

## CANADA POST CORPORATION

### CLOSING OF NORWOOD GROVE, ST. BONIFACE, POST OFFICE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, the first delayed answer is in response to a question asked in the Senate on October 8 last by the Honourable Senator Guay regarding Canada Post Corporation—Closing of Norwood Grove, St. Boniface, Post Office.

(*The answer follows:*)

> The meetings referred to were arranged by officials of Canada Post Corporation in response to a request from the Norwood Grove Save the Post Office Committee to discuss proposed changes in the area. The list contained some 40 names determined by the committee as being representative of businesses, seniors and residents of the area. All three meetings were attended by the executive of Save the Post Office Committee.
>
> With regard to the senator's concerns about the security personnel, the Mid-West Divisional administration is but one tenant in a large office tower in downtown Winnipeg. As with any large office tower, the building management provides after-hours security in the lobby and only authorized persons are permitted to enter. These security people were not hired by Canada Post Corporation. They are retained by the building management to control access to its premises and to provide security for all the tenants of the building.

## TRANSPORT

### PROPOSED TUNNEL OR CAUSEWAY BETWEEN PRINCE EDWARD ISLAND AND MAINLAND

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 8 and again on November 6 by the Honourable Senator Bonnell regarding Proposed Tunnel or Causeway between Prince Edward Island and the Mainland.

**Hon. M. Lorne Bonnell:** Honourable senators, I wonder if the deputy leader would read the answer. Some 125,000 Islanders are waiting to hear it.

**Senator Doody:** Certainly, I can. Does the honourable senator want me to?

**Senator Bonnell:** Yes, please.

**Senator Doody:** The government is actively considering at this time whether it should undertake financial, socio-economic, environmental and other related studies in order to establish the viability of a fixed crossing of the Northumberland Strait between New Brunswick and Prince Edward Island. The government has received a number of unsolicited proposals from private sector consortia for the construction of a fixed crossing and has received inquiries from other private sector groups interested in submitting proposals.

**Senator Frith:** There's tomorrow's headline! What a shaker that is!

**Senator Bonnell:** Are they going to pay for the study?

**Senator Doody:** Well, really—

**Senator Bonnell:** Perhaps that is a question for tomorrow.

## BANKING

### DESIGNATION OF TORONTO AS INTERNATIONAL CENTRE—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 28 last by the Honourable Senator Grafstein regarding Banking—Designation of Toronto as International Centre—Government Policy.

**Hon. Royce Frith (Deputy Leader of the Opposition):** May I hear that one, please?

**Senator Doody:** Certainly.

As the Minister of Finance announced in his budget speech of February 26, 1986, the government is prepared to facilitate the establishment of international banking centres in Montreal and Vancouver.

The government's objective in pursuing this matter is not to discriminate against Toronto. The government's purpose, rather, is to enable Montreal and Vancouver to establish and enhance their roles as international banking centres and, toward this end, the objective is to attract a portion of the international banking activity that is presently conducted outside Canada and in so doing enhance the position of Vancouver and Montreal in overseas commerce.

In any event, consultations on this topic have been and will continue to be held with the banking community and the provinces, including Ontario. One may rest assured that the concerns of Ontario—and specifically, those of the community of Toronto—will continue to be addressed in the course of these discussions.

**Senator Frith:** That is very reassuring—I think.

## PENITENTIARIES

### PROPOSED PRISON AT PORT-CARTIER, QUEBEC—FACTORS GOVERNING LOCATION—EFFECT OF ADDITIONAL COST ON INMATE PROGRAMS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 28 last by the Honourable Senator Hastings regarding Proposed Prison at Port-Cartier, Quebec—Factors Governing Location—Effect of Additional Cost on Inmate Programs.

(*The answer follows:*)

There is a need for a federal institution in Port-Cartier. According to table 7.51 in the Auditor General's report there will be a surplus of 30 protective custody units in Quebec by 1992-93. These figures include the 250 cells in Port-Cartier. If Port-Cartier was not built there would be a shortage of 220 protective custody unit cells.

The need for cells is considered by region. The needs in each region must be addressed individually.

Expenditure restraints are not connected and are irrelevant to the construction or renovation of any penitentiary in Canada.

### DOUBLE-BUNKING—GOVERNMENT ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 28 last by the Honourable Senator Fairbairn regarding Penitentiaries—Double Bunking—Government Action.

(*The answer follows:*)

The Solicitor General is well aware of the problem of double-bunking. Strategies such as the Exchange of Services Agreements with a number of provinces are now being implemented. Other options such as the use of community alternatives and the utilization of special purpose facilities are also being explored.

## IMMIGRATION

### STATUS OF INTERESTED LAPLANDERS—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 28 last by the Honourable Senator Watt regarding Immigration—Status of Interested Laplanders—Government Policy.

(*The answer follows:*)

No approach has been made to the Visa Office in Stockholm, Sweden. During a mission to northern Sweden and Norway in May 1986, North West Territories Minister of Economic Development, Tagak Curley, and members of the North Western Territories Business Council informally discussed the possibility of bringing some Samis (Lapps) to Canada. Visa officials believe the idea was to gain expertise in herding and marketing of meat as a speciality product. Later, mission members observed that Canadian conditions would not allow "extensive breeding" as practised in Sweden. There had apparently been no follow-up to this visit.

The effect of Chernobyl on the reindeer business in Sweden has been serious and the duration is yet uncertain. There are about 700 Sami households in Sweden entirely or partially dependent on reindeer as their livelihood. Of course, the Samis have full access to the benefits of the Swedish welfare state and no hardship is being suffered. Although there was some emigration of Scandinavian Samis to Canada around the turn of the century, they failed to establish themselves, and most of them returned.

## CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—DEFINITION OF NATIONAL TREATMENT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 4 last by the Honourable Senator Grafstein regarding Canada-United States Relations—Bilateral Trade Negotiations—Definition of National Treatment.

(*The answer follows:*)

The GATT definition of national treatment as it relates to trade in goods states that the products of any contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin with respect to all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use.

National treatment could arise in the context of the Canada-U.S. negotiations in several areas, for example government procurement. If successfully negotiated, national treatment would give Canadian products access to U.S. markets including the government procurement market in the United States on the same basis and on an equal footing with U.S. products, subject to whatever exceptions are agreed upon. The same would apply to U.S. products in Canada.

Since the bilateral agreement has not yet been negotiated, it would be premature to comment on how particular sectors will be treated.

## ATLANTIC CANADA OPPORTUNITIES AGENCY

CRITERIA FOR APPROVING PROPOSALS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 30 and again on November 6 by the Honourable Senator Frith regarding Atlantic Canada Opportunties Agency—Criteria for Approving Proposals.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Is that a long answer?

**Senator Doody:** No, it is not particularly long.

Below is further information on the four criteria for approving proposals, including details on the assessment procedures:

Eligible Person: A Canadian Taxpayer.

Eligible Location: The facility must be located in a Cape Breton designated region which includes all of Cape Breton Island as well as Mulgrave and its surrounding industrial lands.

Eligible Activity: The project must be in one of the following seven sectors:

1. Manufacturing and Processing
2. Technical Services to Business
3. Certain Tourism Operations
4. Farming
5. Logging
6. Oil, Gas and Mineral Resources
7. Receiving, Storing and Shipping Goods Owned by Others (Warehousing).

Eligible Assets: These assets are as defined in the Income Tax Act, section 127(1) and (b) and in section 4604 of the Income Tax Act Regulations, and in general include buildings, machinery and equipment.

Upon receipt of an application form, DRIE will determine the eligibility of the proposed project and will advise the applicant in writing whether or not the proposed project is eligible for CBITC. If eligible, the applicant will be required to advise the department in writing once the assets are acquired and in use. DRIE will visit the company's facility and ascertain that the company has carried out a project consistent with the Income Tax Act legislation and issue a CBITC certificate.

• (1530)

**Senator Frith:** Honourable senators, I want to make two points. First, I think that is a very good answer and I thank the government for giving me the details that I asked for. I therefore do not wish to proceed any further with that question.

However, when Senator Bonnell wanted to pursue the answer to a question he had asked, the impression was given that it would not be acceptable or in order for him to do so. When Senator Roblin occupied the position I now occupy, he developed a style whereby, when we gave a delayed answer, he would ask questions arising out of the answer. While at first I felt that that was not in order, I must say that it led to some rather interesting debate and development of material that was found in questions. Therefore, I just want to note for the record that I think we have in recent years decided that if a senator asks that an answer be read and further if he wants to ask what amounts to a supplementary question or a follow-up question, it is acceptable in this chamber to do so.

**Hon. Duff Roblin:** Honourable senators, just because I did so does not mean it was right.

**Senator Frith:** Honourable senators, I must say that that remark reminds me of the opening remarks of counsel before a Court of Appeal panel who said, by way of introducing the appeal: "This is an appeal from a judgment of the Honourable Mr. Justice Roblin, but there are other grounds for the appeal."

**Senator Roblin:** You may trot them out.

## INDUSTRY

AEROSPACE—AWARDING OF CF-18 SERVICE CONTRACT—REJECTION OF IMP BID—GOVERNMENT REASONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 6 last

by the Honourable Senators Graham and MacEachen regarding Industry—Aerospace—Awarding of CF-18 Service Contract—Rejection of IMP Bid—Government Reasons.

(*The answer follows:*)

The government issued a request for proposals for the CF-18 systems engineering and maintenance contract in August 1985. Proposals from IMP, Bristol and Canadair were received in November 1985 and were examined by an evaluation team, composed of 75 officials from the Departments of Defence, Supply and Services and Regional Industrial Expansion. This team concluded that none of the consortia had presented fully compliant proposals. All had deficiencies; all were requested to repair them. Until the evaluation of the revised proposals took place, IMP was still a contender. The revised proposals were assessed against the same criteria. This time, it was concluded that the IMP proposal was tecnically non-compliant. Even at that point, the company could not be officially counted out solely on the basis of the evaluation report. In any competition, no contender can be formally discarded until the person or body with the authority to make the decision to award a contract has taken that decision. In this case, that body was the Treasury Board and the decision was taken on October 31.

Some honourable senators have asked for further explanation of the term "technical non-compliance". I am sure you will appreciate that the specific details of the bids are commercially confidential and cannot be released without the consent of the companies concerned. IMP and Bristol have been offered a full debriefing on their bids, and all companies will be asked to permit the release of as much information as possible. Until we receive the company responses to these requests, there is little more that can be added to the basic statement that IMP did not demonstrate to the satisfaction of the government that, based on the company's proposal, it could initiate, manage and accomplish the project on schedule in accordance with the provisions set forth in the statement of work.

## FOREIGN AFFAIRS

### CANCELLATION OF VISIT OF VICE-PRESIDENT OF NICARAGUA

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 6 last by the Honourable Senator MacEachen regarding Foreign Affairs—Cancellation of Visit of Vice-President of Nicaragua.

(*The answer follows:*)

The planned visit by the Vice-President of Nicaragua, Dr. Sergio Ramirez, was to be an unofficial visit because it was initiated at short notice by the Nicaraguan government and did not result from an official invitation by the Canadian government.

It is common practice in international diplomacy for some visits to be organized in this way. While they are normally designated unofficial visits, the visitor is given full recognition as a member of his government. In the case of Dr. Ramirez, he was to have called on the Secretary of State for External Affairs for a substantial discussion about the situation in Nicaragua, and several other high-level calls had been arranged. The inability of the Prime Minister and the Deputy Prime Minister to receive Dr. Ramirez had nothing to do with the fact that the visit was to be an unofficial one. The visit coincided with the parliamentary recess, and the programs of the Prime Minister and the Deputy Prime Minister did not allow for a meeting with Dr. Ramirez.

The government remains willing to receive a visit by Dr. Ramirez at a mutually agreed time and will again ensure that he is received in a manner appropriate to his status as the Vice-President of a country with which Canada maintains normal diplomatic relations.

## CANADA-U.S.S.R. RELATIONS

### SPEECH OF CANADIAN AMBASSADOR TO UNITED NATIONS—REQUEST FOR CLARIFICATION OF GOVERNMENT POLICY ON SOVIET OCCUPATION OF AFGHANISTAN

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 6 last by the Honourable Senator MacEachen regarding Canada-U.S.S.R. Relations—Speech of Canadian Ambassador to United Nations—Request for Clarification of Government Policy on Soviet Occupation of Afghanistan.

(*The answer follows:*)

The statement made by Ambassador Lewis at the United Nations General Assembly in the Plenary Debate dealt specifically with Afghanistan, not with Canada's policy to the U.S.S.R. The statement was not merely consistent with the government's attitude to the Soviet occupation of that country; this intervention was made on instruction from the Department of External Affairs.

The Canadian government deplored the invasion when it happened in 1979 and took strong measures to demonstrate this. The passage of time diminishes neither the continuing unacceptability of the Soviet government's actions in Afghanistan, including massive violations of human rights, nor the Canadian government's determination to work hard to obtain a settlement that will end this foreign oppression and the occupation of a neutral country. If anything, since then, Soviet actions have become even more unjustified and reprehensible.

## INDUSTRY

### SYDNEY STEEL CORPORATION—FUTURE OF PLANT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 6 last

by the Honourable Senator Graham regarding Industry—Sydney Steel Corporation—Future of Plant.

(*The answer follows:*)

The market update being conducted by A.D. Little of Canada Ltd. commenced on October 1st, 1986, and is schedule for completion this year.

## TRADE

IMBALANCE BETWEEN CANADA AND U.S.S.R.—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 6 last by the Honourable Senator Argue regarding Trade—Imbalance between Canada and U.S.S.R.—Government Policy.

**Hon. Hazen Argue:** Perhaps the answer to my question with respect to the trade imbalance between Canada and the U.S.S.R. could be read.

**Senator Doody:** Yes, senator. It is not very long.

Under the chairmanship of External Affairs, an interdepartmental task force has been set up to provide administrative guidance and market advice to Soviet trade representatives.

In addition, a full-time market researcher and a research assistant have been hired. In the last six months they have uncovered several tens of millions of dollars' worth of trade opportunities. Unfortunately, many of these opportunities have been lost because the U.S.S.R. has often been unable to quote competitive prices, deliver the goods on time, or even supply the goods.

## REQUEST FOR ANSWER

**Hon. Paul Lucier:** Honourable senators, on November 5 I also asked a question with respect to immigration. I wonder when I might expect an answer to that question.

**Hon. C. William Doody (Deputy Leader of the Government):** We will certainly try to find an answer for you, senator.

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## OFFICIAL LANGUAGES

CONSIDERATION OF FIRST REPORT OF JOINT COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the First Report of the Standing Joint Committee on Official Languages presented earlier this day.

**Hon. Orville H. Phillips:** Honourable senators, on behalf of Senator Simard, I move, seconded by the Honourable John M. Macdonald, that the report be now adopted.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, again with respect to our routine, I think that normally we receive some sort of explanation as to why we should adopt the report. However, in this case, some half an hour or more ago we were given a copy of the report. Perhaps Senator Phillips could just refer to that report so that there is something on the record. I do not see any difficulty in supporting the motion, but I think something should be said on the record.



**Senator Phillips:** Honourable senators, I would be delighted to enlighten Senator Frith. This report basically does two things: It establishes a quorum of six whenever a vote, resolution or other decision is taken, so long as both houses, the government and the opposition are represented. The second part of the motion reduces the quorum to four to hear evidence, and again the same situation applies: In other words, both houses, the government and the opposition must be represented.

This is the normal routine motion that is made shortly after the committee begins its hearings at each session.

[*Translation*]

**Hon. Eymard G. Corbin:** Honourable senators, this is the kind of motion that brings back certain memories. Perhaps it will refresh the memory of Senator Murray, the Leader of the Government in the Senate.

It seems to me something is missing from the conclusion of this recommendation, where it says, and I quote:

> ... when four members are present so long as both Houses, the government and the opposition are represented.

Nowhere does the motion mention the presence of the joint chairmen of the committee. This committee is chaired by a member of the House of Commons and a senator. There have been cases in the past when the two joint chairmen could not agree on whether or not to have a meeting, which creates some very real problems. Obviously, the joint chairmen are the servants of the committee and must abide by the rules, the instructions or the conclusions addressed to them by the committee as a whole. However, the particular case that concerns us today does not involve instructions from committee members.

What the motion seeks is instructions from both houses, which is why I rose to address the subject. What I am saying now could very well apply, in other circumstances, to other joint committees of the Senate and the House of Commons that are also jointly chaired by a member of the other place and a senator.

This is an important point.

I certainly do not object to the government and the opposition being represented, but who ultimately decides if circumstances genuinely prevent members of both houses from attending a duly scheduled meeting of a committee? Who ultimately makes that decision, when the committee is not sitting?

It seems to me that the authority to do so lies with those who were chosen by committee members, the joint chairmen,

who should decide jointly whether or not a meeting will be held.

Let me give an example. When there is a vote in the House of Commons, members are called in to vote. It seems to me that in this case a member's first duty would be to respond to the division bells and not go to a committee meeting or remain there.

A member's highest duty is to go to the House on behalf of his constituents when the division bells ring, so that he can vote on the issue that has been debated.

That is a concrete example.

There might be other circumstances under which authority to convene or not convene a committee meeting would be jointly vested in both chairmen. One house should not challenge the other house within the same Parliament.

The institution has to run smoothly, and both houses should consult one another before taking action.

This is my opinion. I have known this kind of experience and in recalling this today my intention is not to dwell on the past. What is past is past, but it can be used as a lesson to avoid such a situation in the future. Besides being funny, they are breeding grounds for heated arguments which quite often lead to extreme positions.

I think Parliament cannot operate properly unless it has been duly broken in, and members of both houses must have rules which can easily and effectively be applied without generating conflicts.

So I consider that the text as drafted now is acceptable and I have no objection. All I am doing now is to point out specific and serious cases. Should one house find itself in a position such that it cannot send its members to attend a joint committee meeting, this house—through the joint chairman as authorized by his house—ought to be able to prevent the committee from holding the meeting.

This measure is required and necessary even though the opportunity to implement it may arise only very rarely. We should consider giving powers to the joint chairmen. If they cannot get together in such a case, then I suggest the meeting should be cancelled lest we might completely undermine the spirit of co-operation which should prevail in both houses of the Canadian Parliament. Thank you, honourable senators.

**Senator Frith:** In the light of the remarks made by our colleague Senator Corbin, honourable senators, I wonder if more thorough reflection is not required. It might be indicated to adjourn the debate for a day or two in order to try to improve the wording of the motion.

[*English*]

● (1540)

**Hon. John M. Godfrey:** Honourable senators, I cannot resist joining in the debate. I recall I intervened in somewhat the same fashion some years ago when there was a slight argument between Senators Corbin and Murray.

The one thing that I deprecate about this report is the fact that you have to have a member of both the government and the opposition party. This is a completely non-partisan committee, as is the Regulations Committee. The Regulations Committee has been going happily since 1973 without any such requirement. The joint chairmen trust each other and they go ahead. Its main concern is to get a quorum. There is no concern as to whether the members present are all Conservatives, Liberals, or whatever. I think to put that in emphasizes a partisanship which is very unfortunate and completely unnecessary.

That is all I want to say, honourable senators.

[*Translation*]

On motion of Senator Corbin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, November 26, 1986**

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

## BUSINESS OF THE SENATE

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, following upon some consultations I have had through the usual channels, I would like to say a word about the business before the house.

Honourable senators will have learned, if only through the media, that there has been some considerable speculation—and recently some announcements—about the future of the Bank of British Columbia. The situation is that in order to facilitate a decision that was taken by the directors of that bank last night regarding the sale of its assets and liabilities, Parliament would have to act.

Consultations took place this morning among the Honourable Minister of Finance, the Minister of State for Finance and the Leader of the Opposition in the other place. Accordingly, my understanding is that there is now agreement among the leaders of the various parties there that there will be an order of that House providing for the waiver of various notices that would otherwise be necessary. It is also my understanding that there will be a presentation of a bill by the government this afternoon concerning the Bank of British Columbia. I do not yet have a copy, but my understanding is that the order of the House of Commons will provide that that measure will have passed that chamber by 4.45 tomorrow afternoon. If all goes as scheduled, as I understand it, we would have that bill in the Senate shortly after 4.45 tomorrow afternoon.

The question then arises as to how the Senate might attempt to facilitate this matter, and I am told that if I were to make a motion for pre-study of this bill this afternoon and possibly tomorrow morning, there would be a disposition on the part of honourable senators opposite to accept such a motion.

I may say that I expect that in the other place the debate on second reading of the bill would begin this afternoon and that there would be two or three or perhaps more speeches in that place. However, I also understand that honourable senators opposite would wish to have one of the ministers, the officials and perhaps others appear before the Standing Senate Committee on Banking, Trade and Commerce in the course of pre-study and I would, of course, do my best to facilitate the presence of those government witnesses before that committee.

I do not think there is anything more I can add, except to say that as soon as I have the number of the bill, and as soon as it is presented in the other place, I will ask leave to present a motion to refer the subject matter of the bill for pre-study to the Standing Senate Committee on Banking, Trade and Commerce.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I presumed that a motion for pre-study would be presented at some point after the bill is introduced in the House of Commons and after we know the precise title and number of the bill.

If the Leader of the Government wishes leave to put that motion for a pre-study, I think he will find that we will cooperate. The reason is that if we do not conduct a pre-study, at the end of the day tomorrow the Senate would have had no particular information, and the two days that are available would not have been used in getting the necessary information to deal with this particular crisis.

If that other track were followed and we received the bill and began working on it only late tomorrow, then it is quite clear that we could not deal adequately with the bill by tomorrow evening and give it Royal Assent, which I think is the intention of the government.

As the Leader of the Government has mentioned, in order to have an effective pre-study, we would like to have the Minister of Finance appear before the Banking, Trade and Commerce Committee. We have good reasons for asking for his appearance before that committee and, if necessary, to appear as well before the Committee of the Whole tomorrow.

I want to make it clear that we would want an appearance before that committee by the Minister of Finance. We would be unhappy if the Leader of the Government said that the Minister of State (Finance) were going to appear before the committee, because it is the Minister of Finance who has responsibility under the statute for this particular situation.

In addition to that, after consultations with the chairman of the committee, whom I informed about the possible pre-study, it was agreed we would also like to have government officials, including the Governor of the Bank of Canada, appear before that committee. In the circumstances, it seems to me appropriate also to have officials of the Bank of British Columbia, the Hong Kong Bank of Canada and the Van City Savings Bank, which put forward, as I understand it, a proposal, which failed, for a merger.

Honourable senators, I make these observations in order to facilitate the work of the Senate and to indicate what we would like, in granting leave, to have a pre-study conducted on an urgent basis.

**Hon. Ian Sinclair:** Honourable senators, I would like to add one thing to what has been said. In view of what I understand

is a rather remarkable situation in regard to a recapitalization infusion of some $200 million by CDIC, we would wish to have before us somebody who had the authority to speak on behalf of CDIC as to the decisions that were involved in making that arrangement.

**Senator Murray:** As I indicated, honourable senators, I will do my best to facilitate the presence this afternoon, or tonight, or tomorrow morning, of those witnesses who are the responsibility of the Government of Canada. As for the other witnesses, that would be up to my friend, the chairman of the committee, to organize.

**Senator Sinclair:** Well, honourable senators, from what has been stated by the Minister of Finance in the other place, I understood that these people were in town. I wonder if the Leader of the Government would make sure that they stay here.

**An Hon. Senator:** It is a government bill; it is the government's responsibility.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I think it is reasonable to ask the Leader of the Government not to leave the question of those banking witnesses totally to us. Certainly, the clerk of the committee will have to make the contacts, but I am sure he will help, if he can, in reaching them, because surely they are in town and they must be concerned and available.

[*Translation*]

## NATIONAL FINANCE

SECOND REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Fernand-E. Leblanc:** Honourable senators, I have the honour to present the second report of the Standing Senate Committee on National Finance.

Honourable senators, I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and *Debates of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see appendix, p. 260.*)

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

On motion of Senator Leblanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

## PETROLEUM AND GAS REVENUE TAX ACT

REPORT OF COMMITTEE ON SUBJECT MATTER OF BILL C-17 TABLED

**Hon. Ian Sinclair,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, tabled the committee's fifth report respecting the subject matter of Bill C-17, to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act and to repeal the Petroleum and Gas Revenue Tax Act.

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# QUESTION PERIOD

[*English*]

## AGRICULTURE

WESTERN GRAIN FARMERS—GOVERNMENT ASSISTANCE—BASIS OF PAYMENT

**Hon. H.A. Olson:** Honourable senators, I hope that I will find the Leader of the Government in—perhaps to put it simply—better humour today and that he will try to give some information rather than drag up a lot of history that really was not very beneficial—-

**Senator Doody:** Oh!

**Senator Olson:** —to the people involved. But today, on a slightly different subject—I am not sure whether the Leader of the Government can hear or not while the deputy leader is moaning in his ear—

• (1410)

I should like to ask the Leader of the Government if a decision has been reached or if he can give any indication as to what will be the formula for and the method of distributing the billion-dollar farm aid package that was promised by this government two or three times and, more specifically, about five weeks ago.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my information on that subject is that very good progress has been made in a series of conferences between the Minister of Agriculture, farm leaders, provincial ministers of agriculture and their deputies. The most recent such meeting was on November 17, a week ago Monday, between the federal minister, the provincial ministers and the deputy ministers.

They have made good progress in discussing the distribution and the formulae that might be used, but the decision now rests with the Government of Canada and I expect it will be made shortly.

**Senator Olson:** Honourable senators, we appreciate the fact that a number of representatives of farm organizations were invited to the meetings where the formulae and methods of distribution were discussed, but I understand that most of those meetings were held more or less *in camera.*

I do not believe there has been a public announcement of the various methods that were under consideration. Therefore, the people who are to be the recipients of this program have no idea what the government intends to do or, indeed, what recommendations were made by some of the farm organizations.

Surely, before a final decision is made, there should be enough public awareness of what was under consideration so that those who are directly affected can have something to say about it.

I ask the Leader of the Government whether the moneys will be distributed on the basis of acreage, previous production of tonnage, or whatever.

**Senator Murray:** The honourable senator has mentioned some of the considerations that were discussed by provincial and federal officials and by the representatives of the farm organizations.

There was some suggestion that the system ought to be based on acreage or some combination of production value and seeded acreage. There was also a question of whether the entitlement ought to be based on the decline in the value of the 1986 crop that would be attributable to the U.S. farm bill. There was discussion about what constitutes a region and what should be the most suitable base.

The honourable senator will appreciate that all these are complex matters and give rise to quite different perspectives on the part of the different organizations that were represented. As I say, all possibilities and all points of view were canvassed in the course of those meetings. It now rests squarely with the Government of Canada to decide on a formula and to announce it. This we will do in the very near future.

**Senator Olson:** May we have a more precise definition of the meaning of "the near future"?

**Senator Murray:** Honourable senators, I do not have this statement in front of me, but my recollection is that the Minister of Agriculture said some time ago that a decision would be announced before Christmas.

**Hon. Hazen Argue:** Honourable senators, I have a supplementary question. According to the minister's statement, production was one of the factors to be considered. Would the minister be able to clarify whether that would be the actual production that came from a given unit through the Wheat Board permit system, or another marketing mechanism, or whether it would be the potential or normal production that comes from a particular unit of land based on, for example, crop insurance records? My concern is lest the farmers whom I represent should be penalized because they happen to have had a number of crop failures due to drought over the past few years. This is an important question, I think, because if one of the factors is the production based on crop insurance records, then I think that that is reasonably fair. However, if the production factor is based on whether or not it rained, then it would be most unfair.

Secondly—and I remember asking the minister about this some time ago—has there been discussion about the principle of a limit on the amount that is paid to an individual farmer so that if acreage is taken into account it is not entirely open ended, resulting in a 20-section farmer getting 20 times as much as a one-section farmer? I really believed that there should be a cut-off.

[Senator Olson.]

**Senator Murray:** Honourable senators, I appreciate the importance of the questions and of the representations that have just been made by the honourable senator, but I simply do not have that information with me today.

**Senator Argue:** Perhaps the minister could get that information.

## GRAIN

### CANADIAN WHEAT BOARD—ALLOCATION OF PAYMENTS

**Hon. Hazen Argue:** Honourable senators, the chairman of the Canadian Wheat Board, Mr. Jarvis, when speaking at the UGG annual convention and also at the Wheat Pools' annual meetings, has stated that there will not likely be a final payment on last year's crop, even though in the individual Wheat Pool accounts for higher quality wheat there was a substantial surplus. That surplus, however, because of the way the bookkeeping is done, will be withheld from those farmers to whom it would normally be paid because the lower grades cause a deficit and that deficit will be subtracted from the surplus in the higher grades. This may sound a little complicated. For the benefit of honourable senators and by way of example, about ten years ago, when a Liberal government was in office, this very thing happened; namely, there was a substantial surplus coming to the durum wheat producers because that wheat sold at a high price. Spring wheat sold at a deficit. The law of the land at that time maintained that the deficit in the spring wheat account would be deducted from the surplus of the durum wheat producers. The durum wheat producers objected, the government brought in amendments and the durum wheat producers received their money.

My more specific question is: Would the minister make the necessary inquiries to find out whether the present administration is prepared to follow the same principle; namely, to see that the pay-out is divided on the basis of individual accounts and that, where a surplus has accrued to the producers of high quality wheat, those producers will be paid? What this means in my country is that the farmer who grew high quality wheat but only harvested a small quantity because of the drought will receive no money at all because someone else farmed low grade wheat and the Wheat Board had to sell it on the market at less than the initial price.

● (1420)

I consider this to be a very important principle and, unless the injustice is corrected, farmers stand to lose hundreds of millions of dollars that are rightfully theirs.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, with the possible exception of Alvin Hamilton, I do not know of anyone who can incorporate the whole history of modern agriculture into the premise to a single question. I will ask the Minister of State for the Canadian Wheat Board, the Honourable Charles Mayer, to clarify the points raised by the honourable senator, and I will endeavour to bring in a report within a day or two.

**Senator Argue:** I hope that the Leader of the Government will do more than clarify the law as it stands. Is he prepared to correct the injustice in the law that is denying wheat producers the amount of money that is theirs, based on world prices and the amount that went into their accounts for their wheat that was sold?

**Senator Murray:** I will see that those representations are brought to the attention of the minister. I am sure that he will address them in the report that he gives me to bring to the Senate.

## COMMUNICATIONS

### PROPOSED SALE OF TELEGLOBE

**Hon. Jack Austin:** Honourable senators, I should like to ask the Leader of the Government some questions concerning Teleglobe. I understand that on November 20 a press conference was held to provide in-depth briefing for some possible purchasers of the Teleglobe interest from the Government of Canada. In a newspaper report it is stated that the government has given domestic companies until December 29 to inform the government whether they are interested in pursuing the offer. It also states that the government intends to make a decision early in the new year and that:

> . . . non-telephone company bidders will be notified about the phone companies' plans and will have until Jan. 9, 1987, to adjust their bids accordingly and submit them to the Government.

I should like to ask the government leader why the haste and when the bill will appear so that we can study it.

I would also ask the government leader why Miss MacDonald, the Minister of Communications, believes that allowing the telephone companies an interest of 40 per cent would not be a controlling interest in Teleglobe?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not have answers to those questions with me today. I will ask either the Honourable Barbara McDougall, the Minister of State for Privatization, or the Honourable Flora MacDonald, or both, to furnish me with replies.

**Senator Austin:** As a supplementary, would the Leader of the Government also ask why it seems to be government policy to limit the public interest in Teleglobe to only 15 per cent? That is also part of the government's policy as disclosed by the Honourable Miss MacDonald. I wonder just why the government would not, as the British government has been so successful in doing, make these equity positions available to Canadians as a whole rather than to a very few corporations.

I might add that it should be an attractive offer if the allowable rate of return, as contained in the press release, on equity for Teleglobe's new owners will be between 13 per cent and 15 per cent as a result of a special formula. Why reserve 40 per cent for the telephone companies and another 45 per cent for very large corporate bidders?

**Senator Murray:** Honourable senators, I wonder if Prime Minister Thatcher realizes the support she is getting from such an unlikely source. In any case, I shall do my best to bring in a reply to the question the honourable senator has raised. I do think that it would be more appropriate to raise the question with the responsible minister before a Senate committee when it is either considering or pre-studying the bill.

## TRANSPORT

### PORT OF CHURCHILL, MANITOBA—MAINTENANCE OF FACILITIES AND TRANSPORTATION OF GRAIN TO PORT

**Hon. Joseph-Philippe Guay:** Honourable senators, I direct my question to the Leader of the Government in the Senate. It is in reference to the Port of Churchill, about which many references are made, come spring, a time when it is often too late to do anything about such representations. Therefore, I feel that I should make my comments now and ask the leader to make representations on our behalf to cabinet and to the appropriate minister. Perhaps in that way we can ensure that the Port of Churchill will not deteriorate this winter because of a lack of heating facilities, merely to save a few dollars. It will cost a lot more money to repair such damage when the spring comes.

The year 1986 was a very successful one for the Port of Churchill, notwithstanding the fact that CNR could not provide freight cars during the strike in Thunder Bay. If CN could have provided cars, the port could possibly have processed another 200,000 tonnes in addition to the 600,000 tonnes that were shipped. This would have been favourable and advantageous to farmers in Saskatchewan as well as to those in Manitoba, because the costs of shipping through the Port of Churchill are definitely lower, and I can produce documents to support this fact. I ask the Leader of the Government to make representations on our behalf to the government to encourage CNR to provide more freight cars for the 1987 season and, at the same time, to give consideration to the possibility of trucking grain to Churchill, which now has a good highway that could handle the traffic, and, as I mentioned before, to consider the possibility of keeping the facilities there heated through the winter to avoid deterioration of the port. At the same time, such action would provide employment for a lot of people in Churchill over the winter, thereby keeping them off welfare.

I plead with the leader to make these representations because they are necessary requirements, not only for the Port of Churchill, not only for the farmers and grain producers but also for the people in the far north who have their heating supplies and other needs delivered by rail to Churchill.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall see that the representations of Senator Guay are made known to the minister who reports to Parliament for Canadian National Railway, and I shall ask that minister to convey to honourable senators any immediate comments he may have on those representations.

## INDUSTRY

NOVA SCOTIA—POSSIBLE MANUFACTURE AND EXPORT OF ARMAMENTS BY WEST GERMAN COMPANY FROM PROPOSED PLANT

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I have a question for the Leader of the Government with respect to comments made by the Minister of Supply and Services, who stated that there were still prospects for the location of a Thyssen branch or an offshoot of the Thyssen plant in Nova Scotia. The honourable minister may recall that some time ago there was considerable news comment about negotiations that were alleged to be taking place between the Government of Canada and Thyssen to locate a subsidiary plant in Nova Scotia in the Strait of Canso. That plant would sell armaments, munitions or some form of military hardware to the Middle East. In view of the Honourable Stewart McInnes's comments, I wonder if the Leader of the Government could throw any light on that situation, and particularly on whether there is any real prospect that such a plant will be located there and whether negotiations are continuing.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do recall the history recounted by the Honourable the Leader of the Opposition, but, I must confess, I have not seen the statement attributed to the Minister of Public Works. Nor do I have any new information on the subject. I shall make inquiries and report back to the house.

**Senator MacEachen:** Honourable senators, I wonder if in making the inquiries the minister could deal with the question of whether the Department of External Affairs has considered the question of sales of such material to the Middle East and whether it has made a decision that such sales would be acceptable.

**Senator Murray:** Honourable senators, I shall do that.

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• (1430)

## OFFICIAL LANGUAGES

FIRST REPORT OF JOINT COMMITTEE ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator Nurgitz, for the adoption of the First Report of the Standing Joint Committee on Official Languages (Quorum of the Committee), presented in the Senate on 25th November, 1986.—(*Honourable Senator Corbin*).

**Hon. Eymard G. Corbin:** Honourable senators, I said what I wanted to say on the subject yesterday. I really have nothing further to add. I thought that it was timely for us to ponder the consequences of what I see as an omission in an order that this house is prepared to approve in the sense that I find the text incomplete inasmuch as it does not address itself to the powers vested in the co-chairmen of joint committees. That question has never been addressed. It has been debated in times of crises, but times of crises are bad times to put together regulations or to establish precedents. Now that we are being asked to approve a text which binds, practically forever, both houses with respect to the orderly running of the Standing Joint Committee on Official Languages, I think that now is the time for us to examine in more detail what could well happen and, in fact, what has happened in the past when one or the other of the co-chairmen did not or could not agree jointly to the holding of a meeting of a committee. That is a real problem. It does not occur very often, but when it does occur it can be the object of a great deal of recrimination.

I have heard in the halls of this noble institution today that there may well be a disposition to refer this whole matter to the Standing Committee on Standing Rules and Orders in order that the text might be examined and note taken of some of the observations I made yesterday and today. I certainly would not want to stand in the way of a move in that direction. In fact, I think there would be a lot of merit in having the Standing Committee on Standing Rules and Orders examine the question in greater detail, because the final outcome is, as I am sure honourable senators will agree, the better functioning of the institution of Parliament itself. That is, to put in place mechanisms which allow the Senate and the House of Commons to proceed under very simple ground rules in times of stress—and I use that word advisedly.

Yesterday I believe Senator Godfrey said that there are a couple of committees here on the hill which, by their very nature, are non-partisan. Senator Godfrey is nodding his head; I believe that those were the terms he used yesterday. Honourable senators, in my book there is no such thing as non-partisanship within the institution of Parliament. The very nature of this place is debate. I am not saying that it must be either deeply-coloured or lightly-tinted, but the very nature of the beast says it all. This is a place for debate; this is a place for contrary views, but it is also a place for compromise and consensus.

We have today in front of us an item. As small and picayune as it may appear at first glance, it is an item that warrants our attention so that in the future we do not need to live with distasteful situations such as those that we have experienced in the past in so-called non-partisan joint committees of Parliament.

**Hon. John M. Godfrey:** Honourable senators, first of all I would like to make one comment. Yesterday when I said "non-partisan," I did not mean that there was no debate. On the contrary, there has been lots of debate in the Standing Joint Committee on Regulations and Other Statutory Instruments. However, the distinction between partisan and non-partisan is whether the debate is along party lines. In the Regulations and Other Statutory Instruments Committee, we have never had a debate along party lines. In fact, we have only ever had one vote. We have always operated by consensus. Therefore, there is a great deal of distinction between debates that are partisan and debates that are non-partisan.

I would simply ask the honourable senator whether or not he has any objection to approving this report, and in the meantime we can have the Standing Committee on Standing Rules and Orders consider the matter. Of course, if in the meantime a crisis comes up, then we have a crisis, but I am sure the honourable senator is not suggesting that we should hold up approval of this report and thus prevent the Standing Joint Committee on Official Languages from meeting until a decision has been reached by the Standing Committee on Standing Rules and Orders.

**Senator Corbin:** Honourable senators, if Senator Godfrey is asking me a question, I suppose I should respond to it. The answer is no, of course I am not about to hold up the work of Parliament, and certainly not the excellent work of the Standing Joint Committee on Official Languages and, incidentally, Senator Godfrey's committee on Regulations and Other Statutory Instruments. I am simply saying that we should deal with this issue once and for all.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I agree that there are some real difficulties, it seems to me, from a practical point of view in putting into the form of a rule a procedure whereby a committee itself decides by writ that, for example, there must be representation from both parties before that committee can operate. I can understand in most cases a committee deciding on a discretionary basis that it will not proceed unless that is so. However, if it is a matter of writ, that means that a committee cannot proceed at all unless both parties are represented. That, in turn, gives a party in Parliament the opportunity to block progress, for example, of the study of a bill by one party's members simply by not showing up at that committee. By the simple device of the whip telling his or her members not to show, the whole legislative procedure grinds to a halt.

Therefore, I hope that the Standing Committee on Standing Rules and Orders will, of its own motion, as it is entitled to do under the rules, look at this question. In the meantime, I am not disposed to hold up something that this joint committee wants. This is Senator Simard's proposal. But I think we should not let the matter go by without taking a look at it, because I can see some real difficulties in making such a provision as compared to a discretionary and traditional agreement that in most cases a committee does not proceed unless all parties are represented.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is it agreed that we proceed in the fashion that has been put forward by Senator Frith?

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

• (1440)

## THE ALLIANCE NATIONALE CONSOLIDATED ACT, 1945

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Second Report of the Standing Senate Committee on Legal and Constitutional Affairs presented on Tuesday, November 25, 1986.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I move, for the Honourable Senator Nurgitz, that the report be now adopted.

Motion agreed to and report adopted.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

**Senator Doody:** Honourable senators, on behalf of the Honourable Senator Nurgitz, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Does the sponsor of a private bill not have to move third reading?

**Senator Doody:** If so, I move, on behalf of the Honourable Senator Cogger, that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

**Senator Frith:** I may be mistaken but, as I said, I think the sponsor of a private bill must move that it be given third reading.

The order for consideration is standing in the name of Senator Nurgitz because he presented the report as Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs.

If I am right, let the record show that the sponsor has moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

**Hon. Michel Cogger:** I so move, honourable senators.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to and bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator Barootes, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Olson, P.C.*). (*8th and final day of resuming debate*).

**Hon. H.A. Olson:** I yield to Senator Graham.

**Hon. B. Alasdair Graham:** Honourable senators, I want to begin by congratulating all of those who have preceded me in this debate. They have been thoughtful, sometimes partisan, but always eloquent in their respective presentations. I also want to welcome all of the new senators, some of whom are comparative veterans at this particular point in time. I am thinking of Senators Cogger and Atkins who, with their considerable skills in the private and political life of this country, will add both influence and lustre to the Senate. I also want to congratulate those senators who were appointed yesterday, Senator Cochrane from Newfoundland, Senator Rossiter from Prince Edward Island and Senator Spivak from Manitoba. I am sure that they, too, will contribute greatly not only to the beauty and charm of this chamber but to the quality of our debates and committee proceedings.

I would be remiss if I did not publicly congratulate my long-time friend, Senator Murray, although he is not in the chamber at the present time. He has taken on the awesome duties of Leader of the Government in the Senate and the very challenging responsibilities of Minister of State responsible for Federal-Provincial Relations.

I speak to you almost on the eve of great celebrations on Cape Breton Island, and at a time when my part of Canada is suffering from high unemployment and industrial uncertainty. First, I want to deal with the good news, and that is that I am happy to report that preparations for Jeux Canada Games '87, to be held in Cape Breton, in that most beautiful part of Canada, are well on schedule and running smoothly.

The Municipality of the County of Cape Breton, along with other municipalities, towns and my home city of Sydney, will host the sixth, the largest, and what promises to be the best, Winter Games at various points on the Island from February 14 to 28. During that period Canada will be treated to excellence in athletic competition as our finest young athletes compete in 17 different sports.

For the first time in history, a national cultural program will be staged in conjunction with the Winter Games. Entertainers from all over the country will perform in a giant two-week cultural festival, giving all games participants and spectators the opportunity to experience first hand a little of Canada's colourful and diverse heritage. I am told it will be multiculturalism at its best. On a local note, honourable senators, without any pun intended, a new pipe band has been organized to be known as the Games Pipe Band of 1987.

I am reminded, too, of the enormous contribution that has been made to this event by two of our colleagues in the Senate. I am thinking of Senator Ray Perrault who, at the time of the awarding of the games, was Minister of Fitness and Amateur Sport. He contributed greatly to the organization of the games at that particular time. I am sure that he will be an interested spectator at the games in 1987. I am also thinking of Senator MacEachen who has made such a significant contribution in so many ways to that part of Canada.

At any rate, honourable senators, we look forward to welcoming you all to Cape Breton and, indeed, to Nova Scotia for that great event. I can assure you of genuine hospitality and personal attention. I am sure that in saying this I can speak on behalf of Senator MacEachen, Senator John M. Macdonald, Senator Muir, Senator Murray and, speaking of Senator Murray, that other estimable transplant from Cape Breton, Senator Finlay MacDonald. Some 5,000 volunteers have been lined up to ensure both the success of the games and the pleasure of your stay. At any rate, honourable senators, I am at your disposal to provide any further information in that respect.

It is always painful for me to note that the economy of my part of Canada is in a dreadful state. Official unemployment rates are running at over 20 per cent. Unofficially it is much higher, running above 50 per cent in some specific locations on Cape Breton Island. The federal government initiatives over the past two years, however well intentioned, have not yet shown positive results. A new proposal, the Atlantic Canada Opportunities Program, was mentioned in the Speech from the Throne, but so far it has been difficult to determine what form it will take, how it will be funded and what ministry will ultimately be responsible for that particular undertaking.

I can only hope that there will be adequate consultation with those most directly concerned—that is, the people of Atlantic Canada—and that that agency will not be encumbered in the kind of bureaucratic strait-jacket which I am told has greatly hindered the efforts of people associated with Enterprise Cape Breton.

But I come to the the most serious and pressing need, and that is the future of Sydney Steel. The first phase of modernization, costing in the vicinity of $96 million—80 per cent paid by Canada and 20 per cent paid by Nova Scotia—was completed approximately two years ago. The commitment at that time was that if the first phase went well, then the second phase would be almost automatic, given the usual negotiations between both levels of government.

Since 1984 several announcements have been made by both Nova Scotia and Ottawa that the second phase was about to get under way. The cost would be of the order of $157 million, this time 70 per cent paid by Canada and 30 per cent paid by Nova Scotia. An extensive market study was undertaken last November by the A.D. Little Co. of Boston and Toronto. Two months ago the first contract of the second phase was awarded. It has to do with detailed design engineering. But three weeks ago we were told that the future of the plant is in jeopardy, and will depend largely on the results of a new market analysis—an updating by the A.D. Little Co. This, of course, has caused a great deal of anxiety and uncertainty in the local community.

Honourable senators, I want to emphasize that the first phase—the $96 million expenditure—was designed to rebuild one blast furnace and provide extensive renovations to the existing bloom and rail-finishing mills. That was really what you might call a shoring-up operation to secure the existing facilities, and it went very well. But the real potential for cost

reduction and efficiency lies in the completion of the second phase. In addition, it will enable Sysco to produce so-called "head-hardened rails"—something it is unable to do now. More and more railways, of course, are seeking that type of top quality product, which is now only available from foreign countries.

● (1450)

I recognize that it is a very competitive world out there. The management and workers at Sysco have done a remarkable job of competing with what they have, but if we do not give them the necessary tools through Phase II, the plant does not stand a chance of surviving. Over the past 75 years Sysco has established an international reputation for supplying quality rails. Sysco can build on that international reputation if we help make the plant cost competitive. But here at home, there must be closer co-operation between the two crown corporations—CN and Sysco. The Government of Canada should ensure that CN's long-term needs are clearly understood and enunciated well in advance, and that Sysco—as had been a time honoured tradition until recently—is the sole supplier to meet CN's future requirements.

Let me say that Sysco is vitally important not just to Cape Breton and Nova Scotia but to the economy of the whole of the Atlantic provinces. Its future raises the fundamental question in my mind of whether regional economies will be allowed to grow. Part of the rationale for providing assistance is the necessity for a strong steel industry as an engine of economic growth in the various regions of the country. I hope that all honourable senators will join in impressing upon the government the urgent need for yet another, and this time irrevocable, commitment to Sysco Phase II.

I want to say a word about the importance of the forest industry to our country. Let me begin by saying that it is time, indeed it is long past time in my judgment, for Canada to have a federal department of forestry at full departmental level. I do not make that suggestion solely on the basis of the recent difficulties pertaining to softwood exports. It is an accepted fact that Canada is the world's leading exporter of pulp and paper products and the world's second largest pulp and paper manufacturer. For many years now, export sales of forest products have been highly concentrated in a few market areas, with the United States currently accounting for about 72 per cent of exports. The European Economic Community with 12 per cent, and Japan with 6 per cent, make up the bulk of the remaining sales.

The recent trade disputes with the United States illustrate clearly that this country is particularly vulnerable to the imposition of protectionist measures. Steps must be taken to ensure uninterrupted access to Canada's primary markets.

I want to emphasize that from a socio-economic point of view Canada's forests are its most valuable natural resource. Not only does the sector contribute some $28 billion annually to gross domestic product and generate $3 billion in tax revenue, it is also Canada's largest employer, accounting for one out of every ten individuals employed in our country. Direct employment in logging, pulp, paper and allied industries totals approximately 350,000. On top of this, each direct job has a spin-off effect of two additional jobs in other economic sectors. Therefore, close to one million jobs in Canada are attributable directly or indirectly to the forest industry. Moreover, the net trade surplus from forestry exports is, at $13 billion, more than the combined net export revenues of agriculture, fisheries, mining and coal.

Even though statistics might suggest that the forestry sector is in excellent shape, major problems do exist. One of the first and foremost difficulties surrounds the rapid depletion of the available wood supply, particularly softwoods. According to Canadian forestry service calculations, this country is losing 1 per cent of its available forestry resource each year as a result of inadequate forest management, because of fire, insect kill and disease. Unfortunately, this trend shows no sign of abating. There is therefore a tremendous need to restrict such harmful losses through the application of proper forest management techniques. Failure to deal with potential serious shortfalls of timber now may lead eventually to increased unemployment in the forest sector as well as to a future loss of government revenue.

Connected with this is the need to restock satisfactorily the 26 million hectares of forest land—which is about 12 per cent of the total in Canada—currently understocked or carrying only brush species. Canada's comparatively poor record of reforestation, coupled with the foresight of competing countries such as Sweden, Norway and Finland, explains to a significant extent why Canada has lost its once dominant position in world markets.

It should be noted that severe competition from countries where trees grow much faster along with protectionist measures have also helped accelerate the decline in Canada's world market share for forest products.

Moreover, local shortages of commercially suitable wood have developed in every province in recent years. Much of the apparent reserve wood supply cannot be used for conventional forest products because it is in remote areas, on difficult terrain, or comprises overmature stock, defective trees and less desirable species of little commercial value.

At the present time the federal government's forestry-related activities are co-ordinated by the Minister of State for Forestry and Mines. The establishment of this ministry of state in September of 1984 gave the forestry sector cabinet rank and status for the first time in many years. At the same time, however, the ministry of state is positioned in the organizational structure of the government as merely an adjunct to the Department of Agriculture. As such, it carries a lesser organizational status, and, I believe, less importance, less clout, if you will, than it would have if it were given full departmental status.

Within the Ministry of State for Forestry and Mines, the vehicle for delivering government programs and funds—this is by way of explanation— in the areas of forestry research and development is the Canadian Forestry Service. This organization has a budget of approximately $218 million and a person-

year level of 1,255. It was transferred from the Department of the Environment to Agriculture Canada in October of 1984. The Canadian Forestry Service, as the federal focus for forestry activities, fulfils the federal government's responsibility for the protection, management and utilization of Canada's forest resource. Programs engaged in by the Canadian Forestry Service are carried out in close co-operation with a variety of jurisdictions within the federal government. For instance, federal involvement in forest renewal is demonstrated through expenditures committed under its regional economic expansion initiatives and through the allocation of funds to support job creation efforts in the area of forest renewal.

As far back as 1960, unanimous support was given to the creation of a full department of forestry by the House of Commons, and many similar recommendations have been made since that time. For instance, the Standing Committee on Environment and Forestry in the other place in its first report in June of 1986 entitled "Forest Resources and Industries in Eastern Canada," in recommendation 27, stated:

• (1500)

> The government should consider the creation of a federal department of forestry in the near future.

This recommendation was based on testimony presented to the committee by interested groups in eastern Canada.

I should also like to refer to a statement by the Science Council of Canada entitled "Canada's Threatened Forests" of March 1983 where it states:

> Approval of concepts and strategies are important, but it is more important that they are implemented. The House of Commons unanimously supported a full department of forestry as long ago as 1960. This has been recommended repeatedly to the federal government since then. Given the critical condition of the forest resource and the importance of the forest sector in the national economy, the arguments of 20 years ago are even more persuasive today. A reconstituted department under a full time minister could integrate regional economic development and employment creation potential with a broader and more-balanced program of support for scientific forest management, research and applications of research results.

Thus, the Science Council of Canada endorses the recommendation of the federal government that the status of forestry be upgraded with a federal ministry of its own.

Finally, in that connection, a resolution of the Canadian Institute of Forestry was passed at its 1986 annual meeting held September 22 to 25, 1986 when it was resolved that the Canadian Institute of Forestry should urge the Government of Canada to establish forestry in the cabinet at full departmental level.

Honourable senators, I am confident that such a move would serve to give a full-time minister with full departmental status greater clout at the cabinet table, much stronger influence and a much stronger voice when it comes to dealing with related problems on the international scene.

[Senator Graham.]

Before I conclude, I want to say just a few words with respect to the situation in the Philippines.

The international delegation which observed the federal presidential election last February concluded that the election was not conducted in a free and fair manner. As some of you know, I was a member of that delegation. It was our belief that the former government of Ferdinand Marcos and the Commission on Elections bore the responsibility for that failure. Our conclusions of that time have never changed.

Honourable members will remember that after returning from the Philippines I stated in my report:

> The story of an attempt to corrupt the electoral process and the ultimate expression of a democratic people, is one of great importance to those who seek and wish to preserve democratic futures for their own nations. Tribute must be paid to what may have been the finest example of "people power" in the history of the world. It was dramatically evidenced by mothers and fathers, brothers and sisters, priests and nuns who protected ballot boxes with their lives and turned back tanks and armed soldiers through sheer determination, raw courage and incredible bravery. They felt that for their generation it was now or never.

As honourable senators know, the domestic situation in the Philippines today is charged with uncertainty and, at times, with violence.

President Aquino is personally popular. Her courage and integrity are symbols of hope for the vast majority of the 55 million inhabitants of that beautiful country. In my judgment, she is the best hope for the present and, indeed, for the immediate future.

Many factors preoccupying the government's program of rejuvenation are the continuing matter of the insurgency, political manoeuvring leading to the congressional elections which will be held in May of 1987, and the economy.

Canada has an important role to play. I want to congratulate the federal government on its recent announcements with respect to a full-range development assistance program amounting to a pledge of $100 million over the next five years. I understand that this assistance is designed to support the work of voluntary groups in the Philippines, government-supported projects, as well as Canadian commercial activities and joint ventures.

I want to emphasize that it is especially important that the Government of the Philippines receives moral and actual support from friendly nations. Particularly on the economic front, it is essential that Filipinos recognize that the new government is able to attract economic and financial support and is given the means to improve the well-being of individuals and the nation generally. That is essential if the government of Corazon Aquino is to continue to receive the goodwill and support of the Philippine people. Any perception that the government is not successful in this regard can only serve to weaken its position and further fracture the current political coalition. The resultant instability, undesirable in itself, would strength-

en the position of Marcos loyalists and those who would prefer a return to autocratic and elitist government.

In many respects there is a chicken and egg factor with respect to outside financial investment in the Philippines. On the one hand, Filipinos are waiting for the outside world, particularly as it relates to corporate and private investors, to demonstrate confidence in the stability of the Aquino government. On the other hand, potential outside investors are waiting for the people of the Philippines to stabilize their own situation before embarking on multi-million-dollar risks on behalf of their shareholders. So, the chicken and egg situation produces a form of paralysis.

Honourable senators, I am not an expert on the Philippines. I do not have an answer, but I do know that if the logjam with respect to outside investment in the Philippines is not broken, 70 per cent of the 55 million people in that part of the world will continue to live in abject poverty and all of them will live in an atmosphere of fear and uncertainty.

Those of us in a free, comparatively healthy society must decide whether it is worth some further major risks in attempting to relieve the suffering of people who deserve a far better break, and some of the comfort and security that those of us in the comfortable pew take for granted.

When the time is appropriate and, let us hope, in the not too distant future, it would be welcome news for all of us if President Aquino were to visit Canada so that we could demonstrate in a very public way our admiration and support for her example, her efforts and her accomplishments in promoting freedom and democracy not just in the Philippines but around the world.

**Hon. Senators:** Hear, hear!

**Hon. R. James Balfour:** Honourable senators, I welcome this opportunity to join my colleagues on both sides of the chamber in the debate on the motion for an address in reply to the Speech from the Throne. I offer my congratulations to both the mover and seconder of the motion and, as well, to other honourable senators on both sides of the chamber who have made their very constructive contribution to this debate.

The Speech from the Throne provided a preview of the new Parliamentary session and highlighted the government's record since its mandate of September 1984.

The Throne Speech had four main themes: Economic renewal; social justice; national reconciliation; and a constructive role for Canada in world affairs.

There has been a significant improvement in the Canadian economy over the last two years, notwithstanding serious problems in western Canada in both the agricultural and energy sectors. Average incomes for Canadian families rose in 1985 for the first time in five years and many more Canadians are working. The unemployment rate is down two full percentage points since September 1984.

However, the government recognizes that much more remains to be done, and the Throne Speech identified some major initiatives designed to help continue the improvement.

Tax reform is high on the agenda, as the Minister of Finance works on ways and means to distribute the tax burden more fairly through a simpler tax system and lower personal tax rates. International trade is a vital part of Canada's future, and the new GATT round of global trade talks and our on-going discussions with the United States aim to secure and increase access to our trading markets. I will have more to say on the subject later in my remarks. New regional development initiatives were also announced, including the creation of a new Atlantic Canada Opportunities Agency in Moncton and a commitment to encourage economic diversification in western Canada.

• (1510)

Following the Throne Speech, the Prime Minister announced a $1 billion aid package for western grain farmers in an attempt to provide relief from a grain price collapse resulting from the vicious trade war being carried on between the European Community and the United States.

Science and technology have been identified as cornerstones of the government's long-term economic plan. The Throne Speech cited the establishment of the Canadian space agency and the formation of a new national advisory board on industrial technology composed of leading Canadian scientists and industrialists. Social justice, a major theme of the government's Throne Speech, has been given renewed emphasis, and special initiatives were outlined which will help defend and strengthen the institution of the Canadian family. Protection of the environment has also been identified as a top priority. A new environmental protection act will be introduced to deal with pollution, and the focus will be on toxic chemicals and improving water quality.

Cooperation between the provinces and the federal government has improved greatly in the last two years. High priority will be given to the unanswered questions of national reconciliation, such as Quebec signing the Constitution and the inclusion of aboriginal rights in the Constitution.

Let me return briefly to the subject of international trade. The Throne Speech re-affirms the government's resolve to open and secure new markets for Canada everywhere in the world. These efforts include bilateral talks with the United States and multilateral negotiations under the auspices of GATT. Economic renewal depends on improving Canada's status as a trading nation among our major partners, with particular emphasis on trade with Japan and other Pacific Rim nations.

Trade promotion, however vigorous, cannot, however, succeed if world markets important to Canadian exporters are threatened by increased global protectionism. By becoming a more successful world trader, we will strengthen not only our economy but also our capacity to reinforce our culture, our sovereignty, our commitment to regional development and our social policies. These characteristics define Canada and the essential features of our national identity.

Canada supports the new multilateral trade negotiations under GATT as an opportunity to find solutions to the problems facing the international trading community.

This government recognizes the urgency and importance of fighting protectionism in the international marketplace. We seek a fairer and freer global trading environment because our prosperity depends largely on our ability to secure global markets and on our ability to open up new ones. As the Prime Minister's trade missions to Japan, China and Korea clearly established, this government is not putting all of its trading eggs in one basket. If those markets grow, Canada grows. If those markets shrink, Canada's prosperity diminishes.

The issue of international agricultural trade is an important one for the government. Last May the Prime Minister placed agriculture on the agenda at the Economic Summit in Tokyo, and just recently in concert with our global trading partners we secured unanimous agreement to address the question of farm subsidies in the new GATT round.

This is a difficult period for international trade and we would be foolish not to recognize that vital markets for Canada are in peril. Each day it becomes more difficult to defend our interests in and our access to American markets.

There is a door of protectionism that is closing on us, and I for one do not believe that this is a probem that will go away when the current election fever in the United States subsides. That, of course, is why the government has embarked upon talks which could lead to an historic liberalized trading agreement between the United States and ourselves. Whether or not we will succeed in getting a new deal with the Americans that will have the effect of shielding our trade from shifting political winds and will protect Canada from the vast arsenal of regulatory and legal weapons that can be used to restrict our trade remains to be seen. One thing is certain, however—we will certainly never obtain such an agreement if we do not sit down at the table with the Americans and attempt to negotiate it.

Honourable senators, it is a fair question, I suggest, to ask the members of the Liberal Party in this chamber where the opposition stands on the question of bilateral negotiations with the Americans intended to lead to a freer trade environment between our two countries. Each passing day adds another page of confusion to the Liberal Party trade policy. As Martin Cohen of the *Toronto Star* notes, there seem to be four Liberal positions on free trade.

> Donald Johnston is gung ho for negotiations; Mr. Axworthy calls for a moratorium; Mr. Gray is flat out opposed, and then there is Mr. Turner. As Leader of the Opposition, he opposed the start of the negotiations and he now appears to oppose a halt to the negotiations. The best Mr. Axworthy can offer to explain the confusion and inconsistency within the Liberal Party on this question is to say:
>
> > I think it can be explained by saying that we were using differing words to say essentially the same thing.

He then added,

[Senator Balfour.]

> This is a moveable feast.

Then former Liberal environment minister Charles Caccia made his contribution in the House of Commons on October 27 when he said:

> We do not believe that it would be in Canada's best interest to engage in a negotiation on a one-to-one basis between us, a fairly small economy, and the Americans, a very large and powerful economy.

It is obvious from the remarks of Axworthy, Gray, Caccia and others that Mr. Turner cannot control his caucus and that the Liberals have a different trade policy for each day of the week.

Geoffrey Simpson of the *Globe and Mail* summed it up very well when he wrote:

> The Liberals' manifest confusion over free trade is but one example of a wider malaise. On social policy the party remains unwilling to countenance any movement away from the big spending and occasionally counterproductive programs of the past.

Honourable senators, the trade negotiations with the United States being carried on at the present time have the potential to be the single most significant political initiative taken by this country in the past 20 years. According to the Economic Council of Canada, freer trade with the United States would boost economic growth dramatically in Canada, but the other side of the coin is that protectionism, if allowed to flourish, could result in hundreds of thousands of lost Canadian jobs in the next ten years.

In its twenty-third annual review of the economy released on October 20, 1986, the council presented the results of its economic simulations of freer trade with the United States. According to the council, freer trade would result in increased output in all industrial sectors, primary, manufacturing and services. About 120,000 new jobs would be created by 1991 if tariff and some non-tariff trade barriers with the United States were dropped by 1987. This total could rise to 200,000 jobs by 1995. However, about 520,000 Canadian jobs would be lost in net terms by 1995 if the United States were to impose a 20 per cent surcharge on most imported manufactured goods and its trading partners, including Canada, retaliated.

According to the council, the biggest advantage of a policy of freer trade is that it is based on growth, and it is economic growth that will create the jobs sought by those who have to change jobs and by those entering the labour market for the first time.

Members of the government have striven over the last two years to address the aspirations and expectations of all Canadians. The Speech from the Throne re-emphasizes the government's commitment to continue along that course. The pursuit and even partial accomplishment of these worthy objectives will ensure a better Canada for all Canadians now and in the future.

**Some Hon. Senators:** Hear, hear!

**Hon. Hazen Argue:** Honourable senators, I am pleased to follow Senator Balfour of Regina because, in terms of the Address in reply to the Speech from the Throne, this makes something of a Saskatchewan day. Taken with Senator Graham's comment, I suppose this is also a day for the regions of this country.

I want to add my congratulations to the mover and seconder of the motion for an Address in reply, for the arguments they made—although I cannot, of course, be expected to agree with all of them—and for the information they put forward.

● (1520)

I was delighted to be in the Senate yesterday when we welcomed three new women senators to this chamber. I wish to congratulate Senator Spivak of Manitoba, Senator Rossiter of Prince Edward Island and Senator Cochrane of Newfoundland on their appointment. I am sure that we all look forward to the contributions which each of them will be making in this chamber in the years ahead.

I was unable to be present in the chamber in July when tributes were paid to the late Senator Yuzyk, and, with the indulgence of the Senate, I would like at this time to make a few remarks about my late good friend.

I knew Senator Yuzyk both when he was in the Senate and before. He was born and educated in Saskatchewan, became a professor at the University of Manitoba, and was appointed to the Senate from Manitoba. For a number of years I worked closely with him on the Standing Senate Committee on Agriculture. I had the honour of being the chairman and Senator Yuzyk was deputy chairman. He performed his duties in an exemplary manner and I believe that we all learned from Senator Yuzyk's contribution. The work of the Senate was very high in his priorities, as was his love for and service to Canada and his concern for human rights and ethnic minorities.

Senator Yuzyk made both a Canadian and international contribution. I believe he was a loyal member of the Conservative Party, but at times he did not necessarily follow the party line if, by conviction, he felt that another point of view should be put forward. In addition—and this has not been mentioned—he was instrumental—I believe he was the leader—in establishing in Florida, in the area in which he had a residence—namely, North Port, Florida—an ecumenical church, owned and occupied by the Ukrainian Catholic community and the Ukrainian Orthodox community. His ecumenical example was most commendable.

In addition, Senator Yuzyk was a leader in providing credit union facilities within that church so that citizens, members of both congregations, could cash their cheques easily and at their convenience. That, too, I considered most commendable.

Senator Yuzyk and I worked together in many fields and had many interests in common. His wife Mary and my wife Jean are very close friends. He took a great interest in health matters, in preventive and alternative medicine. He felt that in addition to drugs and surgery, much was to be gained from nutritional practices, from the use of organic foods, vitamins, and so on. He showed leadership in many ways. All Canada is the better for the great work of Senator Yuzyk. I thought of Senator Yuzyk when I read an article in this morning's *Globe and Mail* which stated that as a result of a survey it was found that the affliction of cataracts, from which aged people suffer, had been reduced to 44 per cent as a result of a small supplement each day of vitamin E, and to 30 per cent as a result of a small supplement of vitamin C.

That survey is of major importance and indicates that in the health field we have a great deal to learn. Much pioneering work is being done and perhaps we can come to grips with the astronomical and ever-accelerating cost of medical and hospital services in this country by looking at alternative methods and encouraging preventive medicine. By doing so, we might become healthier Canadians, and at lower cost through successful therapies developed in addition to drug-taking, surgery and hospitalization.

During my remarks, I am sure that honourable senators would expect me to say something about the economic situation in western Canada, and particularly the serious situation with respect to agriculture in western Canada, and, indeed, all across Canada. Superimposed upon a very serious crisis in western agriculture has been, of course, the current downturn in the energy industry as it affects Saskatchewan, in the potash industry as it affects Regina, and in the steel industry—which is a major industry—as it affects Saskatchewan, and particularly Regina.

I do not believe that the seriousness of the agricultural situation can be over-emphasized. If one visits any western Canadian community and listens to what people are saying, the sum total of the information one receives would not give a precise picture of how things are, because people are proud and they do not like to say, "I am in hellish shape financially; I cannot meet my bills; my banker is pressing me; I do not know whether or not I am going to go under." We can appreciate that people do not pass on to one another that kind of information. They are more apt to shrug their shoulders and say, "We have had a pretty good crop; it is one of our better crops; I sure hope we can sell it, because we need the money." However, when one is aware of the precise circumstances, one understands that it is a very serious, indeed a critical situation.

That situation has not come about all at once. It has been a trend that has been going on for some time. But it has been accelerated and made worse by moves taken by the United States. The European Economic Community has been continually troublesome to us; but the Americans have moved in a very major way and have started to charge for a portion of their wheat on the export market the large price of zero—and I guess you cannot get much less than zero unless you pay people to take it off your hands. They have said, "Come and get a package; pay for so much and get 20 per cent as a gift." They have been trying hard, but the information I have is that they have not in any major way eroded our markets, although they have been troublesome and have cost us a good deal in the way of lost income.

In my opinion, with our excellent, efficient Wheat Board marketing system, the markets that we have can be maintained if, as a nation, we are careful to deal with our major importing customers in a way that assures and reassures them that we are interested in more than just selling them our exports. The Soviet Union, our biggest customer, buys one bushel in three, but the trade imbalance is approximately fifty to one. We import approximately $50 million worth of goods from them, and this year we will export to them approximately $1.5 billion worth or more.

● (1530)

We need to develop two-way trade. These countries are looking to us for help, assistance and encouragement, and that is why I have been questioning the Leader of the Government in the Senate on the matter. There is an indication that a couple of people are doing research on the question, that an inter-departmental committee has been formed, but from the very brief answer that was tabled in the Senate yesterday my impression is that the government is not aware of the enormous risk to this country of losing that major market, or a large part of that major market, if we do not react in a very positive way. I am not referring to $1.5 billion worth of goods going each way. I am referring to a greater effort on the part of Canadian authorities to help facilitiate the movement of goods into Canada and to ensure that these countries are welcomed and helped to compete in our market.

I think that over the years—and it did not happen just a year or two ago—the dismantling of the old Department of Industry, Trade and Commerce was a mistake, that it was a mistake to tuck the department into External Affairs as a kind of afterthought or as a subsidiary of that department. I do not think that this move was the best way to deal with the situation. I think that this move has created the danger that we will not have the thrust required to improve our export markets. Making trade subservient to general foreign policy could cost Canada existing markets and impede much needed market expansion. Some foreign policy statements or initiatives undertaken by the minister or other officials of the Department of External Affairs might so strain our relations with important commercial customers as to endanger the market for our export commodities. When the Right Honourable Joe Clark deals effectively in the field of human rights, he may be the very last member of cabinet who should have the responsibility for trade and the responsibility of promoting sales of grain, livestock, lumber or other products.

In my judgment, the Secretary of State for External Affairs does not need to have this major, excessive responsibility. He does not need two big hats. It would be much better and more effective for Canada to establish a separate Department of Trade and Commerce, a major, powerful, independent department headed by a senior, high ranking minister. If this were done, such a minister, sitting at the cabinet table with a strong voice, could be instrumental in increasing the penetration of Canadian goods into export markets. A new, distinct Department of Trade and Commerce headed by a senior minister would give international trade a powerful voice, as I have said, around the cabinet table and it would clarify and strengthen Canada's policy thrust in trade negotiations. Such a minister could more effectively undertake trade negotiations based on Canadian economic interests and could provide the means to bring about expanded and diversified exports. He or she could facilitate counter-trade, where advisable, in the interests of securing and expanding Canadian markets. Such a new department with new goals and initiatives is urgently needed for the very survival of Canada as a major trading nation.

As Minister in charge of the Canadian Wheat Board, I had the honour of dealing with some of these countries that I have in mind. It seems to me that when these countries send representatives to deal in the economic field, they do not send their foreign policy people but their economic people. We need our own, independent foreign policy. I am not talking here about alterations to that policy. I am just saying that this country should once again have a man with the type of vision and authority of an Honourable C.D. Howe in charge of a department of trade and commerce. I think that such a minister in charge of an independent department could make a major economic and beneficial impact for Canada.

Agricultural producers out west are in very serious trouble. It is not only the small farmer who is in trouble but efficient farmers, farmers who are normally able to make a good living. I could recite today statistics put out by the Farm Credit Corporation or bankruptcy statistics to show the increase in backruptcies among farmers, but I merely want to try—and I have not rehearsed what I am about to say, nor do I have any notes—to tell you something of the stress and difficulty these people are facing. Young farmers have come to me and said, "Look, we are not able to meet our obligations. We don't think that with the price of grain being as low as it is we can continue to meet our interest payments. But we are efficient farmers. This is our only occupation. This is the only thing we know." Husbands will say, "I am 45 years of age" or "I am 50 years of age. What am I going to do if I go to the city? Can't something be done to reduce my interest obligations, which are now at 14 per cent, to perhaps 6 per cent and a debt load that I can handle?"

Another farmer said to me, "I am a three-section farmer. If I could salvage half of the farm, six quarters, and be given a chance to meet a reduced obligation on that six quarters of land, I would have a chance." I have noticed that when Dome Petroleum or other companies are in trouble, they obtain a rescheduling of their debt or have part of it turned into equity. The banks do not foreclose on the big companies. Let us face it, the banks do not foreclose on billionaire companies; the banks foreclose on the little people who are virtually defenceless, who cannot hire a lawyer—if a lawyer can do anything for them—because they do not have the money to pay for legal counsel. The pressure from the lending institutions on these young farmers with families is enormous. The lending institutions get them to sign over a couple of quarters of land, and that finances things for a little while. Then they sign over another couple of quarters of land. Step by step the credit institutions are putting pressure on these young farmers with

families and they are folding up. This government does not really have an answer. I realize that boards are being formed, but they have very little teeth and no authority to reduce interest rates, to reduce obligations or even to talk. If the creditors cannot be convinced that that farmer with his existing debt can pay his way, the chances of his being able to stay on the farm, I think, are not very great.

• (1540)

The government then comes along with the transition program. On a Monday, tax reductions to the oil industry in western Canada amounting to $1.5 billion were put in place. Two days later, the government announces the transition policy for farmers leaving their farms, of whom there are 9,000. The amount allotted to that program is $46 million. What does the government propose to pay the farm family that is leaving the farm to go to the city? The first month, $1,600. For the next five months, $140 per week for the breadwinner or the head of the household; $24 per week for the dependant spouse and $16 per week for each of the dependants. When I add that up for a family of four, it comes to just under $800 per month.

At the end of six months, the transition program comes to an end. What will the farm family do in the city at the end of six months? If the breadwinner has a job, fine. However, jobs are hard to get in the city. The farmer may be a welder, but the city of Regina does not need any welders. In fact, Regina has too many welders right now. Also, every farmer cannot run into the city and start welding. Therefore, at the end of the six-month transition program, the farm family in the city may have to go on welfare. I say, perhaps with a little sarcasm, that they should not be too discouraged since they will receive just a little bit more on welfare; not much, but a shade more than the Department of Agriculture is proposing to pay under the transition program.

Therefore, honourable senators, I think that the transition program is not the answer. I think it is a statement of defeat. It is a matter of giving up, and I do not think that that is good enough.

The situation in the west has been further eroded because of local conditions this fall. A lot of farmers got quite a bit of grain off, combined and harvested before the bad weather set in. However, the majority of that grain came off after about six weeks of bad weather, so the grades are down and, consequently, the prices are down. The farmers took roughly a 20 per cent reduction in initial prices that went into effect on August 1. Then, because of the bad weather, they probably took another 33 per cent loss because of lower grades. Also, there is a program of cash advances in effect. Everyone brags about the cash advances, and I suppose we all should brag wherever we have a chance. I will give the government credit whenever they take some initiatives that are worthy of credit, and certainly we doubled the amount of the cash advances. Under a Liberal administration, when a farmer took a cash advance, if he wished to do so he could declare that as current income. That privilege or that rule has been changed by the Department of National Revenue and that cash advance can no longer be declared as income. That situation makes it more difficult for farmers under certain circumstances to manage their income, and I think that that move was a retrograde step.

However, with the drop in the initial prices, the cash-advance rate per bushel of wheat was dropped, so some farmers with very low-grade wheat today are receiving a cash advance that is approximately the same amount as the price of the low-grade wheat.

In order to illustrate the situation, I will tell you about a neighbour of mine. The other night I talked to him on the telephone and he said: "Hazen, I just trucked in a load of my durum wheat." Senator Barootes will know that durum is selling on the international market on a premium basis. However, my neighbour's durum wheat was graded number five, since it had been weathered. He said to me: "I took a cash advance and when I hauled in a bushel of number five wheat, the money I received for it is not quite enough to pay the cash advance." This person, then, who has taken close to his yearly income in one cash advance, has gone around, as I have often done myself, and paid his creditors. Then when it is all gone, you need to put fuel in the tanks for the winter, you want to feed your family, you would like to pay some of your household bills and you cannot because you do not have any money left. That is the situation.

It used to be that when people said: "There is a crisis out there," others would say that it was some wild-eyed radicals from the National Farmers' Union who were howling and all upset, but that one should not pay too much attention to them. Then the Saskatchewan Wheat Pool came in and they asked for $2 million. A lot of people said: "That is far too much money." Then a week or so ago the annual meeting of the United Grain Growers was held in Saskatoon. That organization covers the three prairie provinces. The United Grain Growers is a co-operative, but they have an entirely different philosophy to that of the Saskatchewan Wheat Pool. To quite an extent the United Grain Growers believe in the open-market system. They believe in larger farms; they believe in higher capitalization; they believe in greater inputs of fertilizers, herbicides, pesticides and so on. They believe in more intensive farming. They believe that the way to go is to become a larger, more efficient farm. Some of them are the elite amongst farmers. At their convention, they made a motion. What was their motion? "We are in terrible shape; we need a deficiency payment of $4 billion in western Canada." In other words, they asked for $50 an acre, and some of their delegates stood up and said: "Unless that kind of action is taken and taken soon, we will not be back for the next convention. We will have gone under in the meantime."

**Hon. Royce Frith (Deputy Leader of the Opposition):** Senator Argue, can you tell me what does an acre produce? How much would a farmer get from an acre?

**Senator Argue:** Do you mean if he had a crop from that acre?

**Senator Frith:** Yes, and presuming he got a decent price for that crop.

**Senator Argue:** Let us say, before the price went down, it was $4 per bushel, and calculating it on an average yield I suppose 50 bushels per acre would be close to an average for western Canada. Therefore, that is $120 per acre. Today, although that same farmer may be getting 30 bushels of wheat per acre, if it is low-grade wheat or if it is weathered—and a lot of it is weathered—he will receive $2 per bushel. That is $60 per acre. Even at that, he is not sure he can sell it. No one knows whether he can sell it. The high-grade wheat has big quotas. The low-grade wheat is a drug on the market because there is a surplus of corn and feed grains in the world. Our wheat, which should have been bread wheat, normally of high quality carrying a premium on the international market, a large part of it is now feed grains and is added to that surplus on the market.

Therefore, what the United Grain Growers are saying is that if a farmer can get $50 per seeded acre, that would be a compensation that would allow him to continue. From the standpoint of this country as a nation, the attitude should not be to drive the farmers off the farms. If the future of farming in this country is anything like the past, we can look forward to the same cycles as we have gone through in the past. In other words, things look bleak on the international markets and then, for whatever reasons, things pick up; the countries get a little higher purchasing power; some of the major producers of grain may have lower than normal crops; world demand goes up and things turn around. Therefore the philosophy out there is the same as my philosophy, and that is that it is in the economic interests of this nation in this time of crisis to come forward with some payments that will allow the farmers to stay farming. I am not pleading here for the big farmers. I say it should be cut off at a certain limit. I am not interested in making pleas for the big farmers; I am interested in seeing about getting a larger income into the hands of the middle-sized and smaller farmers, because they are the backbone of the country.

● (1550)

What is being done is not adequate. What is being done may be sleight of hand. The payment that is being promised may not be as substantial as is being promoted. The billion dollars, when it is altered, will mean perhaps $700 million for western Canada. I do not know the exact figures because I am not privy to them, but it will perhaps mean less than a billion dollars.

Let us suppose it is $700 million, or whatever, farmers will still look forward to that. That seems to be the way it is going, but what about the promise of the Prime Minister of this country of a two-priced wheat as high as $11 a bushel? A committee was set up which brought in a recommendation for two-priced wheat at $10 a bushel, yet nothing has been done. That promise was to pay $200 million more to farmers and it has not been fulfilled. So if the government pays $700 million now under one program, but fails to keep a commitment of another $200 million under another program, then the net gain is $500 million.

[Senator Frith.]

What I raised earlier today may have sounded complicated, but it is not complicated. It is not complicated at all if you are the seller of high-grade wheat and your wheat went on the international markets of the world and the Canadian Wheat Board made an earned surplus of, say, 50 cents a bushel. That is a reasonable guess. Now, because the lower grades have lost money—let us say 60 cents a bushel—you take the 60 cents off the 50 cents and nobody gets anything, and when that precise situation occurred when the Liberals were in office and the pressure was from the Conservative opposition that still had the numbers in those days, and promoted by Ab Douglas, the then member of Parliament for Assiniboia, the government split off the durum account from the spring wheat account and took the existing surplus that belonged rightfully to the durum producers and paid it out to them. Now, I am saying what should be done is that those individual accounts for which the government established a floor price, an initial price, should be allowed to stand on their own feet, and where there is a surplus they should be paid out.

To show just how unfair it is, in my part of the country—and there are other parts of the country with higher-grade wheat—we might have had five, eight or ten bushels of high-grade wheat last year. The farmers were looking forward to a final payment, perhaps 50 cents a bushel, and now the indication is that unless action is taken by the government they will not receive that payment. They were expecting that payment and now it is gone. I think they are entitled to that payment, and if action is not taken, it will be gone. That may account for a loss of $300 million, I do not know, but it is big.

If one takes $300 million from the $500 million, the deficiency payment decreases to $200 million, and next year another decision has to be made by the government—that is, does the government keep the initial prices where they are, or does it drop them again? The international price probably indicates that if the floor prices are not to constitute any risk to the treasury, they need to be dropped. If they are reduced again by the exact amount that they were reduced this past spring, if they go down by a similar amount next year, that could be a loss of three quarters of a billion dollars if it is a dollar a bushel.

So, if you take the $700 million going out now, and take off the money that was promised for the two-priced wheat, and you take off the theft of the surplus in the high-grade wheat account, and the government reduces the intial prices, then that deficiency payment is entirely lost, and indeed farmers could be worse off by about $500 million. Action should be taken to prevent this abhorrent result.

I would suggest that there should be a moratorium on farm foreclosures. The foreclosures should be stopped, not just by the Farm Credit Corporation but foreclosures instigated by all financial institutions should be stopped until a new regime can be put in place. The producer should be paid his final payment for high-grade wheat. A two-price wheat system should be put into effect. Initial prices should be maintained. Income payments should be provided based on a family farm, and so there could be a cut off or a limitation on the moneys that are paid

so that there is more money in the coffers of the individual farm family.

I have said this before in the chamber—it sounds degrading, perhaps—but I think it is an absolute shame and a disgrace to this country that low as welfare payments are farmers are virtually barred from the benefit of those payments just because they are farmers.

I have gone to welfare offices with farmers to make application for welfare. I have gone to the appeal board, and what they say is, "Spend your 1985 income." However, that is long gone. There was not enough income in 1985, yet they say, "Live off your 1985 income." Or they say, "Sell your land," but they do not have any land to sell because it is tied up because of mortgages. Or they say, "Go and get a cash advance and live off that and don't pay the local merchant, don't pay the fuel dealer, don't pay the person who gave you the fertilizer and don't pay your taxes." So farmers are really barred, and that is extremely bad from the standpoint of the farm family because there is no security whatsoever.

Under the Canada Assistance Plan and the provincial assistance plans, farmers should be given a basic minimum income for food, clothing and shelter for the farm family that is on the farm and wishes to continue farming and does not have an income. Others have come out in support of that. Professor Daryl Kraft of the University of Manitoba recommended exactly that the other day. I think that the whole system should be opened up. It should not be a system only for those living in urban areas, it should be a system for everyone.

I have read the statistics regarding the percentage of farmers going bankrupt. They are few in number, according to the statistics. However, bankruptcy is only one way out. A farmer can just drive away one morning and say he has had enough, or the banker can tell the farmer to sign it off and keep a granary of wheat worth $3,000, and that would be better than going bankrupt.

But the sad and shocking part is that nearly everybody is in trouble. There is the potential for everyone to get into trouble because many farms are going on the market. Creditors have taken them over and they are advertising those farms for sale. Older farmers who want to retire and who are endeavouring to sell their land are having difficulty selling it. Where I live there is a great deal of good land on the market, but there are no buyers. The price of farm land is collapsing, and if the price of farm land comes down, that is not only a loss of equity to the farmer who has a heavy mortgage but is a loss of a life's investment by all farmers, even though some of them may have, particularly the older ones, clear title to their land.

I still hear what one older farmer said ringing in my ears. He said: "Hazen, I have built my farm. I am 70 years of age and I now want to retire, but I cannot get a buyer, so I am forced to continue farming."

• (1600)

The equity is being lost, and it is being lost for everybody. Action has to be taken by way of stopping foreclosures, stopping the land going on the market; action has to be taken by way of putting more income into the hands of the producers out there. Yes, some day, some government, the Farm Credit Corporation and others—and the credit unions are putting out learned papers this way now—may say that there has to be some kind of a land reserve so that when farmers are not able to continue farming that land is not put on the market to drive the value of land further and further down.

So, I hope that parliamentarians will consider this very serious, threatening agricultural situation. I hope they will look at our people who are farming, and at the land and the resources that go into agriculture as a great Canadian natural resource that should be protected during this time of adversity.

**Hon. Senators:** Hear, hear!

Motion agreed to, and the Address in reply to the Speech from the Throne adopted.

On motion of the Honourable C. William Doody, ordered that the Address be engrossed and presented to Her Excellency the Governor General by the Honourable the Speaker.

## BANK OF BRITISH COLUMBIA BUSINESS CONTINUATION

### BANKING TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-27

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have before me now the motion which was discussed earlier today on the subject matter of Bill C-27. I would like leave to revert to Notices of Motions to present that motion.

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

**Hon. Senators:** Agreed.

**Senator Doody:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-27, An Act to facilitate the continuation of the business of the Bank of British Columbia, in advance of the said Bill coming before the Senate or any matter relating thereto.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, we have waived the customary notice so that this motion could be put at this time. We are prepared to accept the motion so that a pre-study of this bill can begin. We do so because it is an emergency situation, as has been represented by the government. We are responding to that emergency situation by some extraordinary legislative waivers. I indicated earlier today—and I will not repeat what I said—the necessity of having the appropriate witnesses, and I hope that the government will cooperate in meeting the requirement for witnesses, because it will certainly facilitate matters if all

these witnesses have been heard before the bill itself arrives in the Senate late tomorrow.

**Senator Doody:** I thank Senator MacEachen for that remark. The government is doing everything it possibly can to get the witnesses in time. I think that Senator Sinclair has made considerable progress in that direction already, and I think that the wishes of the committee will be satisfied.

Motion agreed to.

## CANADA-EUROPE PARLIAMENTARY ASSOCIATION

MEETINGS HELD IN ITALY

**Hon. Heath Macquarrie** rose pursuant to notice of Tuesday, October 28, 1986:

> That he will call the attention of the Senate to The Meetings of the Canada-Europe Parliamentary Association held in Italy from 21st to 31st March, 1986.

He said: Honourable senators, my delay in getting to this particular item in no way reflects my view on the excursion by the important parliamentary delegation which met in Italy.

The report has been printed and attached to *Hansard*. I am sure every senator has read it avidly, and I will not repeat what was in the report.

This was the first delegation of parliamentarians meeting with their Italian homologues in that country on a mutually pre-arranged program, sponsored by the Canada-Europe Parliamentary Association. We were chaired by the chairman of that group, Mr. Ellis, MP, who was the splendid and sensitive leader of our group. We were very fortunate to have also in the delegation Mr. Vincent Della Noce, MP, who is the Chairman of the Canada-Italy Parliamentary Friendship Group. He knows both Italy and the language so well that he was a great help to those of us less qualified linguistically.

It is not a mere ritual to say that it was a pleasure to be abroad with the delegation, including our colleague, Senator Bonnell, Messers. Orlikow, Malepart and MacDougall from the House of Commons. In Madame Danielle Parent-Belisle we had a most impressive and efficient executive secretary. I want to say, too, that it was a most excellent gesture on the part of Mr. Leonardo Leone of Toronto, the former president of the Canadian Ethnocultural Council and also President of the Italian Canadian Association, to go to Italy and be with us for several days. Indeed, from time to time he became a sort of on-the-spot translator/interpreter and was magnificent in that role and helped us greatly in some of the social events, drawing on his profound knowledge of the country and of the language.

● (1610)

By nature, politicians are not known for any deficiency in vanity, nor do they leave all of it at home when they go abroad. But I want to say what an excellent group we had, among which there was not even one of those important people who is always late for functions. That made it quite a star situation which I, naturally, appreciated very much since I am one of those who are never late!

[Senator MacEachen.]

Mr. Ellis, as well as being a good parliamentarian, is a good businessman. I was impressed by the arrangements that were made to get this delegation to Rome in a fairly inexpensive—if air travel is ever inexpensive—way. We went Apex, which I think is a very good idea when delegations know many months before that they have to travel.

I was never sure whether we had cancellation insurance coverage, which I think is an absolute necessity in the case of trips such as that, because if you miss a particular connection it can be a very costly business to get back on another scheduled flight.

Another matter which is always of concern to me during these parliamentary trips is whether everyone is covered by Blue Cross. If you are not covered by such a plan and you find it necessary to go to hospital, you will find OHIP coverage quite inadequate.

When I was in the other place, I remember Mr. Stevens posing an excellent question to the then Minister of Finance, Mr. Chrétien. Of course, I will not be attending the Liberal Convention, so I am not deliberately mentioning that name. The question made reference to how high Canadian taxes were as compared to American. During his brilliant question, Mr. Stevens gave about five examples. Mr. Chrétien responded by saying that that was the case, but pointed out that Mr. Stevens had mentioned nothing about services rendered in the two countries. Mr. Chrétien then gave the illustration of a Canadian who went to Florida and had a heart attack, and when he got the doctor's bill he had another one.

The delegation was so frugal that we hired our own bus and we spent a lot of time on that bus. Unfortunately, some of those beautiful Italian cities do not always have an Appian Way through the middle of them. It sometimes takes a long time to get from one part of the city to the other. Fortunately, the bus was quite comfortable and we had a congenial group.

I had some reservations about our wisdom, if not our geniality, on the first day. Even the most vigorous of senators finds a trans-Atlantic trip fairly strenuous. We discovered that any compensation for such a sissy thing as jet lag was just not in the cards.

We landed in Milan and had to make four high-powered visitations to officials in the city and in the region. When all of this is done in two languages, it proves to be a pretty strenuous endeavour. During the few minutes that we did have to ourselves, I went to see the Milan cathedral, which is one of the most beautiful church structures in the world.

To show what great sports we were—and some may use another word—on our first evening we went to La Scala and saw "La Sonnambula," by Bellini, the great master of the opera. Honourable senators, while we were not walking in our sleep, we were pretty well sleeping while we were walking. We were part of the famous audience that is supposed to interfere so much with the performers. They seemed very interesting and demanding, but I could have done, perhaps, without their exceptional directions to the people on the stage.

Our visit just happened to coincide with an occurrence which put our Italian counterparts into quite a tizzy. The day we were to spend with our parliamentarian friends and colleagues was the day that the U.S. bombed some Libyan establishments in the Gulf of Sidra. The whole of the Italian Parliament went into action.

In that country the Prime Minister appears before each house to make his announcement. He then hears from a spokesman from each of the parliamentary groups, which would be about seven in one case and five or six in the upper house, the Senate. Although one did not know the language, one could sense that the Italian parliamentarians were very disturbed. I often think—this is an old theme of mine—that instead of the Americans constantly advising the Europeans how they should adapt to such and such, it might be better if the transmission were the other way. Then we might find those in Washington giving a little more thought to the views and judgments of the people in western Europe. It is not just a cliché to say that they are much closer to a lot of these things. It is true geographically, and I think in depth and in history it is also extremely important and true.

There are observations one might make about the Italian Senate. It is an elected body much more involved in the supervision of the government. Indeed, the Senate can bring down the government by a vote of censure.

I suppose most senators have been in Italy a good many times. I heard some rather premature laughter from some of my colleagues when I said at one of our meetings, in a preliminary way, that Italy was a much older country than Canada. I am sure they thought I was a bit off track. Then I went on to say that as a nation we are about the same age. There never was an Italian political entity until the 1870s. Of course, we know that there was an Italia down through the ages in the days of Julius Caesar and before, but, politically, it is a new country like ours. The Italian constitution has evolved. I think it is an impressive document and it is impressive in reality. It is a new country in the sense that its present institutions are only post-war. It is interesting to note that there is a novelty in their political institutions superimposed upon that great antiquity which thrills and moves us all. No one could but be moved by a walk through any Italian city, but especially through eternal Rome.

On the way back, as is my custom when I want to relax, I was reading a good mystery novel by Daphne Du Maurier who had described a tour guide in a Rome hotel as saying:

> We use certain code words for our clients in the touring business. The English are beef to us and the Americans barbarians. It may not be complimentary, but it's apt. These people were running wild on pasture land and prairie when we were ruling the world from Rome. No offence intended.

Our one day spent in Florence put us in touch with what Byron called that "Etrusian Athens."

● (1620)

In one brief walk, unique with history centuries old and gloriously rich, I was looking around to see some evidence of the great literary figure Boccaccio, who must be great because the father of English prose and poetry, Chaucer, was inspired by Boccaccio's *Decameron*. But there was very little to be seen by way of statuary. Then I looked up my history and I found out what happened. I went to one of our great poets, Byron, and found that the Church at a later time decided that this man was not what he should have been, so many of the ruins and memorials were destroyed by those people whom Byron described as "hyena bigots". I suppose that that is the worst kind of bigot to be, a "hyena bigot".

Boccaccio does not stand in the glory that I think he deserves, because his statuary was razed by the ruling bigots of this great city which had, indeed, a lot of poor rulers—and a lot of glorious ones—down through the years. But, thank God, in some great way its beauty has been left for the most part unimpaired. These great cities, these great civilizations and these great people belong to us all.

Honourable senators, it was a great joy to me to share the experience through our meetings, which lasted a week and taught us a great deal. Weariness, some, but a little weariness is a small price to pay for an opportunity to converse with our opposite numbers over there and to do it in the wonderful environment of such places as Rome, Florence, Milan and Pompeii—but I will not tell senators anything about Pompeii because we are supposed to be restrained, sober and sedate here.

**The Hon. the Speaker** *pro tempore:* Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 243*)

## NATIONAL FINANCE

SECOND REPORT OF COMMITTEE

WEDNESDAY, November 26, 1986

The Standing Senate Committee on National Finance has the honour to present its

### SECOND REPORT

Your Committee, which was authorized by the Senate on October 9, 1986, to continue its examination of the activities of the Government of Canada in its financial support of post-secondary education and vocational training, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the "Procedural Guidelines for the Financial Operation of Senate Committees", the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

FERNAND-E. LEBLANC,
*Chairman.*

### APPENDIX (A) TO REPORT

### THE STANDING SENATE COMMITTEE ON NATIONAL FINANCE

### APPLICATION FOR SUPPLEMENTARY BUDGET AUTHORIZATION FOR THE PERIOD 1 NOVEMBER, 1986 TO 31 MARCH, 1987

### ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Thursday, October 9, 1986:

"The Honourable Senator Leblanc *(Saurel)* moved, seconded by the Honourable Senator Turner:

That the Standing Senate Committee on National Finance be authorized to continue its examination of the activities of the Government of Canada in its financial support of post-secondary education and vocational training;

That the papers and evidence received and taken on the subject before the Committee during the 1st Session of the 33rd Parliament be referred to the Committee; and

That the Committee report no later than February 26, 1987.

The question being put on the motion, it was
Resolved in the affirmative."

CHARLES A. LUSSIER,
*Clerk of the Senate.*

### SUMMARY

| | |
|---|---|
| Professional and Other Services | $26,510.00 |
| Transportation and Communications | 1,000.00 |
| All Other Expenditures | 7,000.00 |
| TOTAL | $34,510.00 |

The foregoing budget was approved by the Committee on October 16, 1986.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

FERNAND-E. LEBLANC
*Chairman, Standing Senate Committee on National Finance*

Date: October 16, 1986

Approved by:

GUY CHARBONNEAU
*Chairman, Standing Committee on Internal Economy, Budgets and Administration*

Date: November 6, 1986

### EXPLANATION OF COST ELEMENTS

Professional and Other Services

| | | |
|---|---|---|
| 1. Parliamentary Centre (To provide, for 4 months 1 November 1986 to 28 February 1987) | $14,400.00 | |
| 2. Editor of report: one time cost only: | | |
| English | 2,000.00 | |
| French | 2,000.00 | |
| 3. Intersessional funds (September and October 1986) | 8,110.00 | |
| | | $26,510.00 |

Transportation and Communications

| | |
|---|---|
| 1. Postage and Courier Service | 1,000.00 |

| | | |
|---|---|---|
| All Other Expenditures | | |
| 1. Participation at special conferences, seminars and/or speaking engagements by Committee members and/or staff | $5,000.00 | |
| 2. Contingencies | 2,000.00 | |
| | | 7,000.00 |
| TOTAL | | $34,510.00 |

## APPENDIX (B) TO REPORT

THURSDAY, November 6, 1986

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on National Finance for the proposed expenditures of the said Committee with respect to its examination of the activities of the Government of Canada in its financial support of post-secondary education and vocational training, as authorized by the Senate on October 9, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $26,510.00 |
| Transportation and Communications | 1,000.00 |
| All Other Expenditures | 7,000.00 |
| | $34,510.00 |

Respectfully submitted,

GUY CHARBONNEAU,
*Chairman.*

# THE SENATE

**Thursday, November 27, 1986**

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

Prayers.

## INCOME TAX CONVENTIONS BILL

MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons returning Bill S-2, to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for the avoidance of double taxation with respect to income tax, and acquainting the Senate that they had passed the bill without amendment.

[*Translation*]

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. Royce Frith,** for the Honourable Guy Charbonneau, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, November 27, 1986

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FOURTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on November 24, 1986. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $20,000.00 |
| Transportation and Communications | 13,440.00 |
| All Other Expenditures | 1,500.00 |
| | $34,940.00 |

Respectfully submitted,

GUY CHARBONNEAU,
*Chairman.*

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

**Senator Frith:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be taken into consideration now.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Some Hon. Senators:** Agreed.

Motion agreed to and report adopted.

[*English*]

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIRST REPORT OF JOINT COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

**Hon. John M. Godfrey:** Honourable senators, on behalf of the Honourable Senator Nurgitz, the Joint Chairman, I have the honour to present the First Report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "A", p. 279.*)

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

**Senator Godfrey:** Honourable senators, on behalf of Senator Nurgitz, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be taken into consideration now.

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, perhaps Senator Godfrey can explain why he needs leave to proceed now.

**Senator Godfrey:** Honourable senators, we have had difficulty holding an organization meeting. We finally held one this morning. The problem is that we require a majority of both the members of the House of Commons and of the Senate to hold this meeting. The Senate has had no problem producing its majority, but it was not until this morning that we got a majority from the House of Commons. The main point of the organization meeting is to reduce the quorum to four members so that we can operate. We wish to hold a meeting, whether the Senate is sitting or not, next Thursday morning, and we wanted to reduce the quorum. We require the approval of the Senate in order to hold that meeting. I should also explain that

this report is in the usual form of the first report introduced at the start of a session. It contains the reference that it has contained for some years, to look into the question of regulations. It contains the usual 15 criteria under which we have been operating for about the past 12 years. I believe that the two chairmen got together with the clerk and polished up the language somewhat, but I cannot cite the specifics at this point. We have requested that the committee have the power to engage the services of such staff and such stenographic and clerical staff as may be required and that it be empowered to sit during sittings and adjournments of the Senate. We need the power to sit during sittings of the Senate because we meet with the House of Commons and on occasion on a Thursday afternoon at 3.30 when the Senate may be sitting.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SECOND REPORT OF COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

**Hon. M. Lorne Bonnell:** Honourable senators, I have the honour to present the Second Report of the Standing Senate Committee on Social Affairs, Science and Technology respecting the power to incur special expenses pursuant to the procedural guidelines for the financial operation of Senate committees. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "B", p. 280.*)

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

**Senator Bonnell:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## CANADA-UNITED STATES FREE TRADE NEGOTIATIONS

NOTICE OF INQUIRY

**Hon. Douglas D. Everett:** Honourable senators, I give notice that on Tuesday next, December 2, 1986 I will call the attention of the Senate to the free trade negotiations with the United States.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government)**, with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at two thirty o'clock in the afternoon today, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

**Hon. Ian Sinclair:** Honourable senators, perhaps I could make a comment on that motion. Arrangements have been made for the Minister of Finance and the Minister of State for Finance to appear before the committee at 5 o'clock. The members of the committee would welcome the attendance of any senator who is interested, particularly if they wish to avail themselves of the opportunity of putting questions to the ministers while they are before the committee.

Motion agreed to.

## INCOME TAX ACT

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-23

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of the Bill C-23, An Act to amend the Income Tax Act and a related Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## ARCHIVES OF CANADA

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-7

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine the subject-matter of the Bill C-7, An Act respecting the Archives of Canada and records of government institutions of Canada and to amend the Copyright Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## COASTAL FISHERIES PROTECTION ACT

FISHERIES COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-26

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Fisheries be authorized to examine the subject-matter of the Bill C-26, An Act to amend the Coastal Fisheries Protection Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## SHIPPING CONFERENCES EXEMPTION

TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-21

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Transport and Communications be authorized to examine the subject-matter of the Bill C-21, An Act to exempt certain shipping conference practices from the provisions of the Competition Act, to repeal the Shipping Conferences Exemption Act, 1979 and to amend other Acts in consequence thereof, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## CANADAIR LIMITED DIVESTITURE AUTHORIZATION

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-25

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-25, An Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

[Senator Doody.]

• (1410)

# QUESTION PERIOD

[*English*]

## FOREIGN AFFAIRS

SYRIA—JOINT ACTION BY CANADA AND OTHER NATIONS

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, the announcement that the Canadian ambassador to Syria has returned to Damascus encourages me to see whether we can tie up some loose ends which were left untied in our Question Period of several weeks ago. At that time, in raising the question of Canadian policy towards Syria, the Leader of the Government said that while there was a possibility that Canada might sever diplomatic relations with Syria, its main concern was to develop concerted action against Syria by a group of countries. In his reply he referred to the meeting which was to be held on November 10 of the European Economic Community and the visit to Canada by the United States representatives.

My question relates to whether any concerted action by Canada with other countries against Syria has been put together and, if so, what are the elements of that concerted action.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the Leader of the Opposition will be aware that the meeting of the foreign ministers of the European Economic Community did take place in London on November 10 and that they agreed on certain measures they would take. I do not have a list of them in front of me, but they did agree on certain steps.

I am also aware that both Italy and the Federal Republic of Germany took steps, in the one case, involving their diplomatic relations with Syria and, in the other case, with respect to the sale of arms to that country.

**Senator MacEachen:** My question really is: If other countries have moved, what are the elements of Canada's action against Syria?

**Senator Murray:** We could not cease selling arms to Syria because we were not selling arms to Syria in the first place.

We did, as the Leader of the Opposition knows, recall our ambassador for consultations. My honourable friend will have seen in the media, as I have today, that the ambassador is returning with a message to the Government of Syria concerning support by that country or other countries for terrorist activities.

**Senator MacEachen:** I will not go beyond one more question because on October 29 I asked the Leader of the Government the following question:

> What is the concerted action that Canada is recommending?

The Leader of the Government said previously that it was the position of the Canadian government that the best action would be a concerted action with other countries.

The Leader of the Government told me that I would know in a few days, or in due course, because there were various sanctions and other diplomatic weapons that could be brought into play in a situation of this kind.

Am I to conclude that all that Canada has done or is doing is to arm the Canadian ambassador with a stern note for the authorities in Damascus; that the objective of concerted action has disappeared; and that Canada is not part of any concerted action, except to send the ambassador back with a stiff note?

**Senator Murray:** The Leader of the Opposition should not necessarily draw that conclusion so far as Canada's action is concerned.

I will inquire to see what other steps may have been taken by us or are contemplated by us with regard to Syria.

It was our view then and it remains our view that it is important that there be concerted action in the sense that all of the western allies should act in this matter. As I have indicated, Great Britain, in its way, West Germany and Italy, in their respective ways, have done so. I might also add that the United States has done so.

**Senator MacEachen:** That really leaves the Government of Canada—and, I must say, the Leader of the Government—totally exposed to the charge that while other countries have done something, Canada has done nothing, except to send a note back with the ambassador.

What I should like to know is whether we have done anything except send the ambassador back to Damascus.

**Senator Murray:** I simply remind the Leader of the Opposition that the action we did take in recalling our ambassador was taken before other countries acted at all. As I indicated to the Leader of the Opposition, I will see what other action may have been taken or is contemplated by the government.

**Senator Balfour:** How much more should we have done?

**Senator MacEachen:** It was not I who talked about "concerted action."

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have two delayed answers to questions. Following the usual procedure, I will not read them unless specifically asked to do so. I will simply identify them and ask that they be printed as part of today's proceedings.

## THE MINISTRY

### ROLE OF DEPUTY PRIME MINISTER

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, on November 4, 1986, a question was raised by the Honourable Senator Stewart regarding the Ministry—Role of Deputy Prime Minister.

(*The answer follows:*)

The role of the Deputy Prime Minister has developed in the last ten years, but specific responsibilities within the Ministry will vary depending on the wishes of the Prime Minister.

The office of the Deputy Prime Minister began with Mr. MacEachen in 1977. Senator MacEachen was then, as Mr. Mazankowski is now, President of the Privy Council and Government House Leader. Later, Senator MacEachen held the title conjointly with Finance and later the External Affairs portfolios.

Mr. Chrétien was Secretary of State for External Affairs and Deputy Prime Minister in the Turner government.

In the Mulroney government, Mr. Nielsen held the title of Deputy Prime Minister when he was President of the Privy Council and later Minister of National Defence.

The present Deputy Prime Minister has the specific responsibilities of Government House Leader, chairman and vice-chairman of various Cabinet committees, and that of offering general support to the Prime Minister in the co-ordination of government.

## INDUSTRY

### AEROSPACE—ALLOCATION OF CF-18 SERVICE CONTRACT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, on November 6, 1986, a question was raised by the Honourable Léopold Langlois regarding Industry—Aerospace—Allocation of CF-18 Service Contract.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Could we have that answer read, please?

**Senator Doody:** Certainly. The answer reads as follows:

> When the decision was made to establish a Canadian capability to perform systems engineering and repair and overhaul for the CF-18, it was recognized that no single Canadian company could handle a task of this magnitude. In July 1984, a letter of interest was sent to all major Canadian aerospace companies outlining the work requirements. From this letter of interest, three consortia emerged, led, respectively, by Litton Systems Canada Limited, Canadair and IMP Group. The Litton group adopted "CAST-18" as an informal name—CAST standing for Canadian Aerospace Support Team. This name does not, however, have any legal standing, and there has been no change in name or membership of any of the consortia during the bidding process. Subsequently, on July 17, 1985, Bristol Aerospace assumed the lead for the CAST-18 group.
>
> A request for proposals was issued in August 1985 to the three consortia, and bids were received in late November. No unsolicited proposals were received after this deadline. Communications were received, however, from two of the consortia, Bristol and Canadair, offering to enter into negotiations to modify their bids. These communications contained no commitments with regard to

price reductions or other changes, and the one from Bristol was subsequently withdrawn. In any case, neither was considered in the evaluation process or in the decision to proceed with a bid repair process.

The proposals of all three consortia were found to contain deficiencies, preventing the award of a contract at that time. All the companies were briefed on their weaknesses, and requested to submit revised proposals, which were evaluated commencing April 18, 1986. No other tenders or proposals were received.

## CANADIAN HUMAN RIGHTS COMMISSION

MEMBERSHIP

Question No. 2 on the Order Paper—**By Hon. Jack Marshall**

28th October, 1986—What are the names of the members of the Canadian Human Rights Commission, (i) by province; (ii) by date of appointment?

*Reply by the Minister of Justice and Attorney General of Canada:*

The Chief Commissioner of the Canadian Human Rights Commission, Gordon Fairweather, was appointed on September 1, 1977. At the time he lived in New Brunswick, and I understand that he still maintains a home there. The Deputy Chief Commissioner, Rita Cadieux, was also appointed on September 1, 1977, and she now resides in Ontario. Three part-time Commissioners were recently appointed on October 8, 1986. They are Diane Boissinot from Quebec, Gerald John Kambeitz from British Columbia and Bhausaheb Ubale from Ontario.

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## PARLIAMENT BUILDINGS

CENTRE BLOCK—PHOTOGRAPHS OF BRITISH PRIME MINISTERS

**Hon. Henry D. Hicks:** Honourable senators, before proceeding to the Orders of the Day, may I crave the indulgence of honourable senators for a few moments.

In November of last year I called the attention of the Senate by way of an Inquiry, I believe, to the removal of the portraits of British Prime Ministers from the sixth floor corridor leading to the Parliamentary Restaurant. I am glad to note that they have now been restored, not exactly to their original places because space was left for the Prime Ministers of Canada in the areas nearest to the Parliamentary Restaurant—

**Senator Macquarrie:** Yes, which is proper and in order.

**Senator Hicks:** I agree with Senator Macquarrie when he says that that is perfectly proper and in order.

The portraits of the British Prime Ministers have been restored to their place, and I think that makes an interesting display linking us to the Mother of Parliaments from which this Parliament derives so many of its practices and institutions.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I would only add that if they do that, they should do it right. I have the impression that there is at least one former British Prime Minister whose photograph is not hanging with the others.

**Senator Hicks:** Portraits of some of the more recent Prime Ministers are not hanging there. There is more than one missing, I think. My assumption, honourable senators, is that this is only a temporary omission and that it will be corrected. I hope that is so.

**Senator Le Moyne:** I hope Bannerman's portrait is not missing.

[*Translation*]

## THE ALLIANCE NATIONALE CONSOLIDATED ACT, 1945

BILL TO AMEND—THIRD READING

**Hon. Michel Cogger** moved the third reading of Bill S-3, to amend and repeal the Alliance Nationale Consolidated Act, 1945.

Motion agreed to and bill read third time and passed.

## NATIONAL FINANCE

SECOND REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Second Report of the Standing Senate Committee on National Finance (supplementary budget regarding examination of post-secondary education), presented in the Senate on November 26, 1986.

**Hon. Fernand E. Leblanc:** Honourable senators, I move that this report be adopted.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a question for Senator Leblanc.

Can the senator tell us whether the budget sub-committee has assured him that the funds are available for this supplementary budget?

**Senator Leblanc:** As chairman of the committee, I have appeared before the budget sub-committee. The budgets required for the examination of the estimates and legislation, as well as the supplementary budget regarding examination of post-secondary education have been adopted. These budgets have been submitted to the Committee on Internal Economy, Budgets and Administration, which has also adopted them.

**Senator Frith:** Very well.

**The Hon. the Speaker:** Is it the pleasure of honourable senators to adopt the report?

**Some Hon. Senators:** Agreed.

Motion agreed to.

[*English*]

## "A PEOPLE APART—NATIVES IN SASKATOON"

SPECIAL NEWSPAPER REPORT—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Buckwold calling the attention of the Senate to a special report by the *Saskatoon Star-Phoenix* entitled "A People Apart—Natives in Saskatoon".—(*Honourable Senator Adams*).

**Hon. Willie Adams:** Honourable senators, I have been stalling for the past couple of days. I know that Senator Buckwold has been asking when I was going to speak on this newspaper report. I think that Senator Buckwold and Senator Marchand did very well in their presentations a couple of weeks ago. They were very interesting and informative. The article in the *Saskatoon Star-Phoenix* is very realistic, especially with regard to those native people who live in the cities. I realize that our culture is different and that it is difficult for native people to live in cities. For a thousand years we knew only one way of life, and then everything changed. I see the same changes coming in the Territory. The communities there are growing and new people are settling in them all the time. Most people come to take up government jobs and to teach.

● (1420)

At one time native families taught the younger members how to survive and how to live off the land. Today it is different, because young people have to be educated and they have to find a job. No longer can they live off the land. Before, we did not have to worry about people coming through our land. Now, every year we worry about what the summer will bring. At one time summers and falls were spent preparing for trapping and getting back to the land. This is no longer the case, because most of my people live in communities. Nowadays they hunt on weekends. My people cannot afford to live off the land today. They must have a snowmobile whereas at one time a dog team and a boat were enough. No longer does Hudson's Bay buy furs, even furs such as seal and fox. At one time you could make a living off those furs, but the prices today are not high enough to cover the costs of gas, food, traps and all the things that are necessary to live off the land. It is better for my people to live in communities where government provides them with houses. Some even say that they are better off living on welfare. I know that it is not right, but it is the only way these people can live in communities. The kids must finish school to get a job with the Department of Indian Affairs, the government, the oil companies or in private enterprise.

We are having problems with kids dropping out of school. Most of the trade jobs in government or in private enterprise require that you have a grade 10 or grade 12 education. Kids who do not have this education will not be hired. They must go back to school and take adult education or upgrading. That is the way the system works. Judging from what is written in the *Saskatoon Star-Phoenix*, it seems to be the same in the cities. People are beginning to get frustrated. To get upgrading, my people have to go south to either Winnipeg or Edmonton where the training programs are. They must apprentice for five years and then take an exam. Apprenticing in northern communities is different from apprenticing in cities. Before I came to the Senate, I was an electrician and did most of my work in the community. I know of a fellow who apprenticed for five years while working for the government. When it was time for him to take his exam, he came down south. The teacher gave him books on electricity and how it works. Some of the people in the class had only worked on houses doing conventional wiring. That teacher assigned this fellow some commercial work, which is very different.

People are allowed to bring liquor into most of the communities, and this is where most problems begin, particularly with young people. They do not understand how to control their drinking and they get into trouble with the law. Many of these kids ride around the community while drinking, and they do not know that they are breaking the law. Suddenly, they are confronted by an RCMP officer and told that they are breaking the law. Many of these communities are run by by-laws. For example, many of the communities have curfews. Sometimes people run around and drink in the streets because they get feeling good and just run out in the street and raise hell, and the next thing you know they are picked up and put in jail within the community. The next thing that happens is that the judge comes along. These people are taken to court and fines are imposed. However, some of these people are not able to pay their fines and they go to jail.

Nowadays in the communities they have a special system called a community work system. When people are unable to pay their fines, then you put them to work in the community. However, in the meantime, that person is not earning money for himself or his family. The work he does earns money to pay the fine imposed by the judge.

A couple of weeks ago I was up in Rankin Inlet at the same time as a court case was going on. The people accused were mostly young people, some from the local community and some from elsewhere. What usually happens is that some lawyers are hired from law practices in Yellowknife to defend some of the offenders. They come up to Rankin Inlet to defend these people, and some of them are not familiar with how the people live in that community.

Then we have a prosecutor who comes from Ottawa and who is also not familiar with any of the people in the community or how the community lives, and he is telling some of those people in the community that they are bad people and they have to go to jail. I do not think that this system of law is right for the people in our communities.

Let us say for the sake of argument that I came from the north and was not familiar with Ottawa and I told you people here in Ottawa that you are doing wrong. I would feel bad, because I am not from Ottawa and I am telling someone that they are doing something wrong. By the same token, these prosecutors who have lived all their lives in Ottawa are coming to northern communities, telling the people in those communities that they are breaking the law and that they have to go to

jail or pay a fine. That is why I think sometimes that we still have a lot to learn about the north and that it was not a good idea for the government to step into the north in 1950, which was approximately 36 years ago today.

Having said that, I think some of the native people in the communities have learned a great deal over the last 36 years compared to what they had learned in the 200 years since the beginning of our existence in this country. Now we are learning something through the educational system that was set up 36 years ago.

In the meantime, we still have a long way to go because of the way the government system wants to work within the community. A lot of the native people are not very qualified yet to run their own community under the government system. In other municipalities, of course, it works out very well. The way the government system works, if you need a job you can often get one running the system for the government. I remember only ten years ago you would find the odd local person acting as a member of council. Nowadays every community has a local government or a municipality, and these municipalities are run by the community, and run very well. The government gives them funds and the power to control the community, town planning and road maintenance within the community, and these jobs are held by local people. In fact, it is considered very desirable within the community to have a government job, since the people who hold those jobs are able to control the community.

Last week on The Journal, on CBC television, I saw an item about a Manitoba Indian band. Some of the councillors of that Indian band had decided to control their own community. At that time, a judge was coming in every week from Winnipeg for court cases, charging people within the band. The story was about a particular woman within the band whose name I cannot remember. She decided that that system did not work and that perhaps the band should do it in their own way. Some people had been drinking in the streets and some people had been shot; not very much had changed and the system did not seem to be working. Finally, the members of the band said that they were going to change the system. Someone appointed by the Chief took the gun that had been used in this shooting, went down to the lake and dropped the gun in 80 feet of water. The person who owned the gun was then told: "If you want your gun back, you must go down into 80 feet of water to get it." At that time, the people who had been in trouble realized that they could not continue in the old way. They realized that they would have to listen to their leaders within the community instead of listening to the judge who imposed a fine or sent them to jail for three or four months. A lot of the time, this old system did not work, because the offenders would be gone for three or four months or they would have fines imposed and remain angry because of what had happened. Their attitude was that it does not matter what you do, and sometimes the same things would happen again. Now, however, if someone in the community tells the offender not to do something, he knows that that person will still be in the community when he returns. If that offender gets in trouble again, he knows that he has to face the wrath of the community at large.



I myself have been in the Senate in the last few years and I find the system here very understandable. I think it is right that the people who are the leaders in our communities should work for the right to help our people understand how the system works, especially in matters such as land claims and things of that nature. At least if you understand the system, you have a little more control.

● (1430)

For close to 25 years some of the organizations in the north have travelled repeatedly to Ottawa, specifically to the Department of Indian Affairs and Northern Development in an attempt to have some control over land lease arrangements. Very often in the north the education given to individuals is quite inadequate for them to be able to deal adequately with land settlement claims.

Natives have survived in the north for thousands of years. They have done this with their native knowledge of wildlife and the environment. Recently the government has increased its focus on the north because of the threat to wildlife and the environment, but little do they realize that natives have survived in that environment for thousands of years and are aware of the environmental effects of the spring run-off and learning how to live off the land. In that sense, government officials in Ottawa have much to learn from natives.

These people, who have been surviving on the land for thousands of years, are being told by government officials that they do not know how to do so. Native peoples have a knowledge and understanding of such things as the migrating patterns of animals, especially the caribou, and know exactly where the grazing grounds are.

In the winter-time they know how to survive by seal hunting under the ice. Even when the water is frozen, they know how to catch seals. As a child, I thought seals used only one particular hole to come up for air, but seals are not stupid, they use four or five different holes intermittently. Polar bears follow much the same pattern. To catch the seals, the native people use dogs which can sniff through the snow to determine where a seal hole is. Then the hunter pokes down through the snow with a rod. He follows the same procedure on the other side of the hole so as not to damage it. He then drops a string down or puts a feather down and waits for the seals to come up. He is then ready and waiting with his harpoon.

Honourable senators, although this procedure may sound simple, believe me, it is not. If natives do not understand exactly what they are doing, their very existence comes into jeopardy, because they may go hungry for several days.

To me it seems quite ridiculous that learned people from university are going to the north and telling the natives how to survive—I know very well that such a person would not survive, quite apart from the fact that he certainly would not like to eat seal meat.

Honourable senators, since my appointment to this chamber ten years ago, I have become friendly with most of you, but I do not think I have ever spoken of these things before.

I believe that the Senate is a body which can resolve some of these issues. Just a couple of weeks ago Senator Marchand was saying that if the Senate set up a committee to deal with native land claims, we could probably process them much faster. There is no doubt that the native people do need the help and advice from people such as senators on how to control land settlement claims.

Contact with people in Ottawa would mean that natives would better understand the intricacies of government so that if and when self-government is a reality, they can better handle their affairs. The Senate is an ideal body to advise natives, because I know that most senators are familiar with native problems across Canada. We have to work together to help these people. We could offer advice on community issues, education, health, town planning and so much more.

The native peoples are also at somewhat of a disadvantage because Canada, technologically, has been a fast-growing country and our mother tongues have not kept pace with the new technological language of today. The conversation of the natives for centuries has centred around survival, the weather, animals and hunting, and now we find it difficult to keep pace with the technological jargon which is in everyday use. It is particularly important to understand, because 20 or 30 per cent of the time we are faced with having to understand and translate technological phrases which are commonplace since the computer became reality. For example, natives translate the word "computer" to mean "brain," because they relate everything to their physical environment. With all of the technical material coming out, it is difficult for us. Perhaps in another few years the local people will have more of an understanding between the two languages. Perhaps all of these technical terms can be translated.

• (1440)

For the past ten years the Inuit Cultural Institute has been operated at Eskimo Point, and those involved in that institute work with the different universities towards translating some of the Inuit words into English and vice-versa. That is of great benefit to our schools and communities.

Honourable senators, I do not want to keep you any longer. I thank you for listening to me today.

On motion of Senator Corbin, debate adjourned.

The Senate adjourned during pleasure.

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At 6.40 p.m. the sitting of the Senate was resumed.

## TERRORISM AND PUBLIC SAFETY

FIRST REPORT OF SPECIAL COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

Leave having been given to revert to Reports of Committees:

**Hon. William M. Kelly:** Honourable senators, I have the honour to present the first report of the Special Committee of the Senate on Terrorism and Public Safety respecting power to incur special expenses pursuant to procedural guidelines for the financial operation of Senate committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate*, and the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "C", p. 281.*)

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

**Senator Kelly:** Honourable senators, with leave, I move that the report be adopted now.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## BANK OF BRITISH COLUMBIA BUSINESS CONTINUATION

REPORT OF COMMITTEE ON SUBJECT MATTER OF BILL C-27

**Hon. Ian Sinclair:** Honourable senators, pursuant to the reference to the Standing Senate Committee on Banking, Trade and Commerce in regard to Bill C-27, I now make the following report:

SIXTH REPORT

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred the subject-matter of the Bill C-27, intituled: "An Act to facilitate the continuation of the business of the Bank of British Columbia", in advance of the said Bill coming before the Senate, or any matter relating thereto, has, in obedience to the Order of Reference of Wednesday, 26th November, 1986, examined the subject-matter of the said Bill and now reports with the following observations:

Under the arrangement involving the purchase of the Bank of British Columbia (BBC) by the Hongkong Bank of Canada, the HK Bank will buy virtually all assets and assume virtually all liabilities of the BBC. CDIC will pay the HK Bank $200 million and in return the HK Bank will pay $63.5 million to the shareholders of the BBC. In effect, therefore, the HK Bank of Canada was paid $136.5 million in order to buy the BBC. The Committee's examination left partly unanswered the question of why the BBC shareholders are to receive $63.5 million plus additional recoveries from the liquidation of assets retained by the BBC which

may bring the total compensation to nearly $100 million, when the Bank of British Columbia, as evidenced by the CDIC advance to its purchaser, was not viable.

As part of the purchase agreement, the Hongkong Bank of Canada assumed all the outstanding deposit liabilities of the BBC. According to testimony received by the Committee, the HK Bank's parent, the Hongkong and Shanghai Banking Corporation, in a letter of commitment to the Inspector General of Banks, has undertaken to:

a) guarantee all of the deposits of its subsidiary, andL/Eb) ensure that its subsidiary will remain sufficiently capitalized to meet all of its obligations under the Bank Act.

The agreement between the BBC and the HK Bank of Canada entails in essence the takeover of a schedule A bank by a bank under schedule B of the Bank Act. Provisions in the Bank Act limit share ownership in a schedule A bank to 10 per cent for any single individual or group and to 25 per cent for foreign investors in the aggregate. The agreement therefore, by using section 273 of the Bank Act, in effect circumvents the limitation on ownership and on nationality contained in the Bank Act.

Respectfully submitted,

IAN SINCLAIR
*Chairman*

## BANK OF BRITISH COLUMBIA BUSINESS CONTINUATION BILL

### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-27, to facilitate the continuation of the business of the Bank of British Columbia.

Bill read first time.

### SECOND READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** With leave, now.

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

**Hon. Senators:** Agreed.

**Senator Murray:** Honourable senators, this bill has received in a short space of time a very thorough examination and consideration by the Standing Senate Committee on Banking, Trade and Commerce. Last night, this morning, this afternoon and into this evening, the committee spent some eight hours on this bill. I think I can speak for all honourable senators in expressing our appreciation to the chairman and members of that committee for the diligent and thorough manner in which they went about their work.

The committee has heard from the Governor of the Bank of Canada, from representatives of the Bank of British Columbia and from representatives of the Hongkong Bank of Canada. They have heard evidence from the Minister of Finance and the Minister of State for Finance, from the Acting Inspector General of Banks and from representatives of the Canada Deposit Insurance Corporation. In the course of that testimony, the committee has heard a good deal about the recent history of the Bank of British Columbia, of the factors that led the Bank of British Columbia to seek a buyer, of the factors that led the directors to approve the offer of the Hongkong Bank of Canada over other possible alternatives, and of the role of the Inspector General of Banks, the Canada Deposit Insurance Corporation and the Bank of Canada in the events leading to this bill. They have also heard evidence as to the participation of the Canada Deposit Insurance Corporation in the restructuring of the bank and, of course, evidence from the ministers and others as to the necessity and the desirability of the legislative action that is proposed in this bill.

● (1850)

Honourable senators, this is a bank which without restructuring is facing liquidation. That is the statement of the directors and the management of the Bank of British Columbia. It is the evidence of the Inspector General of Banks. It is confirmed and supported by the Governor of the Bank of Canada and by other testimony that the Banking Committee has received. Indeed, that committee, in describing the bank as essentially insolvent, as it has done in the report which the chairman presented a moment ago, states the case in rather stronger language than has been used by the Governor of the Bank of Canada and other witnesses.

In any case, in recent months the erosion of the capital base of the bank became quite serious due to the existence of a number of non-performing loans. I should say in fairness and for the record that it would be quite inaccurate to draw comparisons between the problems of the Bank of British Columbia and those which existed in the two Alberta banks that failed some time ago and with which we were concerned in the previous session of Parliament.

The evidence that the Banking, Trade and Commerce Committee has received indicates quite strongly that the solvency situation of the Bank of British Columbia deteriorated primarily because of the economy. I am sure I need not remind honourable senators of the economic conditions that have had such a negative impact on the west.

In this connection, I can do no better than quote from the testimony given last night by the Governor of the Bank of Canada, Mr. Bouey. I take this from the unrevised transcript at page A-7:

> If I might volunteer this view, this is not a bank where the problems were similar to those of the Alberta banks. In other words, I do not think you will find people saying that this bank engaged in poor lending practices. I think

this is a case where their solvency situation deteriorated primarily because of the economy.

The bank, of course, was losing money and the prospects were that there would be a continuing erosion of its position. The time at which it must publish its annual reports was coming up and the impact of that annual report showing considerable losses and a projection of future losses would have had, I would think, a very negative and harmful effect on the situation of the bank.

For some time, then, the bank had been seeking a buyer to assume its assets and liabilities and to put it back on a sound and strong financial footing. The board of directors determined that the best offer was that of the Hongkong Bank of Canada. The proposal is for an asset sale in which the Hongkong Bank of Canada would assume virtually all of the liabilities of the Bank of British Columbia so that the depositors, creditors and borrowers would be fully protected. It is the view of the directors of the bank, the Government of British Columbia and the federal government that this is a very positive transaction for the Bank of British Columbia and, indeed, for the province.

Parliament is being asked to facilitate this transaction. The problem with which we are faced is the fact that under the Bank Act the sale of bank assets and liabilities would have to be approved at a shareholders' meeting 28 days after notice of the terms of sale had been given. That 28-day delay could create uncertainty and could do serious, perhaps fatal, damage to the prospects of the bank. If this bill is passed, an order in council will issue after the bill has been given Royal Assent to authorize the transactions that are involved in this sale. A shareholders' meeting will be called on 14 days' notice to approve the consideration received for the sale of the bank's assets to the Hongkong Bank of Canada. If the shareholders choose, the government will appoint an independent assessor to conduct an appraisal and his or her evaluation will be binding.

Honourable senators, if this bank went under, the Canada Deposit Insurance Corporation would be a big loser. Therefore, the CDIC is advancing $200 million to the recapitalization of the bank, basically to indemnify the Hongkong Bank of Canada against further deterioration of the non-performing loans. It is the judgment of the CDIC, and it was their evidence before the committee, as it was the evidence of the ministers and other responsible people, that this was the least costly alternative facing the Canada Deposit Insurance Corporation. If the bank had been liquidated, the CDIC would have had to make something like $1.3 billion in pay-outs to the insured depositors. Of course, there would be a lower recovery value to the CDIC in a liquidation scenario.

Honourable senators, the origins and history of the Bank of British Columbia are closely related to the aspirations of British Columbians and of people in western Canada generally for financial institutions based in the region, with roots in that region, serving the regional economy. Since 1967, the Bank of British Columbia has served that province and region well. I am sure there will be much disappointment that various circumstances, primarily economic, combined against the bank and left it vulnerable, facing at this time either closure or a restructuring. This speaks to the traditions of that bank. I think that the arrangements we are discussing tonight will ensure the future of the bank and will contribute to the future of British Columbia.

The Hongkong Bank of Canada is a wholly-owned subsidiary of the Hongkong and Shanghai Banking Corporation. It began its operations as a Canadian chartered bank in 1981. As of October 1986 its assets exceeded $736 million. It is a worldwide bank. The Hongkong Bank group, which is headquartered in Hong Kong, had as of June 1986 assets of more than $108 billion. It is anchored in the Pacific Rim, active throughout the Asian countries, and has had more than a century of experience in financing international trade.

Honourable senators, this is a good connection for the Bank of British Columbia—a British Columbian bank which has aspirations to be active throughout the Pacific Rim. The new status of the Bank of British Columbia speaks to the future of that province and region as a major partner in trade and investment in the Pacific Rim. That is certainly the way the directors of the bank see it and it is emphatically the way the Government of British Columbia sees it. With their support, the Government of Canada is proposing this legislation. If this legislation passes, the bank will close tonight as the Bank of British Columbia and it will open tomorrow as the Bank of British Columbia, a divison of the Hongkong Bank of Canada, a bank with a solid future in British Columbia and in the Pacific Rim.

• (1900)

I invite the Senate to pass this bill expeditiously so that the solid prospects now before the restructured bank can be realized.

**Hon. Raymond J. Perrault:** Honourable senators, we have listened with interest to the Leader of the Government in the Senate providing the details of the bill, and I shall not proceed to go through those details again. I am not in any essential dispute with him as to the details. However, his attitude of virtually welcoming the banking development as a positive step makes one believe that he would read *Macbeth* as though it were high comedy.

Honourable senators, we are talking tonight about a substantial western tragedy; not a positive situation, as the Leader of the Government would suggest. May I make it clear at the outset that, together with what I believe to be most of my colleagues, I intend to vote for this measure because, despite its imperfections and despite what we might have wished to see—in other words, a Canadian purchaser, perhaps, or a western consortium—under the circumstances, and faced with the information from the government which we can only assume to be valid, the course of action represented by this proposed measure may be almost the only way to go. I can assure honourable senators that I have attended all of the meetings of the Banking, Trade and Commerce Committee under the able chairmanship of Senator Sinclair, and this solution can probably be best described as the "least bad" solution.

However, again, as over the past two years, we have seen the government's haphazard, crisis approach to a serious banking problem. Canadians, wherever they live, can only feel profound regret that once again a regional financial institution is suffering from a crisis of confidence. In this case it is another western bank and a very good one. Testimony provided full evidence that the Bank of British Columbia was being well managed. It was one of the best small "c" conservative financial institutions in the country and, yet, it has found it necessary to seek the assistance of governments and their agencies, and it has reached out in this case across the Pacific Ocean to an offshore bank. What a marvellous opportunity this is for the Hongkong and Shanghai Banking Corporation, admittedly, a very respected worldwide institution—yesterday, its Canadian subsidiary was a small schedule B bank in Canada; tomorrow, through the back door and with the cooperation of the government—and I know it may have been inevitable and it may represent the best solution—the Hongkong Bank of Canada will become Canada's third largest schedule B bank—in effect, a schedule A bank, taking over for $200 million a Canadian schedule A bank. I say to you, honourable senators, it is nice if you can do it. Yet, we certainly wish them well as they set up in business with this new Bank of British Columbia subsidiary.

However, no one should raise their champagne glasses in celebration. Another western bank asks for the right to sell to a foreign institution because problems larger than itself have overwhelmed it. What further evidence is necessary for this government to realize that a vital region of Canada, one of Canada's great engines of growth, its western provinces, are in serious and, in some areas, grave economic difficulty?

The other day the Right Honourable the Prime Minister was in Toronto at that lavish, pheasant-under-glass, $250-a-plate fundraising dinner.

**Senator Murray:** Successful, too!

**Senator Perrault:** At that dinner the Prime Minister was saying how great things were in the country and how prosperity was returning. While the Prime Minister and those well-heeled guests were picking away at their gourmet delicacies, the people in the Atlantic provinces are facing some of the highest unemployment rates that they have faced in years and the people in western Canada are truly suffering; the "oil patch" is in complete disarray—forestry and mining are in trouble, and in the Northwest Territories every oil rig has been closed down. Yet, the Prime Minister portrays a sort of Tory Nero fiddling as the western provinces and Atlantic provinces burn, then raises a toast with that vintage champagne, saying how great things are in this country. I wish he would come out west a little more often and meet some of the real people.

**Senator Murray:** He was there last week.

**Senator Perrault:** We are told by the Prime Minister that the country is working itself out of a recession. He says that there is an increase in jobs, and refuses stubbornly to acknowledge that greater prosperity, if any, is confined to central Canada. Indeed, the most prosperous constituency in this country is his very own. There is a mini-boom in his riding, and Christmas has come early. The greatest prosperity of all will exist very shortly in the Prime Minister's own constituency where new airports and vast public works projects—despite the criticism of the Auditor General—are booming ahead.

There is little sympathy for the west. That was evidenced once again the other day by the decision to deny unfairly the province of Manitoba a contract which meant a great deal to that province. With depressed resource industries and other crises, it is no wonder that western financial institutions are under siege and assault. It is no wonder that they are floundering with the final push over the brink administered by a confused government which refuses to introduce any kind of new legislation governing our financial institutions.

If honourable senators will permit a bit of nostalgia, I was there that day in 1967 when the late W.A.C. Bennett opened the Bank of British Columbia. We disputed many, many things in the British Columbia legislature. I was Liberal leader there for nine years and I have the scars to prove it. However, we agreed on that one. Together with the provincial NDP, the Liberal and Social Credit parties, we agreed that it was time to establish regional financial institutions to look after the needs of the regions. We felt it was time to end this business of having to wire Montreal or Toronto for approval of loans of a few thousand dollars. The Bank of British Columbia was established in 1967 with great enthusiasm. That was Canada's centenary year, the beginning of what we hoped would be the second century of hope. All of us in British Columbia, regardless of party, saw in the establishment of this bank the leading edge of the aspirations of the people of our province. We were and have been very proud of it. Based in Vancouver, the bank was soon to become a feisty, useful, effective institution which shook up the entire banking establishment.

The Bank of British Columbia expanded and grew. Its number of branches increased. The entire banking climate on the west coast was improved substantially, proving among other things the value of competition. In order to give you some idea of the bank and the way in which it operated, I would remind you of some testimony that we heard one year ago today. One year ago today, Edgar Kaiser of the Bank of British Columbia testified in Ottawa and he said:

> There is therefore no fundamental reason to believe that a regional institution cannot be successful.

Those are hollow words now.

> If we take our own institution, only ten months ago our institution was very highly leveraged, over 40:1, with a large base of non-performing real estate assets and having something in the order of just under 2,000 shareholders. Today we find ourselves leveraged at only 13:1—of over $3 billion Canadian or, say, over $2 billion American, the least leveraged bank in all of North America, the most conservatively leveraged institution of over $2 billion or more in size, with slightly over 14,000 shareholders based in western Canada and with that equity financed by Canadians not only in western Canada but across the

country. The predominance of those shareholders are small ones, less than 100 shares.

That is the kind of institution that we need in this country, and you do not celebrate when institutions of that kind go down the tube. Thousands of investing Canadians could lose their money. This was a well run institution, as was emphasized today in the hearings once again. The loans have been carefully supervised, and the bank has been the victim of cruel circumstances. What were the circumstances? I suggest, honourable senators, that the circumstances were the product of the thoroughly botched banking policy of this government. At the beginning of last year the Bank of British Columbia was one of the more conservative financial institutions in the country. But what happened? The fragile quality of confidence was shattered.

● (1910)

Honourable senators know our position regarding the way the Canadian Commercial Bank and the Northland Bank issues were handled. The banks were very badly mismanaged to begin with; but the way the government handled those crises led to the current instability in the banking system. What a litany for this government to consider at its two-year point, as the custodians of national government in this country. The Canadian Commercial Bank went into bankruptcy in September 1985. The Northland Bank went into bankruptcy in September 1985; the Mercantile Bank merged at the end of 1985 with the Banque Nationale; Morguard Bank merged at the end of 1985 with the Security Pacific Bank, a wholly-owned subsidiary of a U.S. financial holding company. The Continental Bank merged in October 1985 with Lloyds of London. The Bank of British Columbia right now is merging, in November 1986, with the Bank of Hongkong.

This transaction leaves the tiny Western and Pacific Bank and the Bank of Alberta the only Canadian chartered banks west of Toronto—and this is western development!

Honourable senators, the government has made a botch of its banking policy. It made two errors which set off a chain of banking disasters. When the Minister of Finance and the predecessor of the Minister of State for Finance brought the bail-out package to Parliament, we asked whether or not the bail-out package was sufficient. We were assured that it was, but it turned out that the ministers and officials had not bothered to look at the books of the Canadian Commercial Bank. The arrangement was clearly insufficient. On the basis of what the Minister of Finance, the Governor of the Bank and the predecessor of the Minister of State for Finance told us, people continued to deposit money in those banks as well as in the Continental Bank and the Bank of British Columbia—because they believed their government; and they have a right to be able to believe their government.

In September of 1985 we remember all too well that it was found that the package was inadequate and that the government had misrepresented to Parliament and to the Canadian people the viability and solvency of those two banks. As a result of that lack of confidence—and this is the whole essence of the problem with the Bank of British Columbia, namely, an erosion of confidence—both the Continental Bank and the Bank of British Columbia have had repeated difficulties in persuading other banks, large corporations and credit unions to maintain deposits.

One can appreciate that a crisis of confidence would arise. The treasurer of major organizations, a town council or a municipality has fiduciary roles to play. He or she must protect the money of his or her shareholders or taxpayers. Therefore, both banks, the Continental and the Bank of British Columbia, had a difficult time persuading other banks and depositors to stay with them.

Government ministers will claim that they did their best, and I think that within their capabilities they did. The fact is that they did not know what they were doing when they brought in the original bail-out package for the Canadian Commercial Bank. In addition, those facts were misrepresented to the Canadian people and to Parliament between March and September. Mr. Justice Estey confirmed that the bail-out was an amateur-night effort and that it was insufficient. He confirmed also that the two banks had not been solvent.

Today's crisis is related directly to the government's bungling of the western bank crises of a few months ago. The government's mismanagement has created trouble for all small institutions; it has caused loss of investor and depositor confidence, loss of prestige and damage to reputation. People do not know where this government is going. The Bank of B.C. was a sound and well managed institution before the CCB bail-out. Its troubles began afterwards.

What effect did the botch-up of the Northland Bank and the Canadian Commercial Bank have on the Bank of British Columbia? I quote from a news release that was issued yesterday, to explain this proposed deal:

> ... in late 1985 when the board of directors of BBC concluded that BBC, like a number of other smaller Canadian banks, would have difficulty recovering from the loss of confidence that followed the events then taking place in the banking system and that the time for recovery might be unacceptably long.

There is the beginning of it, because of the way that crisis was handled a few months ago we have the bill before us, and we warned that new crises of this kind could well be the result.

This is yet another crisis of confidence with another "Perils of Pauline" solution by the government, this time in the form of a sale of assets of the Bank of British Columbia to the Hongkong Bank of Canada, a schedule "B" bank. It is true that the parent bank is one of the world's largest and best managed. The headquarters of the new subsidiary of the bank will be in Vancouver, and thus we understand that the executive direction of the Bank of B.C. division of the new bank will be maintained in Vancouver. This provides at least some solace for the regional aspirations of British Columbians. There will be at least one banking institution of reasonable size with a head office in the westernmost province. The employees of the Bank of B.C., some 1,400 in number, will, we are advised, have continuing employment assured. Perhaps the Leader of the

Government will wish to provide further assurances on that point.

Members of the Banking Committee have been assured that 39 branches of the bank will continue to be open for the time being. The effects of the bill will obviously be of some assistance to the employees and will assure some 200,000 depositors of the safety of their funds; and, yes, the shareholders will be limited to either approving or disapproving the amount of the deal, but not the deal itself, and it is conceivable that the final CDIC payment, as we learned in committee, could run over $200 million, depending on what the shareholders decide at their meeting, and should an assessor be required to determine a final figure.

But the whole thing is without doubt an admission of incompetence on the part of the government. It is one more example of the state of complete disarray of the government's policies, especially where banks are concerned; and, as I said earlier, it reflects the utter chaos that we have in that area.

As ingenious and inventive as this proposal is, the sad fact is that it is ad hoc legislation being introduced in a policy vacuum. Since coming into power—indeed, swept into power with that overwhelming majority across the country—the Tory government has promised new comprehensive legislation to regulate Canadian financial institutions. Although the need is becoming more and more obvious, this government still has no legislation in place. I know that they promise it. They say, "Just wait a while." Meanwhile, one more institution after another goes down the tube. There has been no policy on ownership of financial institutions, no strengthening of the supervisory structures. Ad hockery is the policy.

Time and time again the government is putting itself into a position of governing on a case-by-case basis—and that is just like playing Russian roulette. That is not leadership. That is not the quality of government that Canadians expect and deserve. No wonder that the Conservatives are plummeting in the polls.

We on this side of the house are very concerned about Canadians as depositors, employees and shareholders. In this case, we regret deeply the circumstances that have caused a good, well-managed western regional financial institution to pass under foreign control. We have been advised that there is urgency to have this measure dealt with by Parliament; that a withdrawal of deposits might ensue if we do not deal with this rapidly; that it could cause further difficulties. We have heard many witnesses in committee, and all of them have emphasized that a time factor exists. We appreciate that urgency may well exist, but we cannot forget March of 1985 and the bail-out package presented to us then. We were misled then, in both chambers of Parliament. Let us hope that the bill before us at least represents a degree of competence considerably better than the ad hockery of 1985.

**Hon. Ian Sinclair:** Honourable senators, I heard the Bank of British Columbia described by my distinguished colleague as "feisty." I have never been associated with a feisty bank, and I do not know that I want to. In any event, I believe that all of us who heard the evidence presented yesterday evening and today cannot help but feel very sorry and upset that another of our financial institutions has been unable to continue in the way it was conceived. This did not happen overnight. I think the evidence clearly demonstrates that the Department of Finance, the Inspector General of Banks and the ministers did learn from some of the problems that they dealt with a year ago concerning the banks in Alberta. There was for some considerable period of time a hands-on treatment of events as they developed.

[Senator Perrault.]

● (1920)

This bank was certainly not viable. To say it was essentially "insolvent" may be too harsh, and perhaps a softer word would be justified. In our report we say that it was "not viable," and there is no question that the viability of the Bank of British Columbia was on a very slender thread. We were told that even though for the first three quarters there was a profit, the year as a whole would show a loss and that 1987 was not looking good. However, it did disturb us that, notwithstanding that, these common shareholders were going to walk away with somewhere between $60 million and $100 million. They would be receiving something that would be bound to be reflected, in an indirect way, against the revenues of the Government of Canada. The minister today acknowledged in an indirect way that additional costs would be put on the financial institutions and that would be reflected in the moneys that the government would collect through taxation. Honourable senators, that is point number one.

Point number two is, I think, an extremely important one. The chairman of the CDIC put it rather well, in my opinion. He said that they were concerned, in regard to this matter, that they did not pay twice. By that he meant that he did not want to put up this $200 million and then at a later date have to bail out the insured depositors again.

Therefore, as part of the deal—and in writing—there is a commitment by the Hongkong and Shanghai Banking Corporation to maintain, absolutely, all the requirements of capitalization under the Bank Act of its subsidiary, the Hongkong Bank of Canada. While today the Hongkong and Shanghai Banking Corporation does guarantee in writing the deposits of its subsidiary, that agreement will be modified to cover also the deposits of the Bank of British Columbia subdivision of the Hongkong Bank of Canada.

What we have are legally enforceable attributes to make sure—as nearly as we can—that there will not be another call.

I would sincerely like to thank the Minister of Finance for appearing before us. In the presence of Senator Murray, the Leader of the Government in this chamber, he gave us the assurance that so far as he could he was accepting the responsibility of saying that this bank was now in good shape and could go forward. I hope that in closing this debate the Leader of the Government will be able to give this chamber his similar assurances.

The third point I wish to make relates to something that bothers me greatly, and that is the use of what I call a "legal statute."

Section 273 of the Bank Act, which has been in place since 1980, was never meant—and I am certain it was never contemplated—to be used by these schedule B banks which have great advantages in regard to nationality and great advantages as to concentration. It was not contemplated that it would be used to take over banks that were subject to very strict limitations, namely, 10 per cent ownership by one person or group and 25 per cent in aggregate by foreign interests. That section was never meant to be utilized to, in effect, circumvent these very important limitations. It seems to me to be a tragedy.

We have in our banking institutions in this country a national asset, one that I am proud of and one that I am hopeful all senators are proud of. I think Canadians should be proud of that. I think they deserve protection. I do not like the idea that because of unusual circumstances—and I admit they certainly were unusual—this limitation on nationality and this limitation on concentration should be circumvented.

Honourable senators, in the force and thrust of problems in the banking world where confidence is so important, sometimes very unusual and difficult steps have to be taken and sometimes unfortunate ones. I certainly hope that government minds will be directed to these problems. That is why I will include the observations made in the committee's report in a motion, so that when the matter goes to the other place, they will be reported upon.

**Hon. Senators:** Hear, hear!

**Senator Murray:** Honourable senators—

**The Hon. the Speaker:** Honourable senators, I wish to inform the Senate that if the Honourable Senator Murray speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Murray:** —I have no difficulty at all in associating myself with the statements made to the committee this afternoon by my colleague the Minister of Finance to the effect that, so far as any of us can be expected to judge these matters, the restructuring that is under way with this bank will leave the bank in very good shape, indeed—solvent and with the support of a very strong bank with an excellent track record and with excellent international connections. To that I can only add the statement made last night before the committee by the Governor of the Bank of Canada who said, "I support this solution very much. I think it is the best one available."

I want to thank the chairman of the committee and Senator Perrault for their comments in the debate on the motion for second reading of this bill. I have a few comments I wish to add before we proceed, as I hope we will, to third reading and passage of this bill.

• (1930)

Senator Perrault evoked in his opening remarks the possibility, as if it had been a live one, of some alternative arrangement by which the Bank of British Columbia might have been taken over by a Canadian purchaser or, as he put it, "a western consortium."

For the record, I should point out that the evidence before the committee was that that alternative was simply not on. Mr. Parker, the Chief Executive Officer of the Bank of British Columbia, told the committee that while they had had discussions with at least 20 institutions, both international and local, some of those discussions had not continued for any great period of time and that in the end serious discussions narrowed down to two alternatives, the VanCity Credit Union and the Hongkong Bank of Canada.

I quote the statement of Mr. Parker which he made before the committee today:

> We continued discussions with the VanCity Credit Union, but I think senators will appreciate that that institution is highly leveraged in its own right. While we did not discontinue negotiations, I believe that VanCity had difficulty coming to us with a feasible proposal.

So, it was obvious, I think, that under the pressures of time that the directors of the bank faced, the proposal from the Hongkong Bank of Canada was not only the better alternative available but, in the context of those time pressures, was the only one short of liquidation of the bank.

The honourable senator has spoken of this as a marvellous opportunity for the Hongkong Bank of Canada. I regret the necessity of having to take the action that we are taking, and I regret the fact, as Senator Sinclair has said, that the Bank of British Columbia will not be able to continue in the way originally conceived for it, but the fact of the matter is that there is here a good opportunity for the Bank of British Columbia to be connected with a bank that has strong international connections. This is an important step to protect the jobs of 1300 employees of the Bank of British Columbia who keep the branches of that bank in operation and to protect the interests of the depositors and the other customers of that bank.

Senator Perrault has reproached the government for what he has termed a "botched banking policy." The policy and the structure that we have been working with is the one that we inherited.

**Senator Perrault:** You said you were going to change it.

**Senator Murray:** Yes, and I will get to that in a moment. The senator raised, of course, the business of the Canadian Commercial Bank, which was debated in this place before. I do not want to cover that ground again, as he took such relish in doing, but I think it should be stated for the record that what the government faced one weekend last year was the prospect of closing that Alberta bank on a Monday morning, on the one hand, and an alternative presented to the government by the Governor of the Bank of Canada and the Inspector General of Banks, two provinces and the five big commercial banks of this country. The government was told by the Governor of the Bank of Canada, supported by the Inspector General of Banks and by spokesmen for the five big commer-

cial banks, that if that bank were allowed to go down without any attempt being made to save it, that would have international repercussions for Canada and there would be a "domino effect" at that time.

That being the case, the government was told there was an alternative; the alternative was to put up $60 million and to get two of the provinces involved and the five big commercial banks involved in a rescue attempt. At that time the government took the decision that I think any responsible or sensible person would have taken, which was to say, "Mount the rescue package. Try to keep the bank going."

I may say that, notwithstanding the comments that the honourable senator has made tonight and his efforts and those of his colleagues in the other place to hang on to some phrase, some clause, some paragraph in the Estey report, the fact of the matter is that Mr. Justice Estey had no fault to find with the ministers who were responsible for the Department of Finance at that time.

We are bringing in new legislation, and the important thing, it seems to me, since we have undertaken to do it in the course of this session, is not whether it came in last week or the week before, or this week or next week, but that it should be done right, bearing in mind the importance of this to our country. The government brought in a green paper early in its term of office. Hearings have been held by the Senate Committee on Banking, Trade and Commerce and by the Banking Committee of the other place.

**Senator Perrault:** There are only two western banks to go.

**Senator Murray:** We have had a report from the Economic Council of Canada. The Ontario government has had its own task force under Stefan Dupre study the matter, and these reports are in.

This weekend Mr. Hockin, the Minister of State for Finance, will meet with his counterparts from the provinces and we will be ready to bring in new legislation shortly, and it will be done right and it will serve this country and its financial institutions, which are so important to the functioning of our economy and are such winners. The financial service industry can be such a winner for us in international markets. I say that the legislation we will be bringing in shortly will serve this country very well into the next century.

Honourable senators, Senator Sinclair has pointed out that the provisions of the agreement are, as he put it, legally enforceable, that there are legally-enforceable provisions to ensure that there will not be another call on the federal treasury, and that is a correct statement of the situation.

On that basis, I have no hesitation in commending this bill to the Senate as a measure that will give this bank, which has had such difficulty recently, a new lease on life and open up to this bank new prospects so that it can make a valuable contribution to the economy of British Columbia and to the western region.

Motion agreed to and bill read second time.

[Senator Murray.]

THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Hon. C. William Doody (Deputy Leader of the Government):** With leave, now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

MOTION RE MESSAGE TO HOUSE OF COMMONS ADOPTED

**Hon. Ian Sinclair:** Honourable senators, I move, seconded by the Honourable Senator van Roggen:

> That the Message which is to be sent to the House of Commons with Bill C-27, An Act to facilitate the continuation of the business of the Bank of British Columbia, contain the following observations appearing in the Sixth Report of the Standing Senate Committee on Banking, Trade and Commerce, as follows:
>
> "Under the arrangement involving the purchase of the BBC by the Hongkong Bank of Canada, the HK Bank will buy virtually all assets and assume virtually all liabilities of the BBC for $200 million from CDIC. In return, the HK Bank of Canada will pay $63.5 million to the shareholders of the BBC. In effect, therefore, the HK Bank of Canada was paid $136.5 million in order to buy the BBC. The Committee's examination left partly unanswered the question of why BBC's shareholders are to receive $63.5 million plus additional recoveries from the liquidation of assets retained by BBC which may bring the total compensation to nearly $100 million, when the BBC, as evidenced by the CDIC advance to its purchaser was not viable.
>
> As part of the purchase agreement, the Hongkong Bank of Canada assumed all the outstanding deposit liabilities of the BBC. According to testimony received by the Committee, the HK Bank's parent, the Hongkong and Shanghai Banking Corporation, in a letter of commitment to the Inspector General of Banks, has undertaken to:
>
> a) guarantee all of the deposits of its subsidiary, andL/Eb) ensure that its subsidiary will remain sufficiently capitalized to meet all of its obligations under the *Bank Act*.
>
> The agreement between the BBC and HK Bank of Canada entails in essence the takeover of a schedule A bank by a bank under schedule B of the *Bank Act*. Provisions in the *Bank Act* limit share ownership in a schedule A bank to 10% for any single individual or group and to 25% for foreign investors in the aggregate. The agreement therefore, by using section 273 of the *Bank Act*, in effect circumvents the limitation on ownership and on nationality contained in the *Bank Act*."

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

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At 8.20 p.m. the sitting of the Senate was resumed.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

27 November 1986

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 27th day of November, 1986, at 8:25 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

## BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, when I move the adjournment motion, I will propose that the Senate adjourn until Tuesday, December 16, at 2 p.m. We have no legislation before us at the present time as we have dealt with what legislation we had before us, and it does not appear likely that there will be any legislation moving through the pipeline during the next short while. The most efficient use of the Senate's time and of senators' time, it appears to me and to others, is the system that we have been using since this session began. That is, to allow the committees to continue with the pre-study of bills while the Senate itself does not sit. This, of course, entails almost as many, if not as many, senators as would be engaged in the activities of the Senate, though we do not actually go through the formality of having the Senate sit.

To that end, and to give honourable senators some idea of the amount of work that there is before Senate committees now for pre-study, I would like to give you the names of the bills and the committees to which they have been referred. Bill C-2, the Canagrex bill, has been referred to the Agriculture Committee. Bills C-3 and C-4, amending the Radio Act and the Railway Act respectively, have both been referred to the Transport and Communications Committee. Bill C-12, the Prairie Grain Advance Payments bill, has been referred to the Agriculture Committee. Bill C-13, the Bell Canada Reorganization bill, has been referred to the Banking, Trade and Commerce Committee, and Bill C-15 is in the hands of the Legal and Constitutional Affairs Committee. Bill C-16, the UIC bill, has been referred to the Social Affairs, Science and Technology Committee.

In addition, honourable senators, today we referred for pre-study Bill C-7, the Achives of Canada bill, to the Legal and Constitutional Affairs Committee. There is Bill C-21, which exempts certain shipping conference practices from the Competition Act. Bill C-23, dealing with the Income Tax Act, has been referred to the Banking, Trade and Commerce Committee. Bill C-25, which deals with divestiture of Canadair, has also been referred to the Banking, Trade and Commerce Committee. The bill dealing with the Coastal Fisheries Act has been referred to the Fisheries Committee.

In addition, honourable senators, the Foreign Affairs Committee is busily preparing its report, and the National Finance Committee is working on its report on the federal government's involvement in post-secondary education. The Standing Joint Committee on Regulations and other Statutory Instruments is scheduled to have its first meeting next week. Senator Kelly's committee on terrorism is starting on the right foot. I notice that he has begun to terrorize his committee already, that he is starting at 10 o'clock on Monday morning and working all day and that he is doing the same thing the following Friday. On Tuesday of next week the Social Affairs, Science and Technology Committee will meet at 9.30 a.m., the Foreign Affairs Committee at 1 o'clock, the sub-committee of the Internal Economy Committee on classification of salaries is meeting at 10 o'clock, the Fisheries Committee on budgets at 12 noon and the Internal Economy Committee again at 12 noon.

**Senator Frith:** The Internal Economy sub-committee is meeting at 12 o'clock and the main committee is meeting at 2 o'clock.

**Senator Doody:** Yes. On Wednesday the Banking, Trade and Commerce Committee is meeting at 2 o'clock, the Official Languages Committee is meeting at 3.30 and the Legal and Constitutional Affairs Committee at a time to be set. On Thursday the Banking, Trade and Commerce Committee is meeting at 3.30 p.m., the Legal and Constitutional Affairs Committee is meeting at 4 o'clock, Regulations and other Statutory Instruments is meeting at 11 o'clock and, as I said,

the committee on terrorism will be meeting all day Friday. So, honourable senators, as you can see we have a full schedule for committees. I would add that when we get back, we will have before us the supply bill, supplementary estimates (A), which was studied last night by the National Finance Committee. Of course, we are always under the constraints of rule 14A, which allows the Speaker to call us back in the event of an emergency. I do not see anything on the agenda that would give me any indication that such an emergency might arise.

As you can see, the committee calendar is quite full whereas the calendar for the Senate itself is quite empty. With that in mind, and with the work schedule ahead of us, I move, with leave of the Senate and notwithstanding rule 45(1)(*g*):

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 16th December, 1986, at two o'clock in the afternoon.

Motion agreed to.

The Senate adjourned during pleasure.

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● (2030)

## ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Acting Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

> An Act to facilitate the continuation of the business of the Bank of British Columbia (*Bill C-27, Chapter 47, 1986*)
>
> An Act to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for the avoidance of double taxation with respect to income tax (*Bill S-2, Chapter 48, 1986*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, December 16, 1986, at 2 p.m.

## APPENDIX "A"

(*See p. 262*)

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIRST REPORT OF JOINT COMMITTEE

THURSDAY, November 27, 1986

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

### FIRST REPORT
### (Statutory Instruments No. 35)

Your Committee reports that in relation to its permanent reference, section 26 of the *Statutory Instruments Act*, 1970-71-72, c. 38, the Committee was empowered during the Fourth Session of the Thirtieth Parliament, the Thirty-First and the Thirty-Second Parliaments, and the First Session of the Thirty-Third Parliament, "to study the means by which Parliament can better oversee the government regulatory process and in particular to enquire into and report upon:

1. the appropriate principles and practices to be observed,

   (a) in the drafting of powers enabling delegates of Parliament to make subordinate laws;

   (b) in the enactment of statutory instruments;

   (c) in the use of executive regulation - including delegated powers and subordinate laws;

and the manner in which Parliamentary control should be effected in respect of the same;

2. the role, functions and powers of the Standing Joint Committee on Regulations and other Statutory Instruments."

3. your Committee recommends that the same order of reference together with the evidence adduced thereon during the last three Parliaments be again referred to it.

Your Committee informs both Houses of Parliament that the criteria it will use for the review and scrutiny of Statutory Instruments are the following:

Whether any regulation or other statutory instrument within its terms of reference, in the judgement of the Committee:

1. is not authorized by the terms of the enabling legislation or has not complied with any condition set forth in the legislation;

2. is not in conformity with the *Canadian Charter of Rights and Freedoms* or the *Canadian Bill of Rights*;

3. purports to have retroactive effect without express authority having been provided for in the enabling legislation;

4. imposes a charge on the public revenues or requires payment to be made to the Crown or to any other authority, or prescribes the amount of any such charge or payment, without express authority having been provided for in the enabling legislation;

5. imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;

6. tends directly or indirectly to exclude the jurisdiction of the courts without express authority having been provided for in the enabling legislation;

7. has not complied with the *Statutory Instruments Act* with respect to transmission, registration or publication;

8. appears for any reason to infringe the rule of law;

9. trespasses unduly on rights and liberties;

10. makes the rights and liberties of the person unduly dependent on administrative discretion or is not consistent with the rules of natural justice;

11. makes some unusual or unexpected use of the powers conferred by the enabling legislation;

12. amounts to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment;

13. is defective in its drafting or for any other reason, requires elucidation as to its form or purport.

Your Committee recommends that its quorum be fixed at four (4) members, provided that both Houses are represented whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to hold meetings to receive and authorize the printing of evidence so long as three (3) members are present, provided that both Houses are represented; and,

that the Committee have power to engage the services of such staff, and such stenographic and clerical staff as may be required.

Your Committee further recommends that it be empowered to sit during sittings and ajournments of the Senate.

Respectfully submitted,

NATHAN NURGITZ
*Joint Chairman*

## APPENDIX "B"

(*See p. 263*)

## SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SECOND REPORT OF COMMITTEE

THURSDAY, November 27, 1986

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

### SECOND REPORT

Your Committee, which was authorized by the Senate on October 30, 1986, to study and report upon the Consultation Paper on Training, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future", respectfully requests that it, or any subcommittee so authorized by the Committee, be empowered (i) to adjourn from place to place within and outside Canada for the purpose of such study; and (ii) that it be authorized to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the "Procedural Guidelines for the Financial Operation of Senate Committees", the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

M. LORNE BONNELL
*Deputy Chairman*

### APPENDIX( A)

### THE STANDING SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

### SUBCOMMITTEE ON TRAINING AND EMPLOYMENT

### APPLICATION FOR BUDGET AUTHORIZATION FOR THE FISCAL YEAR OCTOBER 1, 1986 TO MARCH 31, 1987

**Authority**

1. Extract from the *Minutes of Proceedings of the Senate*, Thursday, 30th October 1986:

   "Pursuant to the Order of the Day, the Honourable Senator Gigantès moved, seconded by the Honourable Senator Nurgitz:

   That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to study and report upon the Consultation Paper on Training, issued by the Department of Employment and Immigration, tabled in the Senate on 11th December, 1984, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future", tabled at the First Ministers' Conference held in Regina, Saskatchewan, on 14th and 15th February, 1985:

   That the papers and evidence taken on the subject and the work accomplished during the 1st Session of the 33rd Parliament be referred to the Committee; and

   That the Committee report no later than December 1, 1987.

   The question being put on the motion, it was—
   Resolved in the affirmative."

   CHARLES A. LUSSIER
   *The Clerk of the Senate*

2. Extract from the *Minutes of Proceedings of the Standing Senate Committee on Social Affairs, Science and Technology*, Tuesday, 4th November, 1986:

   "That a Subcommittee on Training and Employment be established for the purpose of examining the above order or reference, that it be composed of the Chairman and Deputy Chairman and the Honourable Senators Gigantès, Marsden, Robertson; that three members shall constitute a quorum; the Chairman and Deputy Chairman of the Subcommittee be the Honourable Senators Gigantès and Robertson respectively; and that the said Subcommittee have power to report from time to time to the Committee.

   The question being put on the motion, it was agreed to."

   DENIS BOUFFARD
   *Clerk of the Committee*

SUMMARY

| | |
|---|---|
| Professional and Special Services | $ 15,120.00 |
| Transportation and Communications | $ 8,275.00 |
| Other Expenditures | $ 100.00 |
| TOTAL | $ 23,495.00 |

The foregoing budget was approved by the Committee on the _____ day of _____ 1986.

The undersigned or their alternates will be in attendance on the date that this Budget is being considered.

| | |
|---|---|
| Date | Chairman of the Standing Senate Committee on Social Affairs, Science and Technology |
| Remarks: | |
| Date | Chairman of the Subcommittee on Training and Employment |
| Remarks: | |
| Approved by: | |
| | Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration |
| Date: | |

EXPLANATION OF COSTS

A. Professional and Special Services

1. Research Assistant (contract)
   25.2 weeks at $600.00 a week
   (See appendix – Note I) = $ 15,120.00

B. Transportation and Communications

To Europe:
Heidelberg, Bonn, Dusseldorf, Berlin, Paris and Vienna
- 24 days
- DND flight to and from Lahr (Germany)
- Two (2) participants (Chairman and Researcher).

1) Per diem:

For Senator P.D. Gigantès
24 days at $60.00 = $ 1,440.00

For Ms. C. Dearing
22 days at $60.00 = $ 1,320.00

2) Hotel:

For Senator P.D. Gigantès
23 nights at $90.00 = $ 2,070.00

For Ms. C. Dearing
21 nights at $90.00 = $ 1,890.00

3) Travel:

Two (2) Eurail passes for three (3) weeks at $462.50 = $ 925.00

Airfare Dusseldorf/Berlin return × 2 at $315.00 = $ 630.00

(See appendix – Note II) $ 8,275.00

C. Other expenditures

Luncheon meetings $ 100.00

(See appendix – Note III) TOTAL $ 23,495.00

FOR INFORMATION PURPOSES ONLY

| | |
|---|---|
| Budget approved for 1985-1986 | $ 10,800.00 |
| Budget approved for 1986-1987 | $ 41,200.00 |
| Budget forcast for 1987-1988 (April 1st, 1987 to December 1st, 1987) | $ 41,200.00 |

**APPENDIX (B)**

THURSDAY, November 27, 1986

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology for the proposed expenditures of the said Committee with respect to its study of the Consultation Paper on Training, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future", as authorized by the Senate on October 30, 1986. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $15,120.00 |
| Transportation and Communications | 8,275.00 |
| All Other Expenditures | 100.00 |
| | $23,495.00 |

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

## APPENDIX "C"

(*See p. 269*)

## TERRORISM AND PUBLIC SAFETY

FIRST REPORT OF COMMITTEE

THURSDAY, November 27, 1986

The Special Committee of the Senate on Terrorism and Public Safety has the honour to present its

### FIRST REPORT

Your Committee, which was authorized by the Senate on October 8, 1986, to examine matters relating to terrorism as a real or potential threat for Canada and to Canadians, respectfully requests that it be empowered (i) to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study, and (ii) to adjourn from place to place within and outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the "Procedural Guidelines for the Financial Operation of Senate Committees", the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

WILLIAM M. KELLY
*Chairman*

### APPENDIX (A)

### SPECIAL COMMITTEE OF THE SENATE ON TERRORISM AND PUBLIC SAFETY

### ORDER OF REFERENCE (October 8, 1986)

That a Special Committee of the Senate be appointed to hear evidence on and consider matters relating to terrorism as a real or potential threat to Canada and to Canadians;

That the Committee examine and make recommendations on the subject-matter and effectiveness of existing statutes, agreements and administrative arrangements pertaining to the combatting of terrorist activity;

That the Committee examine and make recommendations on the role of the media in reporting terrorist threats and incidents;

That eight Senators, to be designated at a later date, act as members of the Special Committee;

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

That the Committee report no later than June 2, 1987.

PROFESSIONAL AND OTHER SERVICES

| | | |
|---|---|---|
| 1. C.G. Management & Communications Inc. (To provide for 6 months from 1 October 1986 to 31 March 1987) | $ 72,750.00 | |
| 2. Witnesses expenses | $ 5,000.00 | |
| Sub-total | $ 77,750.00 | $ 77,750.00 |

TRANSPORTATION AND COMMUNICATIONS

| | | |
|---|---|---|
| 1. Travel expenses | $ 13,080.00 | |
| 2. Telegram and telephone | $ 500.00 | |
| 3. Postage, Courier Service, Telepost | $ 1,000.00 | |
| Sub-total | $ 14,580.00 | $ 14,580.00 |

ALL OTHER EXPENDITURES

| | | |
|---|---|---|
| 1. Participation at special conferences, seminars and/or speaking engagements by Committee members and/or staff | $ 2,000.00 | |
| 2. Purchase of stationery. books and periodicals | $ 500.00 | |
| 3. Contingencies | $ 1,500.00 | |
| Sub-total | $ 4,000.00 | $ 4,000.00 |
| TOTAL FOR 6 MONTHS | | $ 96,330.00 |
| Total anticipated expenses of Committee | $175,000.00 | |

The foregoing budget was approved by the Committee on: 19 Nov 86. The undersigned or an alternate will be in attendance on the date that this Budget is being considered.

Date:

Chairman, Special Committee of the Senate on Terrorism and Public Safety

Date adopted by the Senate:

14 Nov. 86

Date:

**APPENDIX (B)**

THURSDAY, November 27, 1986

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Special Committee of the Senate on Terrorism and Public Safety for the proposed expenditures of the said Committee with respect to its examination of matters relating to terrorism as a real or potential threat for Canada and to Canadians, as authorized by the Senate on October 8, 1986. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $77,750.00 |
| Transportation and Communications | 14,580.00 |
| All Other Expenditures | 4,000.00 |
| | $96,330.00 |

Approved by:

Chairman, Standing Senate Committee on Internal Economy, Budgets and Administration

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

# THE SENATE

**Tuesday, December 16, 1986**

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

Prayers.

[*Translation*]

## THE LATE HONOURABLE JEAN-PAUL DESCHATELETS, P.C.

TRIBUTES

**Hon. Lowell Murray (Leader of the Government and Minister of State (Federal-Provincial Relations)):** Honourable senators, it is with deep regret that I must announce the death last Thursday of our former colleague, the Honourable Jean-Paul Deschatelets.

Throughout a long and honourable political career, Jean-Paul Deschatelets was among our most respected and best loved parliamentarians. He had earned the respect not only of his colleagues but also of his constituents in a working-class riding in Montreal, where he was elected five times between 1953 and his resignation in 1965.

In that year, one of the Montreal newspapers described Mr. Deschatelets and his wife as follows:

> To many poor people, Deschatelets is almost a god and Mrs. Deschatelets generosity personified. Both have hearts of gold.

In 1963, Jean-Paul Deschatelets became a member of cabinet as Minister of Public Works. Prime Minister Pearson also made him Minister responsible for Expo 67. This was a favourite project into which he put his heart and soul, with tremendous dedication.

On many occasions, and especially as Speaker of the Senate from 1968 to 1972, Senator Deschatelets earned the admiration, confidence and respect of his colleagues. He was a courtly and cultivated gentleman with a thorough knowledge of our history, who knew when and how to intervene in debate.

I remember well his speeches during the constitutional debate in 1981. His comments at the time reflected not only his intellectual and political honesty but also a certain concept of Canada and Canadian federalism, a concept he maintained throughout his political career.

In March 1981, he gave in this chamber his vision of Canada, and I quote:

> Outside our boundaries, there is but one flag, the Canadian flag, which we are so proud to see in foreign countries, but in Canada, here is another sight to think about, the beautiful sight, at federal-provincial conferences, of eleven flags unfurled in the background side by side, first the Canadian flag followed by the flags of each province according to its date of entry in the Federation. That, for me, is the true symbol of Canada.

Today, honourable senators, we remember the dedication of Jean-Paul Deschatelets, his humanist outlook and his integrity that both Houses of Parliament were privileged to experience.

Speaking on behalf of Prime Minister Mulroney and the Government, I want to offer my condolences to his wife and members of his family.

[*English*]

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, it is not long since members of the Senate rose to mark the retirement of the late Senator Deschatelets from the Senate. On that occasion a number of senators paid tribute to his long and distinguished political career and to his personal attributes of courtesy, eloquence, independence and generosity which he possessed in such abundance. Indeed, among those who paid tribute to his career was Senator Roblin who expressed the wish that he would enjoy a long and interesting retirement. Unfortunately, that wish—which was shared by all members of the Senate—was not realized and today we are mourning the death of Senator Deschatelets and paying tribute to his memory.

As has been mentioned by Senator Murray, Mr. Deschatelets entered the House of Commons after the June election of 1953. There were a large number of new members elected in 1953, including the late Senator Deschatelets and myself, and we both found ourselves freshmen backbenchers in support of the government of the late Prime Minister Louis St. Laurent. Mr. Deschatelets survived through all of the subsequent elections and, following the general election of 1963, was appointed Minister of Public Works by Prime Minister Pearson and served in that capacity for several years. As a member of Parliament representing a large coastal constituency, I came to appreciate the consideration which Mr. Deschatelets, in his capacity as Minister of Public Works, showed to such members of Parliament. Indeed, in my own former constituency, I have frequently referred to the impact which the late Senator Deschatelets made in improving a number of very important public works.

Therefore, honourable senators, it is with very real appreciation and nostalgia that I join with others in paying tribute to the late Senator Deschatelets. As has been pointed out, he was a genial, courteous and human person with a sense of humour who greatly relished the combative aspects of politics. I join with Senator Murray in expressing the sympathy of my colleagues to his widow and his family.

● (1410)

[*Translation*]

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, even though it is odious to quote yourself,

especially with approval, I shall do so, but I will provide an explanation beforehand. I shall be quoting the comments I made in the Senate, as already mentioned by senator MacEachen, on January 21, 1986.

After my intervention on that day, Senator Deschatelets who was with us at the time, had the kindness to send me a short note of thanks. Unfortunately, he is no longer with us and he will never be able to read what we are saying today. Since what I had said on January 21, 1986, had received his approval, I would like to repeat it today. These comments still apply on this most sad of occasions. As I said at the time:

> He has been missed, and he will continue to be missed on both the senatorial and the Canadian political scene.

**Hon. Jean Le Moyne:** Honourable senators, I would like to express my feelings at the loss of Senator Deschatelets.

I met him in 1925, at the Collège Sainte-Marie, where we began our education together. We lost touch with each other after graduation, but I continued to follow and admire his career from afar.

Four years ago, when I came to the Senate, I was most happy to see him again. My happiness was short-lived because he was already suffering from an illness which he hid from us with truly heroic discretion.

I would like to say that we often joked about his absences or the fact that he did not always join us. He always took it very well and his discretion was constantly being confirmed.

I therefore wish to express my sorrow and offer my most sincere condolences to his family.

**Hon. Renaude Lapointe:** Honourable senators, there are very strange coincidences in life. At the very moment when I am about to leave the Senate, the one who opened its doors for me with such kindness as its Speaker 15 years ago and who afterwards provided me with affectionate guidance has just left this world.

Yesterday I attended the funeral service for Senator Deschatelets with Senators Riel and Denis at the Montreal Cathedral. After the ceremony, I paid him, with very little preparation, a modest but sincere homage on behalf of all Canadians who knew him during his active period and of those in the Commons and the Senate who benefited from his experience, his assistance and his friendship.

At the same time, I expressed to the members of his family on your behalf our sincere regrets and the assurance that he will be remembered by all of us.

**Hon. Martial Asselin:** Honourable senators, I would be remiss if I did not take this opportunity to comment briefly on the death of Senator Deschatelets.

I got to know him in the House of Commons where I sat with him for several years. I always admired his extremely objective approach when he would rise to debate legislation under study in the House of Commons.

Today I should like to commend his nationalism. Jean-Paul Deschatelets was a true Quebecer, torn apart by the problems Quebec had in its relations with the central government. This was no more obvious than on the day when, in this house, he voiced his circumstantial opposition during the debate on the repatriation of the Constitution. Deep within himself his conscience was telling him that he could not accept the fact that Quebec would be cast aside in the constitutional repatriation process.

Jean-Paul Deschatelets was a good parliamentarian, a man who came well prepared for debates and who did extensive research on the various issues raised in Parliament. As somebody pointed out earlier, he was Speaker of the Senate. I think all Canadians can recall how dedicated he was in protecting the interests of this institution, the Senate.

Honourable senators, the Senate will always treasure fond memories of the presence of Jean-Paul Deschatelets in Canada's Parliament. To his family, I extend my most sincere condolences.

[*English*]

## THE REVEREND FATHER LUCIEN LARRE, O.C.

RECIPIENT OF THÉRÈSE CASGRAIN AWARD—FELICITATIONS

**Hon. Efstathios William Barootes:** Honourable senators, I rise to draw the attention of this chamber to the great honour that has been bestowed on the Reverend Father Lucien Larre, O.C., of Bosco Homes of Regina. He has been chosen to receive the coveted Thérèse Casgrain Award, which was established six years ago in tribute to this eminent Canadian for her contribution to social reform in Canada. The award is presented annually to two Canadians, a man and a woman, whose pioneer spirit, social commitment and persistent endeavours have contributed significantly to the advancement of a social cause and the well-being of their fellow Canadians. The other recipient of this important award is Dr. Norah Christine Browne of St. John's, Newfoundland.

As honourable senators will recognize, the Thérèse Casgrain Award follows on an almost annual series of recognitions and honours paid to Father Larre for his outstanding contribution as a founder of Bosco Homes to work with severely emotionally disturbed children and youths. He is the recipient of no less than six national humanitarian awards. Besides his theological studies, he has five additional university degrees to his credit in education, in philosophy and psychology and masters degrees in history and in education and counselling from the University of Ottawa.

His career spans that of a scholar, educator, a university lecturer, a psychiatric researcher, a popular and notable speaker and national lecturer and, most importantly, as the renowned founder and psychotherapist of the eight residential Bosco homes for emotionally disturbed young people.

Father Larre was born the youngest of 13 children in St. Walburg in northern Saskatchewan. His father died when he was three months old and little Lucien contracted severe poliomyelitis at the age of five. He heard the doctors tell his weeping mother that he would never walk again, but Lucien determined he would and within two and half years he could. He still has a severe limp.

Blushingly, he has admitted that his mother sent him to St. Thomas College for further training. As he said, she could only speak French, but she was able to ascertain that his hanging around the pool halls in St. Walburg was not the proper way for him to grow up. He went to this classical college and prep school for priests in North Battleford, where he learned to hate Latin. Later in his life he was obliged to teach this same subject at the St. Thomas school, mercifully only for a short time. He ultimately entered the faculty of arts and joined the Oblate order in North Battleford. He struggled with and conquered the problems of regimentation, conformity, and the hardest of all, as he says, silence.

Father Larre longed for creativity. He was ultimately ordained an Oblate father in 1958, and he found his creative outlet in teaching music in Medicine Hat and in teaching drama to high school students in clubs in Red Deer. Despite his disability, he became an Air Force chaplain with, as he says, "almost all of the privileges of being a captain." His aptitude for and attitude towards young people led to an appointment as a guidance counsellor at the new Miller Comprehensive High School in Regina in 1967, where he encountered many children—"kids", as he says—with severe emotional problems. Within a year he set up a whole treatment centre for disturbed children, many of whom had had repeated short admissions to the psychiatric wards of a nearby hospital.

By 1970 Father Larre's observations led him and others to establish the first Bosco Home and Treatment Centre for teenagers with severe emotional problems. Today there are eight such residential houses in Regina. There is also a special school and a treatment centre with his own unique program of therapy and support.

● (1420)

This program has worked well for teenagers at all levels, of all races and of all creeds from all over western Canada—boys and girls who have been rejects and failures from normal psychotherapy programs established in other institutions. It has worked well for severely disturbed youngsters from broken families, battered and sexually abused children, those addicted to drugs and alcohol, suicidal youths and youngsters with early or established criminal records.

The basis of the program is love and understanding, of caring and support until the resentment and rebellion is replaced by confidence and trust, until the barriers to communication have been broken down and a relationship has been established which becomes the bridge to therapy and return to normalcy.

The program involves living with these children full time in a balanced, loving environment where they can feel safe and respected, secure and understood in an atmosphere of family living until trust can be established.

This is done by living together in a household environment with two highly trained young people acting as parents and with a live-in trained director in each home. All are highly trained and motivated people, mostly in their twenties. The kids have their own established schedules in the homes. They learn to look after their household themselves and they regain some self-esteem at this level.

When the barriers are broken down and trust established, their professional psychotherapy, schooling and further training in skills and trades is undertaken. Eventually they are integrated into a normal world with an established sense of self-worth. Group therapy in an almost family type of environment is conducted for five hours each week.

The work is hard and is done, virtually, with a one-on-one approach. Young people are now referred by social agencies, by governments and by schools.

The intensity of care is exemplified by the statistics. There are 12 teachers following the Government of Saskatchewan educational curriculum for a maximum of 50 students. Usually one teacher can handle only about four boys or girls. There are eight to ten children living in each home.

Sports activities, which include golf, curling, skiing and canoeing, are equally intensified. Father Larre says that sports relieves tension and that the work in sports makes miracles. Father Larre has said, "Those kids have only experienced failure in their lives and our motto is to feed them success at any cost."

What are the results for these most disturbed children? Bosco homes are said to have an 80 per cent success rate which, recognizing that so many of these are previously failed cases, is remarkable.

The success story of Bosco is a triumph of faith and love by a humble and self-effacing priest who has overcome all resistance and difficulties because of his involvement, his initiative and his commitment to helping adolescents with serious emotional problems and their families.

You can well imagine, honourable senators, that there was considerable resistance and local concern in the district where the first Bosco home was established. However, I think it is safe to say today that Father Larre's success and sincerity has overcome that and earned the respect of all about him.

The history of Bosco homes is really the story of Father Larre; one man's sensitivity and dedication. It is a story that was so beautifully told on our CBC program "Man Alive", with Roy Bonisteel, in a two-part documentary a few years ago. It is a history of faith, vision, initiative, humour and love, as touching and as moving as *A Christmas Carol* by Charles Dickens. I sincerely hope that some day someone will write the true life story of Bosco homes and Father Larre. As Carole Hill said in an article, it is a story of "the reverence for life and the belief that all his children shall succeed."

The name Bosco was taken from one of Father Larre's favourite saints. St. John Bosco was a resourceful, Salesian priest working the streets of Turin, who maintained that living with disturbed children was the key to helping them—a philosophy of proper parenting as followed by the Bosco homes.

The financing and funding of Bosco homes is deserving of a book of its own. Originally, it was very difficult. The resourcefulness and determination of Father Larre overcame that. The

Government of Saskatchewan saw Bosco homes as a duplication of its own service, and neither the government nor the diocese of Regina would get financially involved.

So, the father made his first down payment for a Bosco home out of his own pocket. He gave $1,000 as payment by borrowing it from a bank. For that he pledged his 1964 Pontiac as collateral—a car which he did not own and which, in fact, belonged to the Oblate Fathers. He then required the next $15,000 as cash to the mortgage within a couple of weeks.

The Sunday before it was due, worried and restless, he lay down to sleep and to think out his problem. He said, "Sleep was a great healer to me." An unknown lady came to the door and asked for him, saying that her sister was in serious trouble and would he come. The tired but devoted father went and spent several hours with the girl. On leaving, the original lady who called him thanked him and said to Father Larre, "Is there anything that I can do for you, father?" He replied, jokingly, "Yes, I need $15,000 by tomorrow to pay for a home that I plan to purchase." The lady immediately took out her cheque book, wrote a cheque for $15,000, and gave it to him. Only later did he discover that the lady was the Mother General of the Sisters of St. Joseph of the United States.

It is episodes like that that illustrate the fortuitous and fascinating methods of financing that he used. Today Bosco homes is partially funded on behalf of the children by the referring social agencies, the social service of the province, psychiatric service, Indian Affairs and school boards. There is some support from voluntary donations and from religious groups, but there is a tremendous shortfall.

In order to raise funds for Bosco homes, this resourceful man of the cloth and his staff stage a Big Valley Jamboree every July in Craven, Saskatchewan. Craven is a small village in the Lumsden Valley, about 20 miles north of Regina. It has become the largest country music festival in Canada and attracts up to 80,000 visitors and tourists for the three-day period to hear the best known names in country music on this continent.

In the same location they stage a Big Valley Rodeo in the spring and a Big Valley Roundup in the fall. This has become by far the biggest chuck wagon race meet in the world, far exceeding the number of chuck wagons and competitors at the Calgary Stampede. To each of those events, more than 25,000 visitors are attracted.

Honourable senators can understand from my few words that I have only touched on Father Larre's accomplishments and character, and why I have such a deep admiration for the life and work of this outstanding and renowned priest. That is why I draw to your attention the worthiness of his selection as one of this year's recipients of the Thérèse Casgrain award. He is truly a humanitarian of whom all Canada may be proud.

I have taken the following from an article written by Mrs. Carol Hill of Regina, from whom I have borrowed quite liberally for my remarks:

[Senator Barootes.]

As the fox said in *The Little Prince*, "it is only with the heart that one can see rightly. What is essential is invisible to the eye."

**Hon. Senators:** Hear, hear.

**Hon. Hazen Argue:** Honourable senators, as one who comes from Saskatchewan, from the same area as Senator Barootes, I wish to associate myself with the eloquent and comprehensive tribute paid to Father Larre. In our part of the country we sometimes feel that it is very difficult to become prominent on the national scene. Sometimes we feel rather overlooked, meagre and inadequate. But perhaps when it comes to dealing with people's emotions and welfare—and in the medical field, where Senator Barootes has distinguished himself for many years—Saskatchewan and Regina can claim to be among the leaders in Canada.

I have had the privilege to be associated in a small way with the tremendous effort put forward by Father Larre, and I can say that he has support from people of all religious denominations and all political parties. I believe he is widely recognized for the tremendous work that he is doing.

Senator Barootes referred to the Big Valley Jamboree—a creation of Father Larre—a big powwow, a gala event over a period of three days. It is my understanding that it attracts to one place the largest crowds in North America, to participate in a western and country music jamboree.

I wish to associate myself with all that Senator Barootes has said, and also with his reference to Mrs. Carol Hill who takes a prominent role in promoting an improvement in the lives of emotionally disturbed, handicapped and underprivileged people. The tribute paid by Senator Barootes is a valuable use of the facilities and time of the Senate.

**Hon. Senators:** Hear, hear.

[*Translation*]

## LIBRARY OF PARLIAMENT

REPORT OF PARLIAMENTARY LIBRARIAN TABLED

**The Hon. the Speaker:** Honourable senators, I have the honour to table the annual report of the Parliamentary Librarian for fiscal year 1984-85.

## THE ALLIANCE NATIONALE CONSOLIDATED ACT, 1945

MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons returning Bill S-3, intituled an Act to amend and repeal The Alliance Nationale Consolidated Act, 1945, and acquainting the Senate that they had passed the bill without amendment.

[*English*]

## APPROPRIATION BILL NO. 3, 1986-87

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-29,

for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

## RAILWAY ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-4, to amend the Railway Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

## SENATE AND HOUSE OF COMMONS ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-20, to amend the Senate and House of Commons Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

• (1430)

[*English*]

## COASTAL FISHERIES PROTECTION ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-26, to amend the Coastal Fisheries Protection Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

## FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-31, to amend the Farm Improvement Loans Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

## FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-32, to amend the Fisheries Improvement Loans Act.

Bill read first time.

**The Hon. the Speaker:** Honourable Senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTH REPORT OF COMMITTEE PRESENTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the committee's Fifth Report:

Tuesday, December 16, 1986

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIFTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology for the proposed expenditures of the said Committee with respect to its examination of the Consultation Paper on Child and Elderly Benefits, as authorized by the Senate on November 5, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Transport and Communications | 8,500.00 |
| All Other Expenditures | 1,300.00 |
| | $9,800.00 |

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

[*Translation*]

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I intend to move the adjournment of the debate in order to read this report and to be able to make a few remarks on it at the next sitting of the Senate.

**The Hon. the Speaker:** When shall this report be taken into consideration?

On motion of Senator Frith, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SIXTH REPORT OF COMMITTEE PRESENTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, December 16, 1986

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SIXTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments for the proposed expenditures of the said Joint Committee with respect to its review and scrutiny of statutory instruments, pursuant to Rule 8. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 10,870.00 |
| Transportation and Communications | 1,080.00 |
| All Other Expenditures | 2,760.00 |
| | $ 14,710.00 |

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

[*English*]

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I suggest we dispose of this report in the same manner. Honourable senators might wish to have a look at these two budgets before we sit tomorrow. They are quite in order, but the delay will give honourable senators an opportunity to look at them before we deal with them.

[*Translation*]

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

On motion of Senator Frith, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

## FOREIGN AFFAIRS

SECOND REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. George van Roggen:** Honourable senators, I have the honour to present the Second Report of the Standing Senate Committee on Foreign Affairs respecting the power to incur special expenses pursuant to the procedural guidelines for the financial operation of Senate committees. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.



**The Hon. the Speaker:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "A", p. 311*)

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

On motion of Senator van Roggen, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## RAILWAY ACT

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ON SUBJECT MATTER OF BILL C-4 TABLED AND PRINTED AS APPENDIX

**Hon. Léopold Langlois:** Honourable senators, I have the honour to table the Second Report of the Standing Senate Committee on Transport and Communications concerning the subject matter of Bill C-4, an Act to amend the Railway Act. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "B", p. 313*)

## INCOME TAX ACT

BILL TO AMEND—REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-23 TABLED AND PRINTED AS APPENDIX

**Hon. Ian Sinclair:** Honourable senators, I have the honour to table the Seventh Report of the Standing Senate Committee on Banking, Trade and Commerce respecting the subject matter of Bill C-23, an Act to amend the Income Tax Act and a related Act. With your approval, honourable senators, I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "C", p. 314*)

## BELL CANADA REORGANIZATION

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-13 TABLED AND PRINTED AS APPENDIX

**Hon. Ian Sinclair:** Honourable senators, I have the honour to table the Eighth Report of the Standing Senate Committee

on Banking, Trade and Commerce respecting the subject matter of Bill C-13, an Act respecting the reorganization of Bell Canada. With your approval, honourable senators, I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "D", p. 317*)

● (1440)

## FISHERIES

THIRD REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Jack Marshall:** Honourable senators, I have the honour to present the Third Report of the Standing Senate Committee on Fisheries. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "E", p. 320*)

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

On motion of Senator Marshall, with leave of the Senate and notwithstanding rule 45(1)(*f*), report placed on the Orders of the Day for consideration later this day.

[*Translation*]

## THE ESTIMATES, 1986-1987

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED, PRINTED AS APPENDIX AND ADOPTED

**Hon. Fernand-E. Leblanc:** Honourable senators, I have the honour to present the Third Report of the Standing Senate Committee on National Finance. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

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

**Senator Leblanc (Saurel):** Honourable senators, I move that the report be considered now since Bill C-29 which is an appropriation bill that follows the report has already passed third reading in the other place.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "F", p. 323*)

**Senator Leblanc (Saurel):** Honourable senators, the report is quite extensive and has already been made available to senators present in this house so that they may have a look at it before it is tabled and discussed.

Briefly, the committee wants to put forward some representations. When it recently examined the Supplementary Estimates (A), the new Treasury Board Secretary, Mr. Gérard Veilleux, who succeeded J. L. Manion, whose departure of course we regret, appeared before us. He followed the practice already introduced a year or two ago, that is he tabled additional details on the estimates. In fact, we received six special documents supporting the supplementary estimates document.

I would like to mention, however, that the committee considered 24 dollar items. Of that number, 21 would authorize a transfer of funds from one vote to another; the others are consistent with the habilitating legislation and a finding by the Speaker of the House. They are listed in Schedule 5, which is part of the six schedules appended to the report.

The balance of this report deals with two other problems which the committee examined during its discussion of the budget. Those two issues are additional of course to the numerous ones that were examined by committee members, some of which were given satisfactory answers by witnesses. The others will receive written answers at a later date.

Two items underwent particular scrutiny. Vote No. 5 of the Treasury Board, that is the Government's Contingency Fund. We also scrutinized all aspects of expenditures concerning enquiries, and we made some recommendations.

Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be now adopted.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

[*English*]

## INTER-PARLIAMENTARY UNION

SEVENTY-SIXTH CONFERENCE, BUENOS AIRES—NOTICE OF INQUIRY

**Hon. Peter Bosa:** Honourable senators, I give notice that on December 18, 1986, I will call the attention of the Senate to the Seventy-Sixth Inter-Parliamentary Union Conference, which was held in Buenos Aires, Argentina, between October 6 and 11, 1986.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at three o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

### OFFICIAL LANGUAGES

REPORT OF COMMISSIONER OF OFFICIAL LANGUAGES REFERRED TO STANDING JOINT COMMITTEE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Report of the Commissioner of Official Languages for the calendar year 1985, tabled in the Senate in the 1st Session of the 33rd Parliament (Sessional Paper No. 331-831A), be referred to the Standing Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

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## QUESTION PERIOD

[*English*]

### CANADA'S INTERNATIONAL RELATIONS

REPORT OF SPECIAL JOINT COMMITTEE—RESPONSE OF GOVERNMENT

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I have a question for the Leader of the Government. Honourable senators will recall that the Secretary of State for External Affairs tabled in the other place the response of the government to the report of the Special Joint Committee on Canada's International Relations.

Honourable senators may recall that the joint committee, which was co-chaired on behalf of this place by Senator Flynn and Senator Simard, recommended that the government engage the Canadian public on questions of security policy and that whatever mechanism might be set up to achieve co-ordination between the Department of External Affairs and the Department of National Defence on security policy should provide for periodical reports to Parliament. That was the conclusion of the joint committee.

I notice that in the response of the government the point was taken up, and it is suggested by the government that the periodic presentations on these questions shall be made before the appropriate House of Commons committees. The joint committee recommended reports to Parliament, which would include, presumably, committees of the Senate. The government now agrees to report to the appropriate committees of the House of Commons.

[Senator Doody.]

• (1450)

I want to know whether this is merely an unfortunate oversight, like many others which appear in the response, or whether it is a deliberate decision on the part of the government to restrict these important presentations on security policy only to the committees of the House of Commons.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the government agreed to set up and took the initiative of setting up the joint committee of the Senate and the House of Commons to report on Canada's international relations. I am quite sure that the statement of the Secretary of State for External Affairs as to the follow-up to that report intended no slight whatever to the Senate.

**Senator MacEachen:** Can the Leader of the Government now assure us that the same policy which is to be followed with respect to the appropriate committees of the House of Commons will apply to the committees of the Senate?

**Senator Murray:** Honourable senators, all of the opportunities that are open to committees of the House of Commons are open to the committees of the Senate, including the opportunity to call ministers and officials before the committee to discuss the policies of the government.

**Senator MacEachen:** Honourable senators, the minister is not really answering the question directly; we all know that there are traditional procedures. But the government has stated in this report that a special effort will be made to brief the appropriate committees of the House of Commons on security policy. The joint committee recommended briefing Parliament, and Parliament includes the Senate. I want the Leader of the Government to tell me whether the approach that was laid down by the minister in his response is applicable to committees of the Senate. That is all: Yes or no?

**Senator Murray:** As I have said, honourable senators, I am confident that the Secretary of State for External Affairs did not intend to be exclusive in his statement. In this case, I will accept the question and the statements of the Honourable Leader of the Opposition as representations and will make them my own when I discuss the matter with my colleague.

### FEDERAL-PROVINCIAL RELATIONS

EQUALIZATION PAYMENTS TO ATLANTIC PROVINCES—GOVERNMENT POLICY

**Hon. M. Lorne Bonnell:** Honourable senators, my question is for the Minister of State for Federal-Provincial Relations. I noticed in an article in today's edition of the Charlottetown *Guardian* that the Minister of Finance stated on Monday that the six have-not provinces will not receive this year the $175 million that they thought they would get by way of equalization payments. Since the Leader of the Government is also the minister responsible for intergovernmental affairs, I know that he will work very hard with the Minister of Finance to make sure that those Atlantic provinces which are being cut off from every other program will receive that $175 million in equaliza-

tion payments. The ministers of finance of those provinces have planned on receiving this money. To be told now unilaterally by the Minister of Finance that this will not happen has come as quite a shock to them. The minister from New Brunswick, Mr. Baxter, has said that he is very disappointed.

I would like the assurance of our minister that he will work as hard as he can with the Minister of Finance to try to get that money back for those poorer provinces of this country.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, certain changes of a technical nature were made to the equalization formula, changes which benefit the provinces to which my friend has referred by some $170 million. As I understand the position of the Minister of Finance, that increase in equalization payments will take place not over one year but over two years.

**Senator Bonnell:** Honourable senators, the Leader of the Government is quite correct, this money will be received over a two-year period. But to have that money over two years rather than one year, as was planned, is an awful catastrophe to the provincial ministers of finance who are trying to budget. It seems that the federal government has lately been putting a greater and greater burden upon the provinces. I ask the government leader, as the minister responsible, to use his good offices on behalf of the Atlantic provinces. I know that he has a heart. Some of the ministers in his government do not have a heart.

**Senator Frith:** He has a heavy heart, in fact, these days!

**Senator Bonnell:** He comes from Atlantic Canada, where he knows the need is great. He knows that the maritime provinces are in dire straits. I am just asking him to put that knowledge of his to work in cabinet, in the Treasury Board and wherever else he can to persuade the Minister of Finance to realize what he is doing to these provinces.

**Senator Murray:** Honourable senators, at a time of considerable financial stringency, I think the provinces are pleased to realize that it was possible to make changes in the equalization formula that would benefit them by $170 million, even if it is to be introduced over two years rather than one year. This program is purely within the federal purview; it is not subject to agreement with the provinces. I think that the provincial governments, even those of the maritimes, will understand that no government in this country, with the possible exception of Newfoundland, is required to spend a greater share of its revenues on servicing its old debts than is the federal government.

**Senator Bonnell:** Honourable senators, I have another supplementary question. I thank God for the Constitution, because it means that we are guaranteeing to those provinces equalization. It is now a right under the Constitution and it is a right that these provincial ministers of finance feel they have. I know that the Leader of the Government in the Senate is trying to put forward an answer because he does not want to go against the policy of his own government. I know that he is trying to be as nice as he can, but he is aware of the dire straits of those provinces.

I wonder whether he would talk to his Prime Minister and ask him if he would stop building that prison up in his own riding in Quebec so that he could save that $41 million in extra cost and give it to the three maritime provinces. That $41 million would be of tremendous help to all of the constituencies in the maritimes rather than to just one which happens to be the Prime Minister's constituency. I would ask the government leader to speak to the Prime Minister quietly on the side, before cabinet meets and before the Treasury Board meets. I am sure that with his ability, he could do that for Atlantic Canada.

**Some Hon. Senators:** Hear, hear!

## CANADA-UNITED STATES RELATIONS

### BILATERAL TRADE NEGOTIATIONS—IMPEDIMENTS TO AGREEMENT

**Hon. Jerahmiel S. Grafstein:** Honourable senators, last week an important and powerful group of American senators came to Ottawa, apparently at the invitation of the government, to discuss with officials and others the current fast-track negotiations respecting the Canada-U.S. comprehensive free trade agreement. Senator Bentsen, who is the designated chairman of the U.S. Senate Finance Committee, stated that while in principle he favours a fast-track comprehensive free trade agreement, he felt that as a condition to reaching such an agreement current impediments would include requiring compromise on the Canadian policies respecting protection of our cultural industries, the Auto Pact, our investment policies and our financial institutions.

Could the Leader of the Government in the Senate advise us of the major impediments that the Canadian government put on the table that would require compromise by the American Congress in order to achieve such an agreement?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I was not present at discussions between the representatives of the American Senate and ministers or other officials of the government, so I am not in a position to give the honourable senator the report he seeks today.

● (1500)

## CANADIAN SOVEREIGNTY

### THE NORTH—GOVERNMENT POLICY

**Hon. Gildas L. Molgat:** Honourable senators, I should like to address a question to the Leader of the Government regarding government policy on sovereignty in the north, because in the Throne Speech on October 1 the government stated, and I quote, "that the government asserts complete sovereignty over the Canadian Arctic and recognizes that that sovereignty requires a vigorous national presence."

Since then the government has, in fact, been removing some of the Canadian military presence in the north, and we now have a request by the council of the town of Inuvik for protection by the U.S. military forces. A resolution was passed by that council asking the United States for military protection.

The statement by the mayor is, and I quote, "that the Canadian forces has abandoned the north, pulling out its station in Inuvik last summer along with about 700 personnel."

In light of the Throne Speech statement, could the minister inform the Senate as to what the government policy is?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, that question is answered, at least in part, in the course of a delayed answer which will be tabled later by the Deputy Leader of the Government.

**Senator Molgat:** As a supplementary question on the matter of Arctic sovereignty, I should like to raise the matter of U.S. oil drilling within what is considered by Canada to be its own territorial waters.

Could the minister tell me whether that is also in the delayed response or is that another subject?

**Senator Murray:** No, it is not in the delayed response, but I do have a report on the matter if the honourable senator will bear with me for a moment.

**Senator MacEachen:** You are too well briefed!

**Senator Frith:** You have all those answers and we are not coming through with the questions.

**Senator Murray:** In response to the question the honourable senator has just asked me, the information that has been given to me is to the effect that public hearings are being held to consider the environmental impact of possible oil and gas activity in the Beaufort Sea.

On December 9, Canada protested because the hearings deal with the most easterly area of the 141st meridian.

We will continue to monitor developments and to present our views forcefully to the U.S. administration.

## ABORIGINAL PEOPLES

### NATIVE LAND CLAIMS—GOVERNMENT POLICY

**Hon. Len Marchand:** Honourable senators, a couple of weeks ago I asked the Leader of the Government in the Senate about when the government would be announcing a new native claims policy. At that time his reply to me was, "Soon." I wonder when "soon" will be. Is it today or will his reply still be "soon"?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** It is certainly not today, honourable senators. I can tell my friend that the matter is still under consideration by the government.

**Senator Marchand:** I would like a little more precision. What stage of consideration is it at? Is it before cabinet? When is it likely an announcement will be made?

[Senator Molgat.]

**Senator Murray:** I am not in a position to say when an announcement might be made. I can tell my friend that the matter is before cabinet and that a decision has not yet been made.

## FEDERAL-PROVINCIAL RELATIONS

### EQUALIZATION PAYMENTS TO ATLANTIC PROVINCES—GOVERNMENT POLICY

**Hon. L. Norbert Thériault:** Honourable senators, my question to the Leader of the Government in the Senate is supplementary to that asked by Senator Bonnell.

What bothers me is that I understood the Leader of the Government in part of his answer to say that the provinces were pleased. I would not want that to remain unchallenged on the record of the Senate.

Speaking for my province, the Minister of Finance and other ministers have expressed great displeasure and disappointment at that decision—which decision was made by the Minister of Finance of Canada alone—to take two years to come up to the $175-million level.

The Minister of Finance from my province and from other provinces had understood—according to the Minister of Finance, quite incorrectly—when they were told earlier in the year that there were going to be major cutbacks in the amount of financing from the federal government towards health and education to the provinces, that that would be at least partially made up by an increase in equalization payments. That was the atmosphere in which they were working in trying to arrive at some budget figures for the next fiscal year.

If I understood the minister correctly, I hope that he will correct his statement that the provinces of Quebec, Manitoba, New Brunswick and Prince Edward Island were in any way satisfied. Would the Leader of the Government comment on that.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, it is not accurate to speak of major cutbacks in payments under the Established Programs Financing by the federal government.

So far as the pleasure or displeasure of the recipient provinces is concerned, I think it is fair and accurate to say that they are pleased that the collaboration between the federal government and the provinces on these technical points has resulted in a benefit to them of some $170 million, and that they are displeased that the money will be forthcoming over two years rather than one.

**Senator Thériault:** Honourable senators, those of us who come from the smaller provinces have had to live with this fait accompli attitude over the years. At times like this we are frustrated. At times like this we wish the Senate were composed of an equal number of senators from each province and where, in at least one part of Parliament, the poor provinces would have the same voice and the same strength as the rich. This lack has caused many of the problems in this country.

The Minister of Finance can make decisions like this and he is protected because he has the support of the wealthiest provinces, and those provinces, naturally, compose the greatest number of members in the House of Commons and in this chamber. The end result is that the people at the extremities of this country suffer and are dissatisfied most of the time. This is not political partisan politics; this is the situation as it actually exists.

**Senator Murray:** Honourable senators, with regard to the Senate, I think it should be pointed out that the provinces which are receiving equalization have a majority in this chamber. If my honourable friend were to do a head count, he would see that Quebec has 24 senators and the Atlantic provinces have 30.

## TRANSPORT

### CLOSING OF CN SHOPS, MONCTON—PRESENT SITUATION

**Hon. L. Norbert Thériault:** Honourable senators, I would now like to ask the Leader of the Government in the Senate another question. Can he advise the people of New Brunswick of the present status of the CN shops at Moncton?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I can tell my honourable friend that the government hopes the parties concerned will continue talking and try to achieve a solution, because if they do not the layoffs will have to continue, and if there is no reindustrialization of the site the plant will close.

• (1510)

**Senator Thériault:** That is more good news for the people of New Brunswick. I should make the point again that if we had an elected Senate with equal representation from the provinces, we might be in a better position than we are now.

## GRAIN

### CANADIAN WHEAT BOARD—FINAL PAYMENTS FOR GRADES 1 AND 2 SPRING WHEAT

**Hon. Hazen Argue:** Honourable senators, I have a question for the Leader of the Government. As he knows, there is in Ottawa today a large delegation from the Western Canadian Wheat Growers Association. That delegation is putting to the government the simple proposition that the farmers who produced grades 1 and 2 spring wheat should be able to receive the final payments that the sale of those grains have earned in the accounts of the Canadian Wheat Board, and that the money should not be confiscated from those producers by way of deducting from those profits the losses which have occurred on lower grade grain. I would ask the Leader of the Government to tell us what is the state of consideration of this simple, fair and just request, and whether he can give us any hope that the government is addressing this question.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I can only tell the honourable senator that the Honourable Charles Mayer, Minister of State for the Wheat Board, and the Honourable John Wise, Minister of Agriculture, are meeting with the delegation to which the honourable senator refers, and any announcement will have to come from those ministers later today or tomorrow.

**Senator Argue:** Honourable senators, I should like to ask a supplementary question. Can the Leader of the Government say whether or not the government has agreed that there is justice in the proposition which the delegation has put forward? Is there agreement by the ministers involved that the delegation has a good case and they are taking that good case to the cabinet? Have they gone even that far?

**Senator Murray:** Honourable senators, it would be quite premature for me to express a judgment of that kind on that matter.

**Senator Argue:** Honourable senators, I do not believe that the answer is satisfactory, and I do not consider that the question is premature. As the Leader of the Government will recall, on November 26 I asked the same question in a more general way, and was told that only Alvin Hamilton and I could incorporate the whole history of grain marketing in putting forth a question. However, it was more or less the same question, and the minister replied as follows:

> I will ask the Minister of State for the Canadian Wheat Board, the Honourable Charles Mayer, to clarify the points raised by the honourable senator, and I will endeavour to bring in a report within a day or two.

After I pressed him further, he went on to say:

> I will see that those representations are brought to the attention of the minister. I am sure that he will address them in the report that he gives me to bring to the Senate.

The commitment was "within a day or two." When are we going to get that report?

**Senator Murray:** Honourable senators, the response that I received from my colleagues was that they were meeting with the group to which the honourable senator referred. When they have done that, I will ask them for a further report and I will bring it to the Senate.

**Senator Argue:** I have full confidence—I say that deliberately and sincerely—that the Leader of the Government wishes to bring us a report. I hope that the report will be forthcoming, and I again plead with him to put foward his own recommendation that in dealing with the three prairie provinces and B.C., where the producers have produced this high quality wheat, that they should be able to be assured that what is estimated to amount to 62 cents per bushel that really belongs to them is, in fact, paid out to them.

## TRANSPORT

### INCREASE IN CN FREIGHT RATES

**Hon. Joyce Fairbairn:** Honourable senators, I have a question for the Leader of the Government concerning another delegation which is in Ottawa this week meeting with repre-

sentatives of all parties and cabinet ministers. It is a delegation from Hinton, Alberta, drawing our attention to the situation in the pulp mill in that area which employs 800 Albertans and which, if modernization goes ahead, may provide another 450 permanent jobs in an area of economic downturn.

The issue is the viability of the mill in view of a 4 per cent increase in CN freight rates over the past year, and a pending additional 4 per cent increase in January. The increase has been before the Canadian Transport Commission for the past eight months and the delegation is anxiously awaiting a decision. Can the Leader of the Government indicate when that decision might be forthcoming from the CTC?

**Hon. Lowell Murray (Leader of the Government and Minister of State for the Federal-Provincial Relations):** Honourable senators, I understand that a decision will be forthcoming tomorrow.

**Senator Olson:** A good answer.

**Senator Fairbairn:** I thank the Leader of the Government.

## ILLITERACY

REMEDIAL MEASURES—GOVERNMENT POLICY

**Hon. Joyce Fairbairn:** Honourable senators, I am prompted to ask a question completely unrelated to my previous question. I believe that all honourable senators would applaud the Solicitor General's decision to launch a war on illiteracy in Canadian prisons. Apparently he was extremely shocked to find that on average 40 per cent of inmates in Canadian prisons are functionally illiterate. He would be even more shocked if he knew that in specific institutions the rate is much higher than the average. Can the Leader of the Government indicate whether early in the new year the government plans a national war on illiteracy, as recommended by the Senate Youth Committee in its report earlier this year?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, as the honourable senator has pointed out, the illiteracy problem was referred to in the report of the Senate committee, in the recent Forget report and, before that, by the Macdonald Commission. I will have to take as notice the question of whether the government intends to announce any new policies in this regard.

**Senator Fairbairn:** Can the Leader of the Government indicate whether there are firm plans yet in place for the national forum on education, which was referred to in the Throne Speech; and will the federal government itself take a leading role in hosting and organizing this initiative so that illiteracy and other important subjects may be discussed in a national forum?

**Senator Murray:** Whether we should host the forum is still an open question. Discussions have been going on during the last little while between the Secretary of State, his provincial counterparts and representatives of post-secondary institutions in the country. I have had some correspondence with my colleague on that matter, and I will be glad to make copies available to Senator Fairbairn.

## CANADIAN SOVEREIGNTY

THE NORTH—GOVERNMENT PROTEST TO U.S. GOVERNMENT

**Hon. Gildas L. Molgat:** Honourable senators, I have a supplementary to the question I asked previously. The Leader of the Government, in response to my question concerning American drilling in the Canadian section of the Beaufort Sea, indicated that the government had lodged a protest with the United States. Can the Leader of the Government supply us with copies of those documents, the statements made by the Canadian government and the letter, or whatever it is, that the Canadian government sent?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will have to consult the protocol on that matter, and if it is customary to table such documents, I will have no objection to doing so.

## TRANSPORT

PROPOSED TUNNEL OR CAUSEWAY BETWEEN PRINCE EDWARD ISLAND AND MAINLAND—FEASIBILITY STUDY

**Hon. M. Lorne Bonnell:** Honourable senators, I have a question for the Leader of the Government. In the Charlottetown *Guardian* of this morning it says that Ottawa is to fund a major feasibility study on the impact of a fixed crossing between Prince Edward Island and New Brunswick.

Can the Leader of the Government tell me whether that statement is true? Has Ottawa made that decision to fund a major feasibility study on the impact of a fixed crossing between Prince Edward Island and New Brunswick?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will have to make inquiries.

**Senator Bonnell:** When making inquiries, could the Leader of the Government find out whom Dalton Camp recommended to do it?

## FEDERAL-PROVINCIAL RELATIONS

EQUALIZATION PAYMENTS TO MANITOBA, QUEBEC AND PRINCE EDWARD ISLAND

**Hon. M. Lorne Bonnell:** I have a supplementary to the question I asked earlier. In the Charlottetown *Evening Patriot* of Monday, December 15, it says, concerning Finance Minister John Baxter of New Brunswick:

> "I'm very disappointed," Baxter said in an interview Sunday . . .

However, he went on further and said this, and I quote:

• (1520)

> "It defeats the purpose of helping the have-not regions."

—when the Minister of Finance cut this $175 million.

He said Wilson never clearly explained why he changed his mind.

There is a further quote:

"I think he felt partly that some of the provinces weren't on side and he had to take a hard measure."

I would like to ask the Leader of the Government in the Senate whether or not it is a fact that the Minister of Finance cut the equalization payments to Manitoba, Quebec and Prince Edward Island because they did not vote for him, in the same way as the citizenship judge in Ontario told the citizenship candidate that he should vote Conservative. If that is the case, we have really gone down in this country.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I really do not know what the honourable senator is talking about.

**Senator Bonnell:** Perhaps I could give you the paper—

**Senator Murray:** I have heard the quotations attributed to Mr. Baxter, the Provincial Treasurer of New Brunswick, but I am sure the honourable senator would not expect me to comment on a press report.

**Senator Bonnell:** I would expect you to say that you do not believe it is right. Perhaps you believe it, but you do not want to say that.

## "ALL WE, LIKE SHEEP, HAVE STRAYED . . ."

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a question for the Leader of the Government in the Senate, and I will make it short. We know that probably today in the other place the NDP is celebrating the acquisition of a new member from the Conservative Party. However, there is a silver lining in every cloud, certainly for us, because I have been designated to announce officially a similar event here in the Senate. I do so on the basis of a report in the *Toronto Star* about a Christmas party which featured a video on Eddie Cogan's corporation. That report lists all the dramatis personae and everyone who was there. However, one paragraph says:

There were Tories like Father Sean O'Sullivan, a former MP whose life story was published this fall, and Robert Macauley, Chairman of the Ontario Energy Board; and Liberals like Senator William Kelly.

Welcome, Senator Kelly!

## NATIONAL DEFENCE

### CANADIAN ARMED FORCES—ROLE OF WOMEN AND HOMOSEXUALS—WHITE PAPER—GOVERNMENT POLICY

**Hon. Gildas L. Molgat:** Honourable senators, I have a question for the Leader of the Government in the Senate regarding government policy on defence. Over the past two years, the government has repeatedly promised a white paper on national defence. I think three different ministers have promised it, yet it is still delayed.

Since then, though, there have been a number of statements by the government on various policies. For example, the acquisition of submarines was indicated and a number of other changes. However, very recently there was a policy statement with regard to the employment of women and homosexuals in the armed forces. I wonder if the Leader of the Government in the Senate could advise us whether that statement is government policy. Secondly, when can we expect the white paper?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I cannot give a date with regard to the white paper, but so far as the engagement of women and homosexuals in the armed services is concerned, the report in question was the report of a task force of the armed services that was submitted to the Chief of the General Staff. General Manson, in turn, will be submitting his own comments in response to that report to the Minister of National Defence. Therefore, the report of the task force is not government policy.

Government policy was set out some considerable time ago in response to a report from the House of Commons committee entitled: "Equality For All". The position of the government is that we believe that the courts would find that sexual orientation is a prohibited ground of discrimination under the Charter of Rights. In any case, it is our intention to take whatever measures are necessary as a government to ensure that that is the case, so far as the federal jurisdiction extends.

## ENERGY

### MONITORING OF USE OF FUNDS FOLLOWING TERMINATION OF PETROLEUM AND GAS REVENUE TAX—GOVERNMENT PARTICIPATION IN SYNCRUDE

**Hon. H. A. Olson:** Honourable senators, I would like to ask two questions of the Leader of the Government in the Senate. I do not expect answers today, but I would like to have them before the Senate adjourns for the holiday season.

My first question is one I have asked the Leader of the Government on a number of occasions, and that is whether or not the government has monitored the use of the funds that were released following the removal of the PGRT in order to make sure that all of that money was used to increase activity and, therefore, employment.

My other question is with respect to the federal government's participation in Syncrude. The Premier of Alberta, I believe, has indicated that he thinks there is a commitment by the federal government to provide a positive response to that request by the end of this year. I realize that there will still be a few more days remaining in this year after we adjourn, but there will not be any further opportunity for us to ask the minister whether or not the federal government intends to give a positive response to this request. Therefore, I wonder if the Leader of the Government in the Senate could reply to both of those questions before we adjourn on Thursday, because that is probably the last chance we will have to ask questions.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I am delighted to know we will adjourn on Thursday and not on Friday. Having said that, I will do my best in the meantime to bring myself up to date on the two subjects raised by the honourable senator, and I will inform him in the Senate of the results of my research.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have some delayed answers to questions.

## ENERGY

NATURAL GAS—ALBERTA'S WITHHOLDING OF EXPORT LICENCE APPROVAL AND ALLEGED DISTINCTION BETWEEN TYPES OF GAS—ROLE OF FEDERAL GOVERNMENT IN NEGOTIATIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 28 last by the Honourable Senator Hays regarding Energy—Natural Gas—Alberta's Withholding of Export Licence Approval and Alleged Distinction between Types of Gas—Role of Federal Government in Negotiations.

(*The answer follows:*)

The Minister of Energy, Mines and Resources has announced that Canada will move from a Government-administered to a market-oriented pricing system for all natural gas sales beginning November 1, 1986. Effective November 1, all gas prices in international and interprovincial trade are freely negotiated between buyers and sellers, as provided for last fall in the Federal-Provincial Agreement on Natural Gas Markets and Prices. Governments will no longer regulate gas prices.

The Agreement is an excellent example of federal-provincial co-operation both between the Government of Canada and the Western Accord signatories, but also with the consuming provinces who have acted expeditiously to facilitate competitive marketing arrangements.

The Government remains committed to the principle that natural gas export prices should not be less than domestic prices in adjacent export regions. However, a deregulated market does necessitate a new approach to the implementation of this principle. As information on domestic and export costs will now be available only after sales are completed, we will be doing *ex poste* monitoring of domestic and international price trends. If our monitoring indicates markets are not working as expected and Canadian consumers are being disadvantaged, we will take rapid corrective action.

However, there is no evidence to suggest that domestic prices are higher than export prices. Experience over the past two years has shown that negotiated export prices were consistently higher than regulated domestic prices. We are confident that in a functioning market Canadians will not be placed at a price disadvantage.

The Government will also introduce amendments to the National Energy Board Act to remove impediments to direct sales arrangements. In addition, the Government has asked the Board to implement its surplus test for natural gas exports in a manner that reflects the new competitive Canadian market environment. The Government of Canada is not amending or interfering in NEB responsibility to protect reasonably foreseeable domestic requirements. The Minister of Energy, Mines and Resources is not proposing a specific approach to surplus determination. Rather governments left this appropriately to the discretion of the Board. The Minister is only asking the NEB for advice on how surplus procedures might reflect changing market circumstances.

Similarly, the Government of Alberta has asked the Alberta Energy Resources Conservation Board (AERCB) to review provincial surplus tests including, inter alia, the level of protection required by consumers within the province. This is a matter solely within provincial jurisdiction; however, we will be interested in the outcome of this review.

The Agreement did anticipate the reviews of both federal and provincial surplus tests would result in significantly freer access to domestic and export markets.

Market-oriented pricing policy is supported by both the producing and consuming provinces. As noted earlier, governments are no longer setting gas prices because we believe the market is the best determinant. Prices will be market responsive. Natural gas will be attractively priced relative to alternative fuels. These factors, not governments will determine whether prices rise or fall. We are, however, pleased that Canadian gas buyers are taking a long-term view, recognizing that if prices fall too low in the short-term, long-term supply could be jeopardized.

## ENTERPRISE CAPE BRETON

POSSIBLE ASSISTANCE TO FINANCIAL ENGINEERING CORPORATION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 30 last by the Honourable Senator MacEachen regarding Enterprise Cape Breton—Possible Assistance to Financial Engineering Corporation.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I would ask the Deputy Leader of the Government to read the answer.

**Senator Doody:** The answer is as follows:

Companies who apply for the Cape Breton Investment Tax Credit must meet eligibility requirements (outlined in response to Senator Frith's question on November 25, 1986) in order to

be issued an offer of assistance. This offer merely confirms that the company is eligible for the program and in no way commits the government to providing the Tax Credit. Once the assets are acquired and in use, the company will then be visited by the Department of Regional Industrial Expansion to ascertain that the company has carried out its project consistent with the Income Tax Act.

According to the Department of Regional Industrial Expansion, none of Mr. White's projects is at present operational and, as such, they have not received the Cape Breton Tax Credit.

## CANADIAN SOVEREIGNTY

THE NORTH—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 6 last by the Honourable Senator Bonnell regarding Canadian Sovereignty—The North—Government Policy.

**Hon. Gildas L. Molgat:** Honourable senators, in reply to one of my earlier questions, the Leader of the Government referred me to a delayed answer. Would that be the delayed answer to the question asked by Senator Bonnell? If it is not a lengthy answer, I ask that it be read.

**Senator Doody:** I will read it for you.

Canada has had a 12-mile territorial sea in the Arctic since 1970. Beyond the 12-mile limit, Canada exercises pollution control out to 100 miles; exclusive sovereign rights over fisheries out to 200 miles; and exclusive sovereign rights for the purpose of explaining and exploiting the natural resources of the continental shelf out to a minimum of 200 miles or to the edge of the continental margin where it extends beyond 200 miles.

On September 10, 1985, Canada established straight baselines around the outer perimeter of the islands of the Arctic archipelago, effective from January 1, 1986. Canada's 12-mile territorial sea and 200-mile fishing zone are measured seaward from these baselines.

Canada maintains a special interest in the Arctic sector beyond its 200-mile zone.

## PHARMACEUTICAL INDUSTRY

DRUG PRICING—EFFECT OF PROVISIONS OF BILL C-22

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 25 last by the Honourable Senator Frith regarding Pharmaceutical Industry—Drug Pricing—Effect of Provisions of Bill C-22.

(*The answer follows:*)

The cost to consumers of newly introduced patented drugs will not be higher than otherwise if Bill C-22 is passed. The Patented Medicine Prices Review Board which will be created by Bill C-22 will be examining the introductory (and continuing) prices of new drugs. Traditionally, drugs have been introduced at almost 80 per cent of the price of drugs in the U.S. We expect the Board to ensure that this will continue.

Where the Board finds that a patented drug has been introduced in Canada at a price that is higher than in other countries, the Board will have the power to require the price of the drug to be set at what it considered a fair level.

In general, the Board is empowered to consider the following factors in relation to the price of a drug: the price of the drug in Canada for the preceding five years; the price of other drugs in the same therapeutic class during the preceding five years; the price of the drug and others in the same therapeutic class in other countries for the preceding five years; and the Consumer Price Index. Where this information is not sufficient for the Board to make a determination, it may also consider the costs of making and marketing the drug where such information is available and whatever other factors are considered relevant given the circumstances.

## INDUSTRY

NOVA SCOTIA—POSSIBLE MANUFACTURE AND EXPORT OF ARMAMENTS BY WEST GERMAN COMPANY FROM PROPOSED PLANT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 26 last by the Honourable Senator MacEachen regarding Industry—Nova Scotia—Possible Manufacture and Export of Armaments by West German Company from Proposed Plant.

**Hon. Allan J. MacEachen (Leader of the Opposition):** I would ask the Deputy Leader of the Government to read the answer.

**Senator Doody:** The government is committed to economic recovery in Cape Breton and has introduced a generous incentive package for investors. To date, we have received nearly 2,600 inquiries concerning a variety of projects.

In the case of Thyssen, the company inquired about government policies and programs which could effect the establishment of an industrial complex in Cape Breton. This information has been provided to the company which has not yet informed us of its plans for locating a plant in Cape Breton. Government officials are following the case closely.

**Senator MacEachen:** If I may, I have two supplementary questions with respect to the answer. The first one is with respect to negotiations. Are there discussions going on between Thyssen and the Government of Canada, or is it, as the answer seems to imply, merely a request for information? Perhaps even more important is whether the government has taken any decision with respect to providing an export licence to the company which, according to press reports, wishes to sell armaments in the Middle East or to countries against which

there have been prohibitions in the past. I wonder whether the government is now saying or will say in this case, "Yes, we would allow Canada to export, for example, tanks to the Middle East."

**Senator Doody:** Honourable senators, I have not been provided with that information, but I shall make every effort to get it for the honourable senator.

## COMMUNICATIONS

### PROPOSED SALE OF TELEGLOBE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 26 last by the Honourable Senator Austin regarding Communications—Proposed Sale of Teleglobe.

(*The answer follows:*)

The time frame for this final bidding stage in the privatization of Teleglobe Canada is entirely reasonable. Bidders who expressed interest in the company when the government announced its intention to privatize Teleglobe in August of 1985 are thoroughly familiar with its operations. While the Government has not actively sought new bidders at this stage, any who do come forward must be prepared to submit their proposals within the same time frame as the original bidders. The Government has proceeded very carefully in making decisions on complex and interrelated issues which affect the sale of the company. Now that the policy and regulatory framework has been defined, the bidding process can move forward without delay.

Legislation is currently in preparation, and it is the government's intention to bring it forward at the earliest opportunity.

With respect to the matter of control, the Government is committed to ensuring that effective control does not rest with the telephone companies and it is a condition of sale. The winning bidder(s) will need to demonstrate to the satisfaction of the Government that this condition has been fully respected. Subsequently, changes in the control position will be subject to prior approval by the CRTC. It should also be noted that the limit of shareholding by the eligible domestic telephone companies will be reduced from 40 per cent to 33-1/3 per cent after the initial public share offering.

The Government is not limiting to 15 per cent the shareholding which can be placed with employees and the general public. The conditions of sale contemplate that at least 15 per cent of the shares will be owned by employees and the public within three years. The bidding terms specify that the purchaser(s) will be required to put in place an employee share purchase plan encompassing approximately 5 per cent of the company's shares.

[Senator MacEachen.]

The government feels that it is important that Teleglobe's employees and individual Canadian investors should be given the opportunities to participate in the ownership of a privatized Teleglobe. Bidders have been given a set of criteria on this point with the understanding that there is flexibility to improve upon this base case in the preparation of their bids.

## TRANSPORT

### PORT OF CHURCHILL, MANITOBA—MAINTENANCE OF FACILITIES AND TRANSPORTATION OF GRAIN TO PORT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 26 last by the Honourable Senator Guay regarding Transport—Port of Churchill, Manitoba—Maintenance of Facilities and Transportation of Grain to Port.

(*The answer follows:*)

During the 1986 Churchill shipping season, the port handled some 600,000 tonnes of grain, making it one of its busiest years to date.

Notwithstanding the logistical difficulties associated with shipping grain through Churchill, Canadian National Railways performed well considering that the Canadian Wheat Board made some sales relatively late in the season. CP Rail co-operated with CN in carrying grain in boxcars from its grain shipping blocks to Churchill. In order to ship 750,000 tonnes of grain through Churchill in a shipping season there must be a sales demand based on the willingness of the Board's customers to use the port.

The Honourable Senator will be aware of the joint federal/provincial announcement made on December 5, 1986 by the Minister of Transport and the Manitoba Minister of Highways and Transportation concerning an $18M joint project to rebuild approximately 950 12-meter boxcars for grain service to the Port of Churchill.

This boxcar rehabilitation program will ensure continued grain flow to the Port of Churchill and will provide sufficient rolling stock to allow 750,000 tonnes of grain to be delivered to the Port in 1987. The project will be completed at CN's Transcona shops during 1987 and will provide an additional 200 person-years of employment in Manitoba.

The Senator will be aware that there is no road at present to Churchill. The gravel road built in recent years by the Province of Manitoba stops at Gillam some 184 miles south of Churchill.

The decision of Canada Ports Corporation not to heat any of its facilities this winter and lay-off a small staff is a responsible corporate commercial decision. The Minister of Transport has been assured that there is no prospect of damage to the port buildings and plant.

## FOREIGN AFFAIRS

SYRIA—JOINT ACTION BY CANADA AND OTHER NATIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 27 last by the Honourable Senator MacEachen regarding Foreign Affairs—Syria—Joint Action by Canada and Other Nations.

(*The answer follows:*)

Canada's objective continues to be to encourage Syria to modify its behaviour. We are not interested in posturing. The recall of our ambassador for consultation was a strong signal to the Syrians. We were the first to respond to the British request for support.

Apart from the Belgians, who withdrew their ambassador for only a few days in November, Canada was the only country which took this action in the absence of a direct threat to its nationals from Syrian-sponsored terrorism.

We urged the Europeans to take concerted action to demonstrate the unacceptability of the Syrian actions and we encouraged moderate Arab states to counsel Syrian restraint. Canada supported the measures adopted by the European Community on November 10 as well as those subsequently announced by the USA.

Canada's relations with Syria are limited. We have no air relations, no high level visits, no Syrian representatives in Canada and no bilateral development assistance programs.

Forthcoming trials in Italy and Spain will be relevant to decisions about future actions. In addition, if Syria does not modify its behaviour, Canada, along with other members of the international community, will be obliged to consider what further action might be appropriate.

We have not returned our ambassador to Damascus. The Secretary of State for External Affairs has indicated that we will do so at a time still to be determined. This will occur when there is reason to believe that his return can contribute to the common objective of modifying Syrian behaviour.

## RESEARCH AND DEVELOPMENT

NATIONAL RESEARCH COUNCIL FUNDING—GOVERNMENT POLICY—MINISTER'S STATEMENT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a document which has been provided by the Minister of State for Science and Technology. Some time ago, Senator Hicks asked for a policy statement on the subject of the National Research Council Funding, and the minister has forwarded such a statement which is a ten-page document. I ask that it be taken as read at this point and that it be included as a ministerial statement in today's proceedings.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[*The text of the statement follows:*]

The purpose of this statement is to outline the government's position with respect to the National Research Council. The statement will review the government's policy towards science and technology in general, what this has meant for NRC, and how we see NRC in the future.

### POLICY

The government's policy reflects both the government's philosophy with respect to Science and Technology and the situation inherited from the previous administration.

The Speech from the Throne announced the opening of a major effort to carve out a significant place for science and technology in the culture of Canada. In the past, lack of leadership and lack of prestige caused many Canadian students and the brightest of our scientists to turn to careers in other countries rather than to the careers of tomorrow in Canada. Science lacked the visibility and the prominence that would cause educators and the media to give it the attention it merits as a determining factor in our future. One of our principal priorities is to establish a new environment which gives value and appreciation to scientific achievement applied to improving our well-being and to resolving long-standing problems.

In our view, enlisting technology and other policy instruments in the task of generating new exports and maintaining our current market share is the only possible satisfactory solution. We believe that Canada can compete in high technology exports, that we can use technology to improve the competitiveness of our resource industries and that we can make technology form the basis of an aggressive, international service sector. Success in doing so is imperative because without technology-nurtured production we will lose competitively, we will lose jobs and we will face a declining standard of living.

That is the broad picture. Before taking office the government had already outlined the changes it wanted to make. These changes included: increased activity, especially in the private sector; a better mobilization of resources in industry; and government laboratories that were more responsive and relevant to the country's needs. These views had then, and still have, widespread support in the country. They found expression in the report of the "Task force on Federal Policies and Programs for Technology Development" (the Wright Report), and the Report of the Senate Committee on Science and Technology.

### ACTIONS

Had we taken office with a clean slate there would have been few problems in mounting these reforms. Instead we inherited crisis. Years of unrealistic spending had led to an intolerable deficit position. Federal science and tech-

nology expenditures were an uncoordinated grab bag of programs, many just bricks and mortar, not science, working in isolation and often at cross purposes. This meant that we could not move as freely or as quickly as we wanted to.

In particular, on assuming office we found that the federal government's science and technology effort was in poor shape. There was no consistent national science and technology policy or priorities. As a result, the efforts of federal agencies, provincial organizations, universities and industry were uncoordinated and, at times, ineffective. Funding for the granting councils was not secure, and vast sums were being spent on additional bricks and mortar for various federal facilities. Finally, the Scientific Research Tax Credit was losing significant tax revenue with little result.

Since taking office the government has worked on four different fronts. First, we halted the SRTCs and replaced them with a refundable tax credit designed to help all Canadian companies, especially small start-up firms. Second, we have given the granting councils a guaranteed funding base for the next five years, plus an incentive to work with universities and the private sector in increasing industry/university contracts. From this measure alone, the university research community could receive over $1 billion in additional funds over the next five years. Third, we have developed a national consensus on science and technology that fully involves all players. The product of this consensus building will be announced in the near future and will involve concrete action by all parties. Fourth, we have begun to rationalize the government's laboratory system, including NRC, to focus federal efforts on support to industry, to accelerate technology transfer and diffusion, and to improve service to the public.

All these measures have been put in place within the constraints imposed by the deficit position.

NRC

NRC, like every government agency, has therefore been faced with a requirement to change. There have been reductions, there have been reallocations and there have been new funds. NRC has neither been the most affected agency of government, nor the least affected. Its President, Dr. Kerwin, has estimated that something between five and ten per cent of its programs have been affected. He believes NRC remains a strong and viable research agency. So does the government.

The Leader of the Government in the Senate (Senator Murray) has pointed out that the government has already provided a great deal of information in the House of Commons, before the Standing Committee on Research, Science and Technology, and in statements, press releases and interviews. A great many questions have been raised and answered and I can provide briefings on any particular issue. Now however, I will simply reiterate the major points.

The extent of the cuts is not as great as has been made out. NRC's budget peaked in 1984-85 at $480 million in actual expenditure. Next year we expect total expenditures to amount to $431 million—a drop of between nine and ten per cent. The budget in 1984-85 contained $46 million for buildings. This year the budget has only $7 million for buildings and next year will be similar. This means that research, contributions and equipment expenditures have scarcely fallen at all.

The impact on people is not as severe as has been made out. At its peak, NRC consumed 3,591 person years in 1984-85 as compared with an estimated 3,400 in 1986-87 and 3,447 forecast for next year. These reductions and other reallocations have had personnel and career consequences, but very few lay-offs. NRC is reassigning people to expanding areas like space and biotechnology, transferring some facilities and research teams to industry and universities, providing an early retirement program and offering career counselling and job search assistance. Altogether these actions will ensure that valuable research and technical people remain effectively employed, even if they are not employed at the NRC.

The impact on NRC's programs is not as severe as many have implied. The reductions were selected by NRC after long and detailed study. Programs with a high service-to-industry content were favoured and the Industrial Research and Assistance Program (IRAP) contributions were not reduced. Dr. Kerwin has steadfastly defended these decisions and maintained that their impact on NRC's effectiveness is not great.

The individual reductions give rise to many separate issues and judgement calls. In my opinion much of this commentary has been misinformed and has focused on the reduction in isolation, not acknowledging NRC's need to maintain a coherent program of continuing activities. The photogrammetric unit is a case in point. This unit has done first class and useful research. If not, it would have been discontinued earlier. Photogrammetry, I am told, is now a mature science somewhat removed from the current focus of the rest of NRC's Physics Division. The nation can count on research from a variety of industry and university sources. NRC and the government cannot do everything. In cases like this they have to step aside and leave the research to others.

Nevertheless, in response to widespread concern, I have appointed a three-person Task Group to undertake consultations on behalf of the Government with the President and members of the National Research Council. This Group will examine the soundness of the individual choices made by NRC and confirm that neither health and public safety of Canadians nor priorities of the NRC are being jeopardized. A copy of the press release announcing this Task Group is attached.

That is where we are now. In the future the Government will continue to support Canadian science and technology. This means that NRC will continue to play a significant and important role. We have recently approved additional funds for Space and Biotechnology at NRC and similar increases in other new and growing areas may be expected.

● (1530)

## APPROPRIATION ACT NO. 3, 1986-87

SECOND READING—DEBATE ADJOURNED

**Hon. C. William Doody (Deputy Leader of the Government)** moved second reading of Bill C-29, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1987.

He said: Honourable senators, the bill before us today, Appropriation Act No. 3 for 1986-87, provides for the release of the whole of Supplementary Estimates (A) for the 1986 year, amounting to some $339 million. The total spending authority requested by this bill is just over $507 million, the difference representing statutory items, including a reduction of $263 million in nonbudgetary payments to the Export Development Corporation. The majority of the requested authority, some $185 million, relates to increased expenditures under the Indian and Inuit Affairs Program, some $109 million, and the Agriculture Agrifoods Program, some $76 million. The balance is distributed throughout a number of government programs. These estimates were tabled in the Senate on November 25, 1986, and immediately referred to the Standing Senate Committee on National Finance. These estimates were discussed by the National Finance Committee with Treasury Board officials on November 26, 1986, and the committee presented its report today.

Honourable senators, I have no hesitation in giving the usual assurance that this bill is in the standard form. Nothing out of the ordinary has been added or changed in the form of the bill. Senator Leblanc earlier today presented a very comprehensive report from the National Finance Committee. I commend these supplementary estimates to the Senate for second reading.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, although there is no doubt that the Senate has the constitutional power to deny supply to government, it is hard to imagine any situation in which it would do so. Even in Australia where the Senate has both the constitutional power and, I suppose, the political power to do so, it is seldom done. The last time they took such action it created quite a crisis. We, of course, always grant the government supply. However, certain comments and criticisms, always constructive of course, are in order.

Since our committee has done a very good job, as usual, in studying the estimates and, therefore, in effect, giving us all the material we need to pass this appropriation bill, I suggest that before we do so senators might want to peruse the report presented earlier today to determine whether there are particular items of interest to them about which they might want to ask Senator Doody to give an explanation or to obtain an answer. We could then deal with the bill tomorrow.

I have one question about which Senator Doody might want to obtain an answer for me. It is with regard to page 2 of the report. I have some other comments, but this is a matter about which Senator Doody might be able to do something in the meantime in order to be able to deal with it when he closes second reading debate in the manner provided for in our rules. The second paragraph on page 2 of the report reads:

> The remainder of this report focuses on two specific issues which the Committee addressed in its deliberations on these Estimates.

I recommend to honourable senators those two specific issues, which are found in the report and which will be found in tomorrow's *Debates of the Senate* in the remarks made by Senator Leblanc. The paragraph goes on:

> These two issues are in addition to the many questions pursued by members of the Committee, some of which were answered by the witnesses to the satisfaction of the Committee while others will be responded to in writing at a later date.

I am prepared to accept that the committee is satisified with the answers given to the questions it raised during the hearings, but I would like to know what those questions are that are to be responded to at a later date and whether or not we will have the responses before we vote supply.

With those remarks, I move the adjournment of the debate until tomorrow.

On motion of Senator Frith, debate adjourned.

## RAILWAY ACT

BILL TO AMEND—SECOND READING

**Hon. Finlay MacDonald** moved second reading of Bill C-4, to amend the Railway Act.

He said: Honourable colleagues, I introduce for your consideration Bill C-4, which is a bill to amend the Railway Act and which, in its simplest terms, permits the government to recover the costs of regulating the telecommunications industry. The bill follows from the November '84 economic statement and, more recently, from the May 1985 budget. Some of you may recognize it as Bill C-125, which was introduced in the other place on June 26, which, as you will remember, was the day before the House recessed for the summer. It is interesting to note that this is the first bill from the Department of Communications to pass through the House of Commons in ten years.

It was in the May 1985 budget that the Minister of Finance announced that the government would begin to recover the costs of regulating the telecommunications industry in the fiscal year 1986-87, as part of its effort to reduce the federal deficit. Bill C-4 gives effect to this measure and will permit the

recovery of costs incurred by the CRTC in regulating the telecommunications carriers under federal jurisdiction.

It might be helpful, possibly a little briefer and more interesting, if I were to pose some obvious questions and then attempt the answers. The obvious first question is: Who will be affected by this legislation? Answer: There are six telecommunications carriers regulated by the CRTC pursuant to the Railway Act. These companies are: Bell Canada, the British Columbia Telephone Company, CNCP Telecommunications, Telesat Canada, Northwest Tel and Terra Nova Tel. Provincially regulated carriers are not affected by this legislation.

● (1540)

Question: How much does the government expect to recover from these six telecommunications carriers? Answer: The legislation will permit the government to recover approximately $6 million in revenue annually, beginning in 1986-87.

Question: Well, this sounds as though Bill C-4 includes a retroactivity clause—a very good question. Does it? Answer: Yes, although retroactivity would be a legitimate criticism in certain instances, it does not appear to be justified in this particular case. The affected carriers have been aware of this cost recovery measure since its announcement as a budget matter in November 1985. They were further informed of the $6 million cost recovery target when Bill C-125 was introduced in June of 1986. Therefore, the view of the government is that sufficient information was available to the carriers for planning and budgetary purposes.

Question: How will $6 million in fees be allocated to these carriers? Answer: A method of allocating these costs will be determined by the CRTC, which will take into consideration various factors such as the volume of business and the volume of regulatory activity associated with each carrier.

Question: What financial impact will the collection of these cost recovery fees have on the industry? Answer: The collection of cost recovery fees will not have a significant financial impact on the industry. The $6 million to be recovered in 1986-87 represents less than 0.1 per cent of the annual operating revenues of the six carriers affected.

Question: Well, will these fees be paid by the companies or by their subscribers? Answer: We expect that the CRTC will treat the fees as a legitimate business expense and will therefore allow it to be included in the revenue requirement. Subscribers will ultimately provide the revenue to pay these fees. This is appropriate since it is the subscribers who benefit from the protection afforded by the regulation.

Question: How does this cost recovery measure compare with those found in other jurisdictions? Answer: The principle of cost recovery has been applied in several provinces, including Nova Scotia, Saskatchewan, Prince Edward Island, Newfoundland, and, of course, a number of American states.

Question: Why are cost recovery measures being introduced for an organization like the CRTC, which is already generating more revenues from licensing fees than it incurs in expenses? Apparently it costs the CRTC approximately $25 million to operate, while it receives $33 million or $35 million from the broadcasting industry and will net another $6 million upon the passage of this bill from the telecommunications industry. Answer: The purpose of the cost recovery measures for telecommunications is to distribute costs more equitably between the telecommunications and the broadcasting industries. While it may be that the broadcasting revenue more than adequately covers the cost of regulating the broadcasting industry, this should not mean that the telecommunications industry should not shoulder its share of cost recovery. One must assume, therefore, that the extra amount would go back into the general revenue.

Question: What controls will be exerted upon the CRTC so as to ensure that the fee structure is fair and reasonable? Answer: The fees established by the CRTC will be monitored to be sure that they are consistent with the government's intention to keep regulatory expenses to a minimum and for the purpose specified. Therefore, Treasury Board will approve or disapprove the fees imposed by the CRTC.

Question: Why is this done by means of an amendment to the Railway Act? Answer: Because it is the act which outlines the CRTC's regulatory powers in the field of telecommunications. It will now grant to the commission the required authority to assess carrier fees, an authority similar to that which it already possesses under the Broadcasting Act in relation to licence fees for broadcasters and cable operators.

In conclusion, honourable senators, I think that Bill C-4 will allow the government to continue its efforts to reduce the costs of governing to the Canadian taxpayer. At the same time, we believe that the measure is fair, reasonable and consistent with regulatory practices elsewhere, and that it contains adequate protection for the commercial interest of the carriers' industry.

Earlier this afternoon, honourable senators, the distinguished chairman of the Standing Committee on Transport and Communications reported that that committee had studied the subject matter of this bill and recommended that it now be favourably considered by the Senate.

**Hon. L. Norbert Thériault:** Honourable senators, if I may, I would like to put my understanding of Bill C-4 on the record of this house. This bill has a single purpose which is to increase taxes and increase revenue. As a matter of fact, this morning in committee those of us who were present asked some questions. As far as I am concerned, we were not given very clear answers.

Honourable senators, it seems to me that the purpose of this legislation, as is stated in the bill, is to provide revenues for the CRTC to carry on its work. As the Honourable Senator MacDonald has just pointed out and as I pointed out this morning in committee, the CRTC now recovers more revenue from licensing fees than it disburses in expenses. The CRTC in its operation now recovers approximately $33 million and the expenditures for its operation amount to approximately $26 million.

This bill, honourable senators, will provide, at the discretion of the Treasury Board—and we do not see the regulations; it

could even be more if Treasury Board so decides—the opportunity for the CRTC to collect a further $6 million. I am not a lawyer, but it seems to me that if I were the head of a major corporation which had to disburse additional funds under this legislation, I would probably contest that in the courts. The purpose of this bill, as is stated within it, is to recover costs. Well, the costs have already been recovered. To me, the purpose of this bill is very simple—it is a measure by which the government can increase its revenue by at least $6 million, and that revenue will go into the general revenue of Canada. If there were anything in the bill that indicated that the additional revenues to be collected by the CRTC were to go into a special fund which that commission could use to help broadcasting through new programming, assistance to art or culture, or anything in that vein, it would be simple to support it. However, I feel that it is more or less a tax measure.

My understanding of this place is that we should not defeat a tax measure, but I simply wanted to put on the record my understanding of this legislation, pure and simple, which is to increase taxation.

**Hon. Peter A. Stollery:** Honourable senators, I should just like to add some short comments regarding Bill C-4, which, according to my recollection, has been before our committee twice. As my colleagues Senator Thériault and Senator MacDonald have said, this bill constitutes a method by which to increase revenues. This could be called a form of taxation or a form of cost recovery, but whatever it is, the government is going to be $6 million better off when this bill is passed than it would have been if the bill were not passed. The moneys are to be paid by the six carriers, most of whom are the national telephone companies, plus CNCP Telecommunications.

● (1550)

I should like to point out that two bills were before our committee. The other bill, Bill C-3, is quite similar to this one in that it is a cost-recovery bill. However, I would like to make it clear that it is a cost-recovery bill which is quite a bit more controversial. The Minister of Transport for New Brunswick, who appeared before our committee, was very much opposed to the bill as are, apparently, most of the provincial governments.

I say this somewhat in advance for the wisdom of the government house leader, because there seems to be some confusion as to when Bill C-3 may be presented here.

Both bills are similar because they are both referred to by the Department of Communications as cost-recovery bills. Bill C-4, to which I have no objection, essentially refers to collections from the six telecommunications telephone carriers in Canada; and Bill C-3, which will, presumably, be presented here soon, is a much more complicated and controversial bill because it refers to cost recovery from a large number of provincial agencies, health services, the police, in the case of Toronto where I am from, the TTC, and a whole number of other agencies and organizations. I will have more to say when that bill is presented.

**Hon. A. Irvine Barrow:** Honourable senators, how can Senator MacDonald possibly say that it is a cost-recovery item when he has just said that it is not a cost-recovery item, that the additional revenue will be turned back into the general revenue of the government? It certainly is not a cost-recovery item; it is an additional tax.

**Senator MacDonald:** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator MacDonald speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator MacDonald:** —if it appears the revenues are regarded as public moneys and, as the chairman says, will go back into the Consolidated Revenue Fund under whatever section of the Financial Administration Act that is done, then I would have difficulty arguing that this is not a tax.

It is presented as a means of reducing the deficit, even though it is clearly indicated that the present revenues provided by broadcasters are more than sufficient to cover the costs of operating the CRTC; but the government has decided that the telecommunications carriers have been given a free ride and that they now are going to be assessed that amount of money and no more in the formula which I have set out. I would be hesitant to engage the honourable senator in any kind of protracted debate arguing that this is not a tax.

**Senator Frith:** Even an unprotracted one.

Motion agreed to and bill read second time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator MacDonald, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## SENATE AND HOUSE OF COMMONS ACT

BILL TO AMEND—SECOND READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved the second reading of Bill C-20, to amend the Senate and House of Commons Act.

He said: Honourable senators, I doubt very much if honourable senators will consider it a pleasure to adopt my motion.

It is my distasteful duty to introduce Bill C-20, to amend the Senate and House of Commons Act. This is a bill which the House of Commons passed on December 12 with all-party agreement.

The bill has three purposes. One is to implement the $1,000 cut in senators' and MPs' salaries announced by the Minister of Finance in the budget of February 26, 1986. It permits the $1,000 deduction to be made in instalments from now until March 31, 1987.

The second purpose of the bill is to make a technical amendment to the salary adjustment formula to permit an indexed increase of senators' and MPs' salaries to take place in 1987.

The third purpose is an amendment which replaces references to Statistics Canada's Industrial Composite, a measure

of average weekly wages, which has not been published since June 1986, with its successor, the Industrial Aggregate.

Honourable senators, the indexed increase in senators' and MPs' salaries for 1987 is estimated at 2.5 per cent. Under the Salary Adjustment Formula and the Senate and House of Commons Act, the amount of indexation is calculated by taking the lesser of the percentage increase in the Consumer Price Index for 1986, which is estimated at 4.1 per cent, from the Industrial Aggregate for 1986, which is estimated at 3.5 per cent, and then subtracting 1 per cent. Since the percentage increase in the Industrial Aggregate is the lesser of the two in 1986, the indexed adjustment for 1987 is 3.5 per cent less 1 per cent which is an increase of 2.5 per cent.

Honourable senators, Bill C-20 implements the budget initiative announced by the Minister of Finance on February 26.

Our contribution amounts to $102,000 and that of those in the other place amounts to $282,000 for a total reduction of approximately $400,000. Various other cuts have been accepted by the Prime Minister and members of the cabinet which total approximately another $400,000.

The bill corrects the technical problem which I just explained by replacing references to a statistical measure of average weekly salaries of the Industrial Composite which has not been published by Statistics Canada for some time.

Honourable senators, that is the sum and substance of Bill C-20.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I hope that when the motions for second and third reading of this bill are put to us, His Honour the Speaker will find a way to phrase the question in a way other than, "Is it your pleasure, honourable senators, to adopt the motion?" He will have time to consider the rewording for this one particular occasion.

Honourable senators, except for the change that is necessary to make the system compatible with the new system to be adopted by Statistics Canada, I think this is a rather silly bill. There is no way that any of us can vote against it without appearing to be mean spirited and excessively protective of our own interests.

I believe that MPs and senators currently receive a reasonable payment for their services and that, on an individual basis, $1,000 is not a major cut.

However, two other factors should be considered. One of them is that this does, at least temporarily, politicize something that all parties in the House and, I believe, in the Senate, previously agreed should not be politicized, and that is the matter of payment for services to members of the House of Commons and senators. An attempt was made to try to make the matter automatic and subject to review on a basis other than by spot legislation.

The other aspect is that although, as I said, the loss is not major on an individual basis, the savings also amount to very little. There will be a savings of approximately $282,000 from

[Senator Doody.]

the reduction of $1,000 in MPs' salaries and $104,000 from the $1,000 cut in senators' salaries for a total of $386,000.

Honourable senators, just to make you all feel better, it may very well be that this saving is going to a good cause, because $382,000 is just about the amount the government has set aside for Mr. Sinclair Stevens to defray his legal costs. I know we all realize that lawyers have to support families. Therefore, speaking on behalf of the Toronto legal community, if I can do so, I can say that perhaps this is going to a good cause.

Honourable senators, if that does not satisfy any of you, I would point out that it would also pay about half of the bill for the Prime Minister's trip to the Far East last spring. That may be more acceptable to some of you as another worthy cause for this cut.

On division, under protest, not at all smiling and with no pleasure at all, we will probably support this bill.

Honourable senators, just before we close the debate, I had intended to ask Senator Doody if in closing the debate on second reading he would explain to us exactly how this $1,000 is to be recovered from the payments for the 1986-87 fiscal year.

**Senator Doody:** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Doody:** —I thank Senator Frith for being a most understanding gentleman. The salary cut will be administered to us over a three-month period from now until the end of March. It was the intention of the authorities to make the deduction in one fell swoop, but someone felt it was too close to the Christmas season to inflict that wound on us at this particular time. Christian charity prevailed and it is being done in three stages.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I should like to raise one point which may have been covered by the address which the deputy leader made and which, unfortunately, I missed.

With respect to the annual increment which is made—I take it for granted that that system is still in effect—when the increment is made for members of Parliament and senators for 1987, will it be based on the reduced amount for 1986 or on the unreduced amount?

• (1600)

**Senator Doody:** I am told that it will be reduced by the unreduced amount. The projected increase in senators' and MPs' indemnities and allowances will be a 2.5 per cent increase, which I explained in some detail in the course of my remarks. The projected increase will be $1,600 for senators and $1,900 for MPs. The $1,000 deduction will leave us with a $600 increase. The indexing system will remain as it was. In this particular year it will work out to about 2.5 per cent, which is the lesser of the percentage increase in the consumer

price index for 1986, which is 4.1 per cent, or the industrial aggregate for 1986, which is 3.5 per cent. Since the percentage increase in the industrial aggregate is the lesser of the two in 1986, the indexed adjustment for 1987 is 3.5 per cent, the lesser of the two, less 1 per cent for an increase of 2.5 per cent. So, the formula remains the same, and will continue next year with the same formula.

**Senator MacEachen:** Perhaps I have not followed the Deputy Leader of the Government as closely as I should. Is it correct to say that the implementation of the annual increment will be based upon the 1986 salary unreduced?

**Senator Doody:** That is what I have been told, honourable senators; yes. Honourable senators will have to forgive my hesitancy. It is a very painful subject.

Motion agreed to and bill read second time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## COASTAL FISHERIES PROTECTION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Jack Marshall** moved the second reading of Bill C-26, to amend the Coastal Fisheries Protection Act.

He said: Honourable senators, I am charged with moving second reading of Bill C-26, which contains some very important amendments to the Coastal Fisheries Protection Act.

As honourable senators are aware, ten years ago, on January 1, 1977, Canada's 200-mile exclusive fishing zone was established. Canada's first job, after being given the mandate to control the resources within 200 miles of its shores, was to rebuild the decimated stocks and to work toward achieving that delicate balance between allowing fishermen to earn a decent income and permitting the resource base to grow. A large part of this effort involved protecting the resources off the Atlantic coast from foreign fleets whose operators largely ignored even the most minimal conservation principles.

Honourable senators from the east coast will recall the many occasions when Soviet and other long liners and draggers came within not only the 200-mile limit but within the 12-mile limit and the three-mile limit off the coast of Newfoundland.

Over the years, Canada has managed to accomplish some progress in setting up a management regime that permitted stocks to expand while also allowing harvesting capacity to increase.

In 1985 Canadian fishermen landed over $900 million worth of fish which was processed into over $2 billion worth of products. The industry employs over 80,000 full-time and part-time fishermen and about 24,000 plant workers.

In Atlantic Canada more than one quarter of the population live in some 1,300 fishing communities, over half of which depend mainly on fishing. In British Columbia, outside the industrial triangle of Vancouver, Victoria and Nanaimo, the commercial fishery is the basis for much of the economic activity in 94 small fishing communities, many of which are single-sector communities.

Honourable senators, I should mention that the Standing Senate Committee on Fisheries recently returned from a 12-day tour of the British Columbia coast and learned deeply and intensively the dedication of fishermen on that coast and the impact that the fishing industry has on many communities and their inhabitants.

However, there are limits to growth, and because of that Canada must strive to maintain what it has gained and what it is attempting to regain. It must ensure that these elements are not jeopardized by negative forces.

On June 13 of this year the Minister of Fisheries and Oceans announced a series of measures to improve surveillance and enforcement within Canada's 200-mile zone on the east coast. Those measures were necessary because of the rise in illegal fishing by foreign vessels in Canadian waters and overfishing just beyond our waters, both of which were putting serious strain on our surveillance forces.

It should be noted from the outset that most foreign vessels fishing in our zone are licensed and abide by the rules attached to those licences. Others, however, fish in our waters with no right to do so, or, if they are licensed, take more fish than they have been allocated.

In the Gulf of Maine in just one year—from 1984 to 1985—the number of unauthorized foreign vessels detected in the Canadian fishing zone doubled. On the Grand Banks in the same year the increase was 1200 per cent. In the past 12 months we have detected 100 intruders in our waters, 30 of whom were arrested and prosecuted.

The number of vessels fishing just beyond the 200-mile zone has also increased. Because the fish stocks in those areas straddle the 200-mile boundary, any overfishing beyond the zone is bound to have an adverse effect on the amount of fish available to our own legitimate fishermen. Also on the increase are vessels that hover around the boundary and make quick hit-and-run incursions into Canadian waters.

There are three reasons for the increase in the trespassing and poaching in the Canadian zone. The first, of course, is the greater demand and higher prices paid for fish in the markets of the world. The second is the serious over-capacity and overfishing that some foreign nations have allowed in their own fisheries. The third is our own success in conservation, which has made Canadian fish stocks inside the zone a reliable resource and which has enriched the areas just outside our waters—a situation that has been achieved through the efforts of our scientists and fisheries managers, and the self-discipline of our own fishermen.

So our 200-mile zone has become very attractive to foreign vessel operators who are more willing than ever to risk fishing in Canadian waters.

Last November at a meeting of provincial ministers in Halifax, the problem of fishing violations was given high

priority on the agenda. It was agreed that Canada would take vigorous measures to deal with the problem.

Since that conference, federal and provincial fisheries ministers have met several times and have reached a consensus on a blueprint strategy for the management of Canada's fisheries, a key element of which is increased enforcement and tougher penalties under the Coastal Fisheries Protection Act.

The blueprint was presented at the First Ministers' Conference held recently in Vancouver and was fully endorsed by the premiers. Industry representatives have also given it wide support.

So the policy changes which are before honourable senators today have received the support of provincial fisheries ministers, provincial premiers and the private sector.

Last June the honourable Minister of Fisheries and Oceans announced improvements in three areas of surveillance and enforcement. They involve the need to detect violators more efficiently, to arrest them with greater sureness and despatch, and to penalize them more severely. All of those measures are designed to deal with violators more firmly and to deter them from repeating their actions in future.

The detection measures include an expanded observer program, improved aerial surveillance, and new electronic tracking devices.

In terms of arrest and enforcement, offshore patrol vessels are being armed to protect Fisheries and Oceans personnel and to respond to resistance.

The amendments to the Coastal Fisheries Protection Act deal with the third area of the program—that is, increasing the penalties or fines on indictment and on summary conviction. This set of measures will ensure that convicted violators think twice before stealing again from Canada.

Illegal fishing by a foreign vessel can be very profitable. The information is that the benefit can exceed $60,000 per day. Repeated illegal fishing over a period of several days can lead to profits well in excess of the maximum fines now provided for, ranging from $5,000 to $100,000. That is why these amendments are being introduced, namely, to ensure that this incentive is removed by making the potential fines more painful.

While the Fisheries Act is the primary act governing the fishing activities of Canadian vessels, it is the Coastal Fisheries Protection Act which establishes the legal parameters within which foreign fishing vessels may enter Canadian waters to engage in fishing.

Among other things, it makes it an offence for an operator of a domestic or foreign vessel to fail to stop when so directed by a government vessel or to refuse to answer questions on oath. It is also an offence to obstruct a fisheries protection officer.

The act prohibits Canadian vessels from bringing into Canadian waters fish received from a foreign vessel outside Canadian waters. It also makes it an offence to violate any of the regulations made under the act.

[Senator Marshall.]

The regulations deal with licence requirements and conditions of licences. They also deal with reporting requirements such as catch and effort data, and entry to and exit from Canadian waters.

As honourable senators will note, the amendments to the Coastal Fisheries Protection Act provide for substantially increased fines—and that is the crux of the bill. The maximum fine for fishing by a foreign vessel without a licence in Canadian waters is being increased to $150,000 from $25,000 on summary conviction, and to $750,000 from $100,000 on indictment. Fines for other foreign and domestic fishing violations are being raised to a maximum of $500,000 from $25,000.

These measures are being taken in conjunction with other steps to reduce overfishing beyond Canada's 200-mile fishing zone, and Canada and other NAFO countries work together to manage the fish stocks which straddle the 200-mile limit. While Canada will continue to seek conservation cooperation through NAFO, other more substantive measures are also being pursued.

● (1610)

Until recently, foreign nations have been allocated surplus and non-surplus fish based on two conditions: One was cooperation in conserving the resource. The second was improved access to markets. However, this second linkage has not proved effective. Gains in exports have come, generally, through market conditions and the competitive ability of the Canadian industry. Therefore, a new approach has been stipulated under the foreign allocations policy. It states that except for obligations under existing treaties and except in the case of East Bloc countries where market forces do not operate in the normal fashion, no new non-surplus allocations will be granted to foreign fleets.

As for fish that are surplus to the needs of the Canadian industry, there is an obligation under international law to make this surplus available to other nations. In the case of free-market countries, these allocations are being linked to one condition only: Good conservation behaviour within the 200-mile zone and in the NAFO management area outside the zone.

The Canadian fishing industry has learned that only through the diligent pursuit of conservation measures will Canada be able to sustain a sound resource base upon which to build a stable economic and social future. Creating a healthy fishery is difficult. Our fishermen know that, and our fishermen deserve the type of protection laid out in these amendments when people from other nations do not follow their lead in conserving the resource.

The measures outlined today are intended to protect the significant gains that have been made and to strengthen the foundation upon which the fishery stands. The amendments to the Coastal Fisheries Protection Act are an integral and essential element to achieve success.

Honourable senators, I might mention that the committee pre-studied this bill last week. I recommend the bill to you for your consideration.

**Hon. William J. Petten:** Honourable senators, I move the adjournment of the debate.

**The Hon. the Speaker** *pro tempore:* Senator Stewart, did you want to say something?

**Hon. John B. Stewart:** Perhaps, honourable senators, before the debate is adjourned, I can put a problem to the senator who is the sponsor of the bill so that he may be prepared to deal with it, and this might later expedite matters. Honourable senators, as Senator Marshall has said, the bill deals with coastal fisheries protection. I refer to a specific instance that has been covered in the media recently which has agitated a fair number of in-shore fishermen in eastern Canada.

As honourable senators may know, the tuna fishery on the east coast of Canada is basically an in-shore fishery as far as Canadians are concerned. It is conducted from small boats and there are severe limitations on the type of gear and equipment that can be used. This particular year, 1986, was a disaster for most of those fishermen. They invest their time, hoping to catch at least one fish, and this year most of them caught precisely none.

The newspapers have been full of a story that a Japanese company, using quite different kinds of gear, has been permitted by the Minister of Fisheries and Oceans to fish within Canadian waters and take tuna. This concession is in return for payments to be made to a Canadian company in Nova Scotia based in St. Margaret's Bay. I am sure that honourable senators will readily realize that this is precisely the kind of media coverage which is liable to inflame the deeply-disappointed in-shore fishermen.

I think it would be very helpful to the east coast fishery if the facts concerning this transaction could be put on the record in relation to this bill, which appears to be a relevant piece of legislation. I do not ask that Senator Marshall do that now, but at some other stage in the proceedings perhaps that could be done.

On motion of Senator Petten, debate adjourned.

## FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Orville H. Phillips** moved the second reading of Bill C-31, to amend the Farm Improvement Loans Act.

He said: Honourable senators, Bill C-31 is to amend the Farm Improvement Loans Act. The program is no stranger to this chamber. On numerous occasions we have amended the act under some of the conditions, due to the fact that it contains a sunset clause.

The Farm Improvement Loans Program allows farmers to obtain short-term credit for improvements such as the purchase of equipment or the construction of buildings. Lending institutions include the chartered banks, credit unions and the Alberta Treasury Branch. When a loan is granted, it is registered with the Farm Improvement Loans administration, and in cases where a farmer is unable to repay, the lending institution applies to the administration board and receives compensation for its losses.

The program was widely used initially, and then during the 1970s the number of loans began to decline. Although the number of loans declined, I note that the total amount of money covered under the program has remained fairly constant. As the interest rates rose, the banks began to develop their own programs which were not covered by the provision of the act requiring prime plus 1 per cent. Indeed, a number of provinces began their own programs. Quebec has had a very successful program whereby they lend at prime plus 1.5 per cent.

The farm organizations generally support the program. The executive of the Canadian Federation of Agriculture has been a strong supporter and has requested a review of the program. Presently the department has such a review under way and is now receiving the views of various farm organizations as well as individual farmers, and will require some additional months to complete the review before recommending new legislation. This amendment extends the program until June 30, 1987. At that time, the government will be introducing a new act, possibly containing amendments as a result of the study.

I urge that the Senate continue the pattern it followed in the past of granting the extension as requested.

**Hon. Hazen Argue:** Honourable senators, over the years the Farm Improvement Loans Act has been of very great value to farmers in this country, going back to just after the last war. The foundation of that act is, I think, sensible and important. It provides a guarantee to lending institutions that provide loans to farmers under this act. I believe the rate is prime plus 1 per cent and, over many years, it has meant that banks have made available to farmers credit at relatively reasonable interest rates, and they have been prepared to do it because of the government guarantee.

The losses experienced under this act have been very small. In my opinion, this act is basically a good act.

● (1620)

The principle of this act should be followed: namely, that the responsibility of the government of Canada should be to provide a framework of legislation and policy that will make available to agricultural producers credit at reasonable rates of interest. In the past when banks have gone beyond this act, they have sometimes charged very high interest rates. I shall have some further remarks to make on this subject, and so I move the adjournment of the debate.

On motion of Senator Argue, debate adjourned.

## FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Brenda M. Robertson** moved the second reading of Bill C-32, to amend the Fisheries Improvement Loans Act.

She said: Honourable senators, Bill C-32 has some similarities to the bill Senator Argue just spoke to. I am pleased to present this legislation to extend the Fisheries Improvement Loans Act without amendment for six months. The present act expires on December 31, 1986. So there is a certain amount of urgency in passing this legislation as quickly as possible.

The bill is designed to facilitate credit to fishermen who need the money to finance a number of fishery improvement projects, such as the purchase or construction of a fishing vessel or equipment or major repairs to equipment or to fishing vessels. The legislation authorizes the federal government to guarantee lenders against losses incurred on loans made in accordance with its provisions. It specifies that the maximum amount a fisherman may have outstanding under the act at one time may not exceed $150,000. The maximum repayment period is 15 years. The rate of interest on loans under the act is set at 1 per cent over the prime lending rate of chartered banks. Of course it is allowed to flow with the prime rate for the duration of the loan.

The legislation also lays down the total principal amount of guaranteed loans that may be made by all lending institutions during the lending period. Loans granted under the Fisheries Improvement Loans Act must be secured in the form of a chattel or marine mortgage on the item purchased or constructed. The lender is given a written promise by the borrower to repay the loan. Other terms and conditions are worked out between the applicant and the lender. The six-month extension period is being requested by the minister and the other place to ensure that the fishermen continue to have legislation providing them with credit service while the government considers alternatives for streamlining such credit services to the private sector. As some of us know, this matter has been talked about, and it is currently being studied by the department. Given the act's expiry date of December 31, I urge honourable senators to give speedy passage to this bill.

On motion of Senator Frith, for Senator Leblanc, debate adjourned.

## VETERANS AFFAIRS

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO STUDY DOCUMENT ENTITLED: "A STUDY TEAM REPORT TO THE TASK FORCE ON PROGRAM REVIEW (NIELSEN TASK FORCE)—SERVICE TO THE PUBLIC—VETERANS"

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Phillips:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the Document entitled: "A Study Team Report to the Task Force on Program Review (Nielsen Task Force)—Service to the Public—Veterans", dated May 1985, tabled in the Senate on 12th March, 1986, and also matters arising from the report as well as any subjects of interest to the present and future requirements of Canada's veterans; and

That the Committee present its report no later than 1st September, 1987.—(*Honourable Senator Doody*).

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, this item stands in my name. I have discussed the matter with Senator Marshall and I fully agree with him that this subject can quite properly be studied by the Standing Senate Committee on Social Affairs, Science and Technology through its subcommittee on Veterans Affairs. Therefore, from my point of view, I consider the debate concluded.

Motion agreed to.

## EXCISE TAX ACT
## EXCISE ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-14, to amend the Excise Tax Act and the Excise Act.

Bill read first time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX "A"

(*See p. 290*)

## FOREIGN AFFAIRS

SECOND REPORT OF COMMITTEE

TUESDAY, December 16, 1986

The Standing Senate Committee on Foreign Affairs has the honour to present its

### SECOND REPORT

Your Committee, which was authorized by the Senate on November 4, 1986, to examine Canada's participation in the international financial system and institutions and in particular the International Monetary Fund, the World Bank Group and the regional development banks, including the debt repayment problems of developing countries, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the "Procedural Guidelines for the Financial Operation of Senate Committees", the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

GEORGE C. VAN ROGGEN
*Chairman*

## APPENDIX (A) TO REPORT

### THE STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

### APPLICATION FOR SUPPLEMENTARY BUDGET AUTHORIZATION FOR THE PERIOD 1 OCTOBER 1986 TO 31 MARCH 1987

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Tuesday, November 4, 1986:

"The Honourable Senator van Roggen moved, seconded by the Honourable Senator Macquarrie:

That the Standing Senate Committee on Foreign Affairs be empowered to examine and report on Canada's participation in the international financial system and institutions and in particular the International Monetary Fund, the World Bank Group and the regional development banks, including the debt repayment problems of developing countries;

That the papers and evidence received and taken on the subject before the Committee during the First Session of the Thirty-Third Parliament be referred to the Committee; and

That the Committee report no later than March 31, 1987.

The question being put on the motion, it was—
Resolved in the affirmative."

CHARLES A. LUSSIER
*Clerk of the Senate.*

SUMMARY

| | |
|---|---|
| Professional and Other Services | $81,070.00 |
| Transportation and Communications | 3,250.00 |
| All Other Expenditures | 1,250.00 |
| TOTAL | $85,570.00 |

The foregoing budget was approved by the Committee on November 4, 1986.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

GEORGE C. VAN ROGGEN
*Chairman, Standing Senate Committee on Foreign Affairs*

Date: November 5, 1986

Approved by:

GUY CHARBONNEAU
*Chairman, Standing Committee on Internal Economy, Budgets and Administration*

Date: December 2, 1986

EXPLANATION OF COST ELEMENTS

Professional and Other Services
(Parliamentary Centre and contract positions)

| | | | |
|---|---|---|---|
| 1. | a) | Funds granted by the Intersessional Authority Committee for September and October 1986 | $27,352.00 |
| | b) | 1 Advisor<br>125 hrs. at $102.55 per hr. | $12,818.00 |
| | | 1 Advisor<br>6 days at $600.00 per day | $ 3,600.00 |

| | | | |
|---|---|---|---|
| | 1 Advisor<br>6 days at $550.00 per day | $ 3,300.00 | |
| | 1 Advisor<br>500 hrs. at $50.00 per hr. | $25,000.00 | |
| | | | $ 72,070.00 |
| c) | One time cost of editing the report: | | |
| | Editor (english) | $2,000.00 | |
| | Editor (Revising & editing the french text) | $4,000.00 | |
| | | | $ 6,000.00 |
| 2. | Expenses of witnesses | | $ 3,000.00 |
| Transportation and Communications | | | |
| 1. | Travel Expenses | | |
| a) | Anticipated expenses of Senators responding to invitations to speak on work of the Committee | $ 2,000.00 | |
| 2. | Telegrams and Telephones | $ 250.00 | |
| 3. | Postage and Freight | $ 1,000.00 | |
| | | | $ 3,250.00 |
| All Other Expenditures | | | |
| 1. | Purchase of Stationery, Books and Periodicals | $ 250.00 | |
| 2. | Other expenditures | $ 1,000.00 | |
| | | | $ 1,250.00 |
| | TOTAL | | $ 85,570.00 |

## APPENDIX (B) TO REPORT

TUESDAY, December 2, 1986

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Foreign Affairs for the proposed expenditures of the said Committee with respect to its examination of Canada's participation in the international financial system, as authorized by the Senate on November 4, 1986. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 81,070.00 |
| Transportation and Communications | 3,250.00 |
| All Other Expenditures | 1,250.00 |
| | $ 85,570.00 |

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

## APPENDIX "B"

(*See p. 290*)

## RAILWAY ACT

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ON SUBJECT MATTER OF BILL C-4

---

TUESDAY, December 16, 1986

The Standing Senate Committee on Transport and Communications has the honour to present its

### SECOND REPORT

Your Committee, to which was referred the subject-matter of the Bill C-4, intituled: "An Act to amend the Railway Act", has, in obedience to the Order of Reference of Thursday, 30th October, 1986, examined the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

LÉOPOLD LANGLOIS
*Chairman*

## APPENDIX "C"

(*See p. 290*)

## INCOME TAX ACT

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-23

---

TUESDAY, December 16, 1986

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

### SEVENTH REPORT

Your Committee, to which was referred the subject-matter of the Bill C-23, intituled: "An Act to amend the Income Tax Act and a related Act", in advance of the said Bill coming before the Senate, or any matter relating thereto, has, in obedience to the Order of Reference of Thursday, 27th November, 1986, examined the subject-matter of the said Bill and now reports as follows:

On 26th February, 1986, the Honourable Michael Wilson, Minister of Finance, delivered a budget in the House of Commons.

In accordance with the Order of Reference, your Committee has considered the subject-matter of Bill C-23 which received first reading in the House of Commons on 7th November, 1986. In connection with such consideration, the Committee has retained as its counsel, Mr. Thomas S. Gillespie, of Ogilvy, Renault, Montreal. On 3rd December, 1986, the Committee heard from Mr. R.A. Short, General Director, Tax Policy and Legislation Branch, Department of Finance; Mr. Jim Wilson, General Director, Tax Counsel Division, Department of Finance; and Mr. Claude McDonald, Director General, Current Amendments Division, Department of National Revenue. On 4th December, 1986, the Committee heard from representatives of the Canadian Life and Health Insurance Association and from the Life Underwriters Association of Canada. The Committee also received a written submission from the Independent Petroleum Association of Canada, which was discussed between the Committee's counsel and representatives of the Department of Finance.

The more important features of Bill C-23 include amendments to the *Income Tax Act* with respect to dividends from corporations, the imposition of new individual and corporate surtaxes, the introduction of a refundable federal sales tax credit, the removal of inventory allowances, amendments with respect to registered retirement savings plans and registered retirement income funds, the introduction of "at risk" rules respecting limited partnerships, a corporate income tax rate reduction, reduction of investment tax credits and the introduction of the alternative minimum tax.

The following is a discussion of the areas of concern to your Committee.

**Alternative Minimum Tax (AMT) (Clause 51)**

Starting in 1986, income tax for individuals will be calculated in two ways:

1) as heretofore, taking into account various deductions, exemptions and tax credits provided under Part I of the *Income Tax Act*; and

2) by readjusting taxable income to add back various tax preferences and, to the extent that this adjusted amount exceeds $40,000, to calculate federal tax at the rate of 17% on the excess.

Taxpayers will have to pay tax equal to the higher of the two amounts.

In order to recognize fluctuating incomes and tax liabilities of individuals, the amount by which the AMT exceeds regular tax for a year may be carried forward to offset regular tax payable over the following seven years to the extent that the regular tax payable exceeds the AMT in those later years.

The Committee has the following comments with respect to the AMT:

1) The AMT has been described as unnecessarily complicating our tax system. Individual taxpayers find it difficult to determine their tax position when, for example, they are making a large charitable donation. Some large accounting firms have computer programs which allow a taxpayer to instantly determine his tax position but such service is available to very few.

However, it is noted that despite efforts to reduce or eliminate tax shelters, they continue to proliferate and it would seem that the only way of ensuring that each individual pays his or her fair share is to proceed by an alternative minimum tax.

2) Certain investments made prior to 1986 such as multiple unit residential building investments will continue to create deductions which may be denied or deferred by the application of the AMT. Individuals making such investments did so in the belief that they would be entitled to the deductions which were available to them at the time the investment was made.

Some people have objected to the imposition of the AMT in a retrospective manner. It is to be noted that these provisions

will only affect taxpayers who made sufficient tax shelter investments prior to 1986 which, together with other deductions available in 1986, could reduce their taxable income below $40,000 for 1986 and following years.

3) There may be inequitable application of the AMT in some instances on the death of a taxpayer. There is provision for a three-year carryback provision that will allow the AMT on death to be applied to the excess, if any, of regular Part 1 tax or AMT for the three preceding years.

This relief may be of no assistance to taxpayers who have no regular Part 1 tax to pay in the preceding three years because of loss carry-forwards. Furthermore, the three-year relief may be of little help to taxpayers who have never paid much regular Part 1 tax because of low income. This may impact farmers in particular who have paid little Part 1 tax during their lifetimes and may incur a very large AMT when they die, owing to the inclusion of the untaxed capital gain net of the capital gain exemption claimed on the deemed disposition of their farms at death. This is of concern to the Committee and the Department of Finance officials have indicated that they are studying means of providing relief.

**Submission of the Canadian Life and Health Insurance Association and the Life Underwriters of Canada**

The Canadian Life and Health Insurance Association (CLHIA) objects to putting money-purchase pension plans and RRSPs on an equal footing with respect to tax deductions. They argue that this helps only those higher income Canadians who are making maximum RRSP contributions. They would encourage the expansion of employer-sponsored pension plans which would benefit lower income employees, many of whom are women or part-time workers who often have little or no retirement savings. The CLHIA urges an increase of the tax deductible contribution limit for money-purchase pension plans by the same $2,000 that the RRSP limits are being increased by to maintain some tax incentives for pension plans. They also request that self-employed persons have the right to deduct from taxable income contributions to a pension plan.

The Committee understands the new proposals to be a first step in the implementation of pension reform which is more fully reflected in the Notice of Ways and Means Motion to amend the *Income Tax Act* tabled on 9th October, 1986. The provisions of Bill C-23 under discussion are part of the objective of the Government to provide fairer and more flexible tax treatment for retirement savings by Canadians and the Committee welcomes this initiative.

Both the CLHIA and the Life Underwriters Association of Canada (LUAC) object to the proposal that individuals be entitled to commute their RRSP annuities and RRIFs. They argue that members of private pension plans and the Canada and Quebec pension plans are not allowed to withdraw their savings. They also argue that it would be unwise to allow individuals to deplete their retirement funds by "squandering money on lavish holidays and other amenities". In their opinion, such individuals could require government assistance in the form of the Guaranteed Income Supplement, thereby becoming a burden on Canadian taxpayers. They contend that retirement savings cannot be regarded as simply the property of the annuitant since all Canadians have, in effect, paid for the tax deferral of such annuitants.

The Committee notes that there are some fundamental differences between RRSPs and company sponsored pension plans. RRSPs are plans entered into voluntarily by individuals with voluntary contributions up to maximum limits. Company sponsored pension plans are usually compulsory as a condition of employment. While it is acknowledged that there will be some cases where individuals will commute their annuities in an irresponsible manner, the Committee is confident that the vast majority of Canadians will be careful to protect their long-term interests. Having made contributions to a voluntary plan, individuals would be entitled to commute should their circumstances change. In many cases, there will be a disincentive to commute as the taxpayer will be subject to tax immediately on the full amount received and probably at higher rates than would have otherwise been applicable. The purpose of the legislation is to give people the right to make their own decisions rather than being forced by legislation to remain committed to receive annuity payments in circumstances which may not be appropriate.

**Submission by the Independent Petroleum Association of Canada**

The Independent Petroleum Association of Canada (IPAC) submitted a number of recommendations with respect to flow-through shares. Flow-through shares are a mechanism which enable certain resource companies incurring exploration and development expenses to enter into arrangements with outside investors whereby the resource companies forego the tax benefit of the expenses and transfer them to investors who are treated as having incurred the expenses themselves. However, in order to take advantage of the deductions, investors have to incur the expenses themselves which would render investors vulnerable to liabilities arising out of the exploration programme undertaken. New provisions are being introduced with the Bill which will permit investors in flow-through shares to avoid exposure to liabilities associated with resource exploration and development activities.

The Committee has noted the following with respect to IPAC's submission:

1) The *Income Tax Act* provides for a reduction in a taxpayer's Canadian Exploration Expenses (CEE), Canadian Development Expenses (CDE) and Canadian Oil and Gas Property Expenses (COGDE) by the amount of assistance a taxpayer has received or is entitled to receive with respect to specified expenses or activities after 1980. The Act requires a reduction in respect of assistance from a government, municipality or public authority. Sub-clause 11(5) of the Bill defines assistance to include assistance received or receivable

from a "person, government, municipality or public authority".

This broad definition was proposed in order to include "kickbacks" which might be received by a resource company from a service corporation as a form of assistance. However, it seems to the Committee that the breadth of the definition is such that it could inadvertantly include legitimate assistance. At the very least, the broad definition could cause taxpayers unnecessary expenses and delay in obtaining rulings in cases of doubt.

2) Sub-clause 11(4) of the Bill includes draft sub-section 66(12.68) which would require an issuer of flow-through shares to file an information return in prescribed form together with a copy of the selling instrument or agreement on or before the last day of the month following the earlier of (i) the month in which the agreement to issue shares was entered into and (ii) the month in which the selling instrument is first delivered to a potential investor. If an issuer should fail for any reason to meet this deadline, the issuer would only be entitled to renounce CEE, CDE, and COGPE "after it has complied with sub-section 66(12.68)".

It has been argued that a flow-through share financing could be closed, the issuer could fail to comply with the time deadline and flow-through share investors could be denied any resource deductions. While it is recognized that the Government needs such information quickly in order to prevent SRTC-like abuses, the penalty may be too severe and unreasonable. The penalty is also inappropriate because it penalizes the investors rather than the issuer. It would seem to the Committee more equitable to allow investors their resource deductions but to impose a severe penalty on the issuer should it fail to meet the filing deadline.

**Surtax on Individuals and Corporations**

In order to reduce the federal deficit, the Bill proposes a surtax of 3% on the basic federal tax of individuals beginning on 1st July, 1986 (clause 67) and a 3% surtax on Federal Income Tax payable by all corporations beginning 1st January, 1987 (clause 45). There is no termination date for these surtaxes in the Bill, but the Minister has announced his intention that the surtaxes would continue until the reform of the federal sales tax.

It is to be noted that individuals will bear the greater burden of surtaxes. Individuals in higher income tax brackets will pay more proportionately than corporations because their marginal rates will be higher. It is expected that individual surtaxes will increase federal revenues by $1.2 billion in 1987 and corporate surtaxes will increase federal revenues by $390 million in the same year.

**Conclusion**

Your Committee has reviewed the subject-matter of Bill C-23 in accordance with the Order of Reference and, except as noted above, has no comment to make.

## APPENDIX A TO REPORT

**LIST OF WITNESSES**

**Wednesday, December 3, 1986: (Issue No. 5)**

From the Department of Finance:
Mr. R.A. Short, General Director, Tax Policy and Legislation Branch;
Mr. J. Wilson, General Director, Tax Counsel Division.

From the Department of National Revenue (Taxation):
Mr. Claude McDonald, Director General, Legislative Affairs.

**Thursday, December 4, 1986: (Issue No. 6)**

From the Canadian Life and Health Insurance Association:
Mr. Alastair Fernie, President, Standard Life Assurance Company;
Mr. Gerald M. Devlin, Q.C., President;
Mr. Frank W. Speed, Vice President, Life Insurance and Annuities;
Mr. C. White, Manager, Government Relations.

From the Life Underwriters Association of Canada:
Mr. Robert B. Templeton, C.L.U., Chairman and Chief Executive Officer;
Mr. Karl A. Keilhack, C.L.U., Vice President, Taxation.

## APPENDIX B TO REPORT

**SUBMISSIONS**

The Committee received submissions from the following groups and individuals:

CANADIAN ASSOCIATION OF RETIRED PERSONS
Toronto, Ontario

CANADIAN LIFE AND HEALTH INSURANCE ASSOCIATION INC.
Toronto, Ontario

LIFE UNDERWRITERS ASSOCIATION OF CANADA
Don Mills, Ontario

DEPARTMENT OF FINANCE
Ottawa, Ontario

INDEPENDENT PETROLEUM ASSOCIATION OF CANADA
Calgary, Alberta

Respectfully submitted,

IAN SINCLAIR
*Chairman*

## APPENDIX "D"

(*See p. 291*)

## BELL CANADA REORGANIZATION

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-13

TUESDAY, December 16, 1986

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

### EIGHTH REPORT

Your Committee, to which was referred the subject-matter of the Bill C-13, intituled: "An Act respecting the reorganization of Bell Canada", in advance of the said Bill coming before the Senate, or any matter relating thereto, has, in obedience to the Order of Reference of Thursday, 30th October, 1986, examined the subject-matter of the said Bill and now reports as follows:

In connection with this reference, your Committee received submissions and heard testimony from eight organizations, including representatives of Bell Canada, the Canadian Radio-television and Telecommunications Commission (CRTC), consumer groups, communications workers, and business users and producers of telecommunications goods and services (see Appendices).

**Rationale and Main Provisions of the Bill**

Bill C-13 has been prompted by two related events: the continuance of Bell Canada under the *Canada Business Corporations Act* (CBCA), which took effect in April 1982, and the reorganization of Bell Canada implemented in April 1983. Bell Canada had originally been incorporated under its own act (an *Act respecting the Bell Telephone Company of Canada*, S.C. 1880, C.67), and the limitations on its activities had been set out in this Act. Bell's continuance under the CBCA raised concerns that the limits set out in its Special Act may no longer apply. The first 10 clauses of the Bill restate the provisions in the Special Act in order to restore whatever regulatory authority over Bell Canada may have been removed by the continuance.

The remaining three clauses are new and stem from the reorganization of Bell. The effect of the reorganization was to replace Bell Canada by Bell Canada Enterprises Inc. (BCE) as the new parent company of the Bell Group of companies. Prior to the reorganization, legislation with respect to Bell Canada applied to all Bell companies insofar as this was necessary for the regulation of Bell Canada. With the reorganization, Bell's affiliates have been removed from the regulatory purview of CRTC. The intent of the new provisions in the Bill is to ensure that this reorganization does not impair CRTC's ability to regulate the activities of Bell Canada pursuant to its mandate under the *Railway Act* and the *National Transportation Act*.

- Clause 11 would require BCE to obtain CRTC approval for the sale of Bell Canada shares if such a sale would reduce BCE's ownership of Bell to less than 80%. This would enable the Commission to review any future reorganization of Bell to ensure that the interests of subscribers are safeguarded.
- Clause 12 would empower CRTC to obtain from BCE such information as it deems necessary for the regulation of Bell Canada.
- Clause 13 would authorize CRTC to direct Bell Canada to divest itself of any competitive telecommunications activity, or to take over from an affiliate activities which are not sufficiently competitive. The purpose of this power is to ensure that Bell could not a) subsidize competitive activities with revenues from monopoly services, or b) escape regulation of certain activities by shifting them to non-regulated affiliates.

**Testimony heard**

With the exception of Bell Canada, all the witnesses appearing before the Committee expressed support for the Bill with few reservations.

Bell Canada took the position that the Bill is unnecessary and should therefore be withdrawn: clauses 5, 6 and 9 of the Bill, which define Bell's responsibilities as a telecommunications carrier and place the company under federal jurisdiction, should, in Bell's view, be included in new telecommunications legislation generally applicable to all federally regulated enterprises. The remaining sections, Bell submitted, would unfairly impede Bell's ability to compete in an increasingly competitive environment.

The Company directed its strongest criticism to clause 13. It complained that the provisions empowering CRTC to direct Bell Canada to take over an activity being carried on by an affiliated company amount to an "invasion of the company's right to decide what business it wants to carry on and in what manner it wishes to carry it on." Conversely, Bell argued that authorizing CRTC to order Bell Canada to divest itself of a particular activity would inhibit the Company's ability to provide necessary services. Existing cost-accounting instruments,

in Bell's view, allow CRTC to determine and prevent cross-subsidization: the proposed new powers would therefore be superfluous. On this point, Bell Canada was supported by the Communications and Electrical Workers of Canada who expressed concern about the possible effects of divestiture on the working conditions, job security and bargaining rights of Bell Canada employees.

All other witnesses before the Committee argued that the "in" and "out" powers under clause 13 are necessary to safeguard the interests of subscribers and competitors from predatory practices by Bell. They made the point that, in the absence of the "in" powers, it may be possible for Bell to remove from regulation certain monopoly activities by shifting them to unregulated affiliates. The provision of an electronic telephone book through a separate company was cited as one possible example. Conversely, competitive activities might be located within Bell Canada because of the increased opportunity to subsidize them from monopoly revenues to the detriment of Bell's subscribers and competitors. It cannot be certain, these witnesses argued, that accounting rules will allow a proper separation of costs in all cases; the ability to order structural remedies, therefore, should also be available. It is relevant to note that the "in" and "out" powers under clause 13 would only be available to the extent required by CRTC to fulfill its regulatory mandate under the *Railway Act*, and that decisions of CRTC are subject to appeal to the courts and to the Governor in Council.

The one other section of the Bill which received substantial comment was clause 12. Most witnesses took the view that the wording of that clause should be amended to state explicitly that CRTC will have authority to obtain information not only from the controlling parent of Bell but also from Bell's affiliated companies. CRTC officials, however, testified that such an amendment was unnecessary because the present wording in clause 12 would provide CRTC with authority to obtain, through BCE, any relevant information pertaining to a Bell Canada affiliate. They cited the case of *Interprovincial Pipe Lines Ltd. v. The National Energy Board* [1978] 1 F.C. 601 in which the Federal Court of Appeal ruled that IPL had to provide to NEB, in a meaningful form, information involving an IPL subsidiary located in the U.S. In light of this, it is the Committee's view that the provisions of clause 12 as they stand are adequate for the purpose intended.

**Conclusion**

The continuance of Bell under the CBCA and the reorganization of the company have raised legitimate concerns about the ability of CRTC to exercise its mandate set out in the *Railway Act* and the *National Transportation Act*. The provisions in Bill C-13 represent a necessary and adequate response to those concerns.

Your Committee has reviewed the subject-matter of Bill C-13 in accordance with the Order of Reference and, except as noted above, has no comment to make.

## APPENDIX A TO REPORT

**LIST OF WITNESSES**

**Wednesday, November 19, 1986: (Issue No. 3)**

From the Department of Communications:
- Mr. Richard Stursberg, Assistant Deputy Minister, Corporate Policy;
- Mr. Vince Hill, Director General, Tele-communications Policy;
- Mr. John Keogh, Counsel, Legal Services.

**Wednesday, December 3, 1986: (Issue No. 5)**

From Bell Canada:
- Mr. Ernest E. Saunders, Vice President, Law and Corporate Affairs;
- Mr. R.M. Fensom, Assistant Vice President, Regulatory Matters;
- Mr. David Kidd, Counsel.

From the Canadian Business Telecommunications Alliance:
- Ms. Marion MacLeod, President.

From the Public Interest Advocacy Centre:
- Mr. Gaylord Watkins, Acting Executive Director and General Counsel.

**Tuesday, December 9, 1986: (Issue No. 7)**

From the Communications & Electrical Workers of Canada:
- Mr. James G. Kinkaid, National Representative, Research.

**Wednesday, December 10, 1986: (Issue No. 8)**

From the Association of Competitive Tele-communications Suppliers:
- Mr. Norm Kirkpatrick, Chairman of the Board; Vice President, Telecommunications Terminal Systems;
- Mr. Don Braden, President.

From CNCP Telecommunications:
- Mr. J.S. Schmidt, Vice President, Regulatory and Governmental Matters;
- Mr. M.H. Ryan, Counsel.

From the Canadian Radio-television and Telecommunications Commission:
- Mr. John Lawrence, Vice Chairman;
- Mr. Guido Henter, Executive Director;
- Mr. Allan Rosenzveig, Counsel;
- Mr. Richard Fiutowski, Executive Assistant to the Director, and Senior Planner, Telecommunications (Acting).

## APPENDIX B TO REPORT

**SUBMISSIONS**

The Committee received submissions from the following groups and individuals:

ASSOCIATION OF COMPETITIVE TELECOMMUNICATION SUPPLIERS
Mississauga, Ontario

BELL CANADA
Montreal, Quebec

CNCP TELECOMMUNICATIONS
Toronto, Ontario

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION
Ottawa, Ontario

COMMUNICATION AND ELECTRICAL WORKERS OF CANADA
Ottawa, Ontario

THE PUBLIC INTEREST ADVOCACY CENTRE
Toronto, Ontario

Respectfully submitted,

IAN SINCLAIR
*Chairman*

## APPENDIX "E"

(*See p. 291*)

## FISHERIES

FISH MARKETING IN CANADA – REPORT OF COMMITTEE

TUESDAY, December 16, 1986

The Standing Senate Committee on Fisheries has the honour to present its

### THIRD REPORT

Your Committee, which was authorized by the Senate on October 28, 1986, to examine all aspects of the marketing of fish in Canada, and all implications thereof, respectfully requests that it be empowered (i) to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study, and (ii) to adjourn from place to place within and outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the "Procedural Guidelines for the Financial Operation of Senate Committees", the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JACK MARSHALL
*Chairman*

## APPENDIX (A) TO REPORT

### THE STANDING SENATE COMMITTEE ON FISHERIES

### APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD

### 1st OCTOBER, 1986 to 31st MARCH, 1987

ORDER OF REFERENCE

Extract from the *Minutes of the Proceedings of the Senate*, on Tuesday, October 28, 1986:

"Pursuant to the Order of the Day, the Senate resumed debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Murray:

That the Standing Senate Committee on Fisheries be authorized to examine all aspects of the marketing of fish in Canada, and all implications thereof;

That the papers and evidence received and taken on the subject before the Committee during the 1st Session of the 33rd Parliament be referred to the Committee; and

That the Committee report no later than September 15, 1987.

After debate, and —

The question being put on the motion, it was —

Resolved in the affirmative."

CHARLES A. LUSSIER
*Clerk of the Senate*

SUMMARY

| | |
|---|---|
| Professional and Special Services | $ 67,000 |
| Transportation and Communications | $ 70,920 |
| Other Expenditures | $ 3,500 |
| Total | $141,420 |

The foregoing budget was approved by the Committee on October 14, 1986.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

JACK MARSHALL
*Chairman, Standing Senate Committee on Fisheries*

| | |
|---|---|
| Date: | October 14, 1986 |
| Approved by: | Guy Charbonneau<br>Chairman, Standing Committee on Internal Economy,<br>Budgets and Administration |
| Date: | December 2, 1986 |

### EXPLANATION OF COST ELEMENTS

PROFESSIONAL AND SPECIAL SERVICES

**1. A. Administrative and Research Assistance**

| | |
|---|---|
| 26 weeks at $500 per week: | $13,000 |
| (A contract to be signed for the period October 1, 1986, to March 31, 1987) | |

**B. Director of Research**

26 weeks at $1,000 per week: $26,000
(A contract to be signed with the Library of Parliament for the period October 1, 1986, to March 31, 1987)

**C. Editor**

(Revising and editing the French version of the report) $ 3,000

**D. I.S.T.S.**

For the installation of interpretation and sound amplification equipment $15,000

**E. Advertising**

Public notice of 1/8 of a page, one insertion in approximately 15 newspapers or other publications of localities where hearings will be held: $ 5,000

**2. Expenses of witnesses** $ 5,000

TOTAL $67,000

TRANSPORTATION AND COMMUNICATIONS

**I. Travel Expenses**

A. The West Coast

a) Air Transportation **(with D.N.D.)**

Ottawa - Whitehorse (Yukon) — Juneau (Alaska, U.S.A.) — Prince Rupert (B.C.) — Campbell River (B.C.) — Nanaimo (B.C.) — Victoria (B.C.) — Vancouver (B.C.) — Ottawa

Air Fare for :
— 10 Senators
— 2 Committee Clerks
— 2 Research Officers
— 1 Secretary
— 3 Reporters
— 3 Interpreters
— 1 Messenger
22 $10,000

b) Hotel Accommodation

In Yukon and British Columbia:

i) 22 persons, 10 days at $75 per day $16,500
ii) Meeting rooms, and hospitality coffee $ 2,000

In Alaska (U.S.A.):

i) 22 persons, 2 days at $75 (U.S.), ($100 Cdn.) per day $ 4,400
ii) Meeting rooms, and hospitality coffee $ 600

c) Per Diem Allowance

i) For Yukon: $ 1,980
22 persons, 2 days at $45 per day

ii) For Alaska (U.S.A.): $ 3,080
22 persons, 2 days at $50 (U.S.), ($70 Cdn.) per day

iii) For British Columbia: $ 7,920
22 persons, 9 days at $40 per day

d) Ground Transportation

By limousine, taxi and bus for 22 persons $ 2,000

e) Contingency $ 1,500

TOTAL $49,980

B. Seafood Trade Show to Boston

a) Air Transportation

Ottawa — Boston — Ottawa $ 4,290

b) Hotel Accommodation 4,500

c) Per Diem Allowance 3,150

d) Ground Transportations 1,500

e) Contingency 1,000
14,440

C. Anticipated expenses of Senators responding to invitations to speak on the work of the Committee 5,000

**II. Telegrams and Telephones** $ 500

**III. Postage and Freight** 1,000

**TOTAL FOR TRANSPORTATION AND COMMUNICATIONS**

1. Travel Expenses $69,420
2. Telegrams and Telephones $ 500
3. Postage and Freight $ 1,000

TOTAL $70,920

**OTHER EXPENDITURES**

| | |
|---|---|
| 1. Purchase of publications: books, reference materials, periodicals and the like | $ 500 |
| 2. Contingency: to cover unforeseen expenses arising out of Committee business | 3,000 |
| TOTAL | $3,500 |

## APPENDIX (B) TO REPORT

TUESDAY, December 2, 1986

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget (less the Interim funding of $50,780.00 approved by the Senate on October 30, 1986) presented to it by the Chairman of the Standing Senate Committee on Fisheries for the proposed expenditures of the said Committee with respect to its examination of all aspects of the marketing of fish in Canada, and all implications thereof, as authorized by the Senate on October 28, 1986. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 67,000.00 |
| Transportation and Communications | 70,920.00 |
| All Other Expenditures | 3,500.00 |
| | $ 141,420.00 |

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

## APPENDIX "F"

*(See p. 291)*

## STANDING SENATE COMMITTEE ON NATIONAL FINANCE

## THIRD REPORT

REPORT ON SUPPLEMENTARY ESTIMATES (A) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1987

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TUESDAY, December 16, 1986

The Standing Senate Committee on National Finance has the honour to present its

### THIRD REPORT

Your Committee, to which Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1987, were referred, in obedience to the Order of Reference of Thursday, November 6, 1986 submits its report as follows:

The Committee heard evidence from the following witnesses from Treasury Board:

Mr. Gerard Veilleux, Secretary;
Mr. Allan Darling, Deputy Secretary, Program Branch.

In addition to the Committee's assessment of these Supplementary Estimates, this report contains additional information which was prepared by Treasury Board as a result of an agreement between the Chairman and the former Secretary of the Treasury Board, Mr. J.L. Manion. The information contained in the appendices is classified under the following six section headings.

1. Highlights of Supplementary Estimates (A), 1986-87;
2. Summary of Expenditure Framework and Estimates for 1986-87;
3. Statutory Items Included in Supplementary Estimates (C), 1986-87;
4. Summary of Voted Items (greater than $5 million) Included in Supplementary Estimates (A), 1986-87;
5. List of One-dollar Votes Included in Supplementary Estimates (A), 1986-87 and Additional Explanations; and
6. Items in Supplementary Estimates (A), 1986-87 which Materially differ from Information Provided in the 1986-87 Part III.

The Committee also wishes to report that the current Secretary of the Treasury Board has agreed to continue the practice of his predecessor; Treasury Board will provide written responses to the comments and recommendations contained in the Committee's reports to the Senate on the Estimates.

Supplementary Estimates (A), totalling $339.3 million is the first Supplementary Estimate for the 1986-87 year. This sum is composed of $507 million in requests for new spending authority and an expected lapse in statutory expenditures of $168 million. The seven items which make up the statutory requests are described in Appendix three. Regarding the forty-two items to be voted, each of those having a value of greater than $5 million is described in Appendix four. The Committee was informed that there are twenty-four one-dollar votes included in these Estimates; twenty-one authorize the transfer of funds from one vote to another; the remaining three votes are consistent with enabling legislation and a Speaker of the House ruling. These are described in Appendix five.

These Supplementary Estimates bring the total Estimates for the year to $107.8 billion. Viewed another way, these Estimates bring the total statutory expenditures for the year to $69.7 billion or 64.7% of the total Estimates, and the voted expenditures to $38.1 billion or 35.3%. A summary of the Main and Supplementary Estimates for 1986-87 showing cumulative totals is shown in Appendix two.

The remainder of this report focuses on two specific issues which the Committee addressed in its deliberations on these Estimates. These two issues are in addition to the many questions pursued by members of the Committee, some of which were answered by the witnesses to the satisfaction of the Committee while others will be responded to in writing at a later date.

**Treasury Board - Government Contingencies - Vote 5**

Through the Main Estimates, Treasury Board was allotted $350 million for government contingencies through Vote 5. The purpose of this vote, as stated in the Treasury Board 1986-87 Estimates, Part III is:

> "to provide funding for increased salary costs arising out of negotiated and non- negotiated agreements and other paylist requirements not included in departmental Estimates and for urgent expenditures of a miscellaneous character which cannot be foreseen when Estimates are drawn up." (pp.3-9)

In the proposed Schedule to the Appropriations Bill presented in the 1986-87 Estimates, Part II, the description of Vote 5 contains no reference to "urgent" expenditures. According to the Part II, this vote is to be used, in part, "to provide for miscellaneous minor and unforeseen expenses". In the Committee's view, there is a difference between

"unforeseen" expenses and "urgent" expenses. Therefore we recommend that Treasury Board examine the use of Vote 5, clarify its purpose, and redraft Parts II and III of future Estimates to insure consistency between them.

Since the introduction of this vote in 1970-71, approximately 1% of all budgetary expenditures in the Main Estimates has been deemed sufficient to cover government contingencies under Vote 5. Table 1 illustrates this relationship for the past three years:

Table 1
Comparison of Government Contingencies to Main Estimates
Budgetary Expenditures ($million)

| | 1986-87 | 1985-86 | 1984-85 |
|---|---|---|---|
| Budgetary Expenditures | 37,550 | 36,910 | 36,830 |
| Government Contingencies | 350 | 340 | 315 |
| % of Budgetary Expenditures | 0.9 | 0.9 | 0.9 |

All allotments made from this vote, with the exception of unforeseen salary adjustments, are recovered from departments through Supplementary Estimates. Because this vote is used like a revolving account which lapses at the end of each fiscal year, the original amount can be re-circulated yielding a gross allotment far in excess of the original allocation. Table 2 illustrates the extent to which the gross and the original allotment vary, and how the salary adjustment component has declined while the "urgent or unforeseen" expenditures have grown.

Table 2
Comparison of Original Allotment in Vote 5 to Actual Use
For Salary Adjustment and Urgent Expenditures ($million)

| | 80-81 | 81-82 | 82-83 | 83-84 | 84-85 | 85-86 |
|---|---|---|---|---|---|---|
| Original Allotment* | 200 | 280 | 315 | 315 | 315 | 340 |
| Salary adjustment | 147 | 182 | 65 | 13 | 27 | 11 |
| Urgent (unforeseen) expenditure allotment | 213 | 261 | 433 | 499 | 528 | 531 |
| Gross allotment | 360 | 443 | 498 | 512 | 555 | 542 |

* voted by Parliament through Main Estimates as Government Contingencies - Vote 5

This table shows that between 1980-81 and 1985-86, the use of the salary adjustment component has declined some 13 fold from $147 million to $11 million while the use of the "urgent or unforeseen"expenditures provision has increased approximately two and a half times from $213 million to $531 million.

Officials of Treasury Board explained that the salary adjustment component had declined so rapidly because inflation rates had become more predictable in the 1980s, in partial response to the government's "six-and-five" program. But regarding the sizeable growth in the "urgent or unforeseen" expenditures, officials could only say that this was a matter of policy and the responsibility of ministers. The Committee concluded that because of the ambiguity of the use of this allotment and the lack of guidelines, Vote 5 is susceptible to abuse. Accordingly the Committee recommends that Treasury Board draw up guidelines for the use of the "urgent or unforeseen" component of Vote 5. This would allow Parliament to scrutinize more closely the use of this allotment.

**Commissions of Inquiry**

These Supplementary Estimates did not contain any reference to the costs of the Parker Commission. Treasury Board officials indicated that they anticipate such an item in the next supplementary estimates. The Committee learned that with any inquiry under the Inquiries Act, there are virtually no expenditure guidelines. While standards which are approved by Treasury Board apply to such items as living and travel expenses, no such guidelines exist regarding other potentially expensive items such as the legal costs of witnesses and the length or extensiveness of an inquiry. These are left to the Commissioner(s) of the Inquiry and the Minister responsible for the department to which the costs are to be charged. The Committee was concerned about the open-endedness and the lack of guidelines for such inquiries. It may be that such flexibility is necessary to allow inquiries to follow their natural course, but it may also be necessary to re- examine the open-endedness of these guidelines and the use of the Inquiries Act.

Respectfully submitted,

FERNAND-E. LEBLANC
*Chairman*

## APPENDIX 1 TO REPORT

### HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES "A" 1986-87

This Supplementary Estimate, totalling $339 million is the first Supplementary Estimate for the year 1986-87. It brings total Estimates for the year-to-date to $107.8 billion. Of this total $107.6 billion represents budgetary Estimates. This is well within the projected budgetary Estimates level of $110 billion forecast in the February Budget and identified in Part I of the 1986-87 Main Estimates.

Major items included in these Supplementary Estimates are:

—$108.9 million for increased expenditures under the Indian and Inuit Affairs Program;

—$76.4 million in voted appropriations under the Agri-Food Program of Agriculture Canada;

—$56 million in statutory expenditures under the Agri-Food Program of Agriculture Canada;

—$36.1 million for increased expenditures in the Employment and Insurance Program;

—$31.6 million for Labour Canada in statutory payments for labour adjustment assistance benefits;

—$30.9 million for increased expenditures in the Immigration Program;

—$29 million in payments to the Canadian Film Development Corporation;

—$26.2 million in budgetary appropriations in the Native Claims Program;

—$25.3 million for Supply and Services Canada for payments to financial institutions for services provided to the Receiver General for Canada;

—$20.4 million in non-budgetary expenditures in the Energy Program;

—$20.3 million for expenditures in the Northern Affairs Program;

—a reduction of $263 million in statutory non-budgetary payments to the Export Development Corporation.

There are two additional points that might be of interest:

a) These Supplementary Estimates contain twenty-four, one dollar Votes of which twenty-one are entirely financial in nature in that they seek authority to transfer funds between Votes or to establish or adjust grants within a Vote. In each of these cases an explanation of the new requirement and an indication of the source of funds is provided in the Supplementary Estimates. The remaining three Votes seek specific authorities, consistent with enabling legislation and the Speaker's rulings on legislating in the Estimates. A detailed listing of these Votes along with additional explanations has been provided to members.

b) Supplementary Estimates have traditionally informed Parliament of the person-year requirements associated with the items included. These Supplementary Estimates contain 593 person-years for 1986-87. The Treasury Board will ensure that person- years included in Supplementary Estimates throughout this year are offset by a lapse of person-year authorities elsewhere in government. These additional person-years will not jeopardize the government's plans to reduce the size of the public service. As previously announced, the total Treasury Board controlled person-years as set out each year in the Main Estimates were reduced by approximately two percent in 1986-87. Further reductions of one percent a year for the next four years will bring the total person-year reductions to 15,000 by 1990-91.

**APPENDIX 2**
**TO REPORT**

## SUMMARY OF EXPENDITURE FRAMEWORK AND ESTIMATES FOR 1986-87

Expenditure Framework at time of Main Estimates

| | |
|---|---|
| Budgetary Main Estimates | $107.0 billion |
| Projected Total Budgetary Estimates | $110.0 billion |
| Projected Budgetary Expenditures (includes consolidation of accounts) | $116.7 billion |

**Estimates Tabled to Date for 1986-87**

| | To be Voted | Statutory (in thousands of dollars | Total |
|---|---|---|---|
| **Main Estimates** | | | |
| Budgetary | 37,470,050 | 69,537,798 | 107,007,848 |
| Non-Budgetary | 80,124 | 344,933 | 425,057 |
| | 37,550,174 | 69,882,731 | 107,432,905 |
| **Supplementary Estimates (A)** | | | |
| Budgetary | 484,955 | 95,285 | 580,240 |
| Non-Budgetary | 22,018 | (263,000) | (240,982) |
| | 506,973 | (167,715) | 339,258 |
| **TOTAL ESTIMATES TABLED** | | | |
| Budgetary | 37,955,005 | 69,633,083 | 107,588,088 |
| Non-Budgetary | 102,142 | 81,933 | 184,075 |
| | 38,057,147 | 69,715,016 | 107,772,163 |

Present Expenditure Framework

| | |
|---|---|
| Budgetary Estimates tabled to date | $107.6 billion |
| Projected Total Budgetary Estimates | $110.0 billion |
| Projected Budgetary Expenditures (includes consolidation of accounts) | $116.8 billion |

**APPENDIX 3**
**TO REPORT**

## STATUTORY ITEMS INCLUDED IN SUPPLEMENTARY ESTIMATES "A" 1986-87

Increases (to previous projections)

| | | |
|---|---|---|
| —$36M | (Agr) | for payments to producers for named commodities |
| —$31.6M | (Labour) | for labour adjustment benefit payments |

| | | |
|---|---|---|
| —$16M | (Agr) | in contributions to the provinces under the Crop Insurance Act |
| —$4.7M | (Labour) | for payments of compensation respecting government employees and merchant seamen |
| —$4M | (Agr) | for payments in connection with the Prairie Grain Advance Payments Act |
| —$3M | (DIAND) | for payments pursuant to the Grassy Narrows and Islington Indian Bands |

Reductions (from previous projections)

| | | |
|---|---|---|
| —$263M | (EDC) | reduction in equity requirement and Canada Account disbursement forecast |

**APPENDIX 4**
**TO REPORT**

**SUMMARY OF VOTED ITEMS (GREATER THAN $5M) INCLUDED IN SUPPLEMENTARY ESTIMATES "A" 1986-87**

| Dept. | Item | Offset | Appropriation Requested |
|---|---|---|---|
| AGR | —$57.8 million for crop drought assistance for producers in Alberta and Saskatchewan | | |
| | —$8 million for the Canadian Rural transition plan | | |
| | —$6 million for diversion program for surplus potatoes in N.B. and P.E.I. | $17.9M | $64.9M |
| | —$6 million in forestry for human resource program | | |
| | —$5 million for commodity based loan program | | |
| DOC | —$12.8 million for contributions for the Book Publishing Industry Development Program | $0.6M | $12.2M |
| | —$8 million for Canada Council for increased assistance to the performing arts | — | $8M |
| | —$29 million for increased operating costs of Canada Film Development Corp. | — | $29M |
| | —$6.4 million for Public Archives for the archival system, records management and increased conservation | — | $6.4M |
| CEIC | —$34.5 million for Community Futures Development Corporations - Grants | $16.9M | $32.2M |
| | —$14.6 million for Human Resource Development Programs - Contributions | | |
| | —$14.4 million for the adjustment assistance payments in the Immigration Program | — | $14.4M |
| | —$12.4 million for refugee determination and backlog clearance in the Immigration Program | — | $12.4M |
| EMR | —$20.4 million for a loan to Newgrade Energy Inc. | — | $20.4M |
| DOE | —$9.1 million for expanded ice information services program | $9.1M | — |
| DEA | —$9.6 million for the Trade Negotiations Office | — | $9.6M |
| CIDA | —$5 million for increased grant for development assistance to international development institutions and organizations | $5M | — |
| IDRC | —$5 million for increased support of development research projects | — | $5M |
| DIAND | **Indian and Inuit Affairs** | | |
| | —$37.2 million for social development | | |
| | —$33.8 million for devolution of programs and reclassification of payments | | |
| | —$25.3 million for economic development | | |
| | —$21 million for education costs | | |
| | —$14.5 million for implementation of the Act to amend the Indian Act | $50M | $109M |
| | —$11.3 million for the Manitoba Northern Flood Agreement | | |
| | —$5.5 million for a grant to the Miawpukek Indian Band | | |
| | —$5.3 million for the relocation of the Wenisk Indian Band | | |

| | | | |
|---|---|---|---|
| | —$5 million for Indian self government | | |
| | **Northern Affairs** | | |
| | —$15 million for fire suppression costs | — | $15M |
| | **Native Claims** | | |
| | —$14 million for Cree/Naskapi local government funding | — | $14M |
| | —$7.2 million for a land claim of the White Bear Indian Band | — | $7.2M |
| DND | —$118 million for capital re-equipment projects | $118M | — |
| | —$5 million for a grant to Newfoundland for cleanup of military sites | $5M | — |
| NHW | —$10.6 million for increased cost for non-insured health services to registered Indian and Inuit | $8M | $2.6M |
| | **Medical Research Council** | | |
| | —$6.3 million for additional grants and scholarships | — | $6.3M |
| DRIE | —$19.2 million for a grant to Baie Verte Mines Inc. to permit the Corporation to repay debts due the Crown | $19.2M | — |
| NRC | —$8.2 million for the space station major Crown project | $6.3M | $1.9M |
| SSHRC | —$6.3 million for increased grants and scholarships | — | $6.3M |
| SOL. GEN | —$16.5 million for additional operating costs for the Canadian Security Intelligence Service | — | $16.5M |
| DSS | —$25 million for payments to financial institutions for services provided to the Receiver General for Canada | — | $25M |
| DOT | —$19.7 million for payments to Marine Atlantic Inc. for acquisition of vessels | $19.7M | — |
| | —$5.5 million for construction of a deep berth at Churchill, Manitoba | $5.5M | — |
| TB | —$9.9 million to establish the privatization and regulatory affairs program | $2.3M | $7.6M |

**APPENDIX 5**
**TO REPORT**

## LIST OF ONE DOLLAR VOTES INCLUDED IN SUPPLEMENTARY ESTIMATES (A), 1986-87

The 24 One Dollar Votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I, according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "*".

A. Sixteen votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

B. Five votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

C. Three miscellaneous votes (Additional explanations are provided in Appendix II):

—one seeking authority to increase the issue of notes to development fund accounts of International Financial Institutions - Canadian International Development Agency;

—one to rescind authority for the guarantee of loans to Canadian Financial Corporation Inc. - Regional Industrial Expansion; and

—one to extend an existing vote to allow the Minister to take stock options - Regional Industrial Expansion.

**November 18, 1986**
**Estimates Division**

**Appendix I**

**List of one Dollar Votes in Supplementary Estimates (A), 1986-87**

| Page | Department/Agency | Vote | Categories | | |
|---|---|---|---|---|---|
| | | | A | B | C |
| 12 | Agriculture—Canadian Forestry Service | 20a | X | | |
| 12 | —Canadian Forestry Service | 25a | X | | |
| 12 | —Canadian Forestry Service | 30a | X | * | |
| 18 | Communications | 5a | X | | |
| 42 | Environment | 1a | X | | |
| 44 | Environment | 10a | X | | |
| | External Affairs | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 52 | —Canadian International Development Agency | 30a | X | | |
| 52 | —Canadian International Development Agency | 35a | | X | |
| 52 | —Canadian International Development Agency | L45a | | | X |
| 88 | National Defence | 5a | X | | |
| 94 | National Health and Welfare | 1a | * | X | |
| 96 | National Health and Welfare | 10a | X | | |
| 98 | National Health and Welfare | 15a | X | | |
| 102 | National Health and Welfare | 35a | | X | |
| 110 | Regional Industrial Expansion | 2a | | | X |
| 110 | Regional Industrial Expansion | 10a | | X | |
| 110 | Regional Industrial Expansion | 15a | X | | |
| 110 | Regional Industrial Expansion | L25a | | | X |
| 124 | Solicitor General | 1a | X | | |
| 128 | Transport | 1a | X | | |
| 128 | Transport | 10a | | X | |
| 128 | Transport | 15a | X | | |
| 128 | Transport | 30a | X | | |
| 128 | Transport | 40a | X | | |

**Appendix II**

**Additional Explanation**

**Category C - Miscellaneous $1.00 Votes:**

**External Affairs - Canadian International Development Agency**

**Vote L45a**—To seek increased authority to issue notes to international financial institution fund accounts in the amount of $64,000,000.

**Explanation**—The enabling legislation is the International Development (Financial Institution) Continuing Assistance Act which requires that the Secretary of State for External Affairs seek authority to issue non-interest bearing, non-negotiable demand notes.

Authority may be sought to issue notes to other institutions which may be added as approved by the Governor in Council. The two Funds under consideration, namely the Asian Development Fund and the African Development Fund, were included in the original legislation.

Authority must be sought through an Appropriation from Parliament in the year for which these notes are required.

Subsequent encashment of these notes in future years are reported to Parliament as statutory expenditures. The funds for these costs are contained in the overall Official Development Assistance allocation as shown in the Budget tabled in the House each year by the Minister of Finance.

The issuance of notes allows these organizations to make commitments to developing countries for the financing of projects and programs designed to assist in their economic and social development.

**Regional Industrial Expansion**

**Vote 2a**—To repeal the guarantee of loans to Canadair Financial Corporation Inc.

**Explanation**—To rescind existing authorities included in previous appropriation Acts which allow the Minister to guarantee borrowings of Canadair Financial Corporation to a limit of $1.35 billion. The vote does not affect loans already in place and it does not rescind the authority of the Minister of Finance, on behalf of the Government, to enter into agreements with lenders to Canadair Financial Corporation to assume the Company's existing debt obligations.

**Regional Industrial Expansion**

**Vote L25a**—To extend the purposes of Regional Industrial Expansion Vote L25, Appropriation Act No. 2, 1986-87 to allow the Minister of RIE to take stock options in connection with the Atlantic Enterprise Program.

**Explanation**—To increase the level of Ministerial authority provided in previous appropriation Acts to allow the Minister to take a stock option in connection with a loan guaranteed or contribution made towards the interest on a loan under the Atlantic Enterprise Program where in his opinion the Crown's interest should be protected or the Crown should benefit from the purchase. Before this authority can be exercised the Atlantic Enterprise Program Loan Insurance Regulations must be amended.

**APPENDIX 6**
**TO REPORT**

**ITEMS IN SUPPLEMENTARY ESTIMATES "A" 1986-87 WHICH MATERIALLY DIFFER FROM INFORMATION PROVIDED IN THE 1986-87 PART III**

While the following list may not be totally exhaustive, it identifies those items in Supplementary Estimates "A" 1986-87 which are known to significantly impact on or alter information previously included in Part III's.

| | |
|---|---|
| Employment & Immigration | —These Supplementary Estimates include $3.3M for the Employment Creation Grants and Contributions program. The 1986-87 Part III referred to the fact that this program had expired at the end of last fiscal year. The program has since been extended for one year (i.e. to the end of 1986-87) to allow for completion of projects underway. This Supplementary Estimate reflects that extension. |
| Forestry | —These Supplementary Estimates include $2.9M for the human resource component of the forestry sector strategy. Again the Part III referred to the expiration of this program which has since been extended for a one-year period. |
| Solicitor General | —The 1986-87 Part III identifies reductions in Estimates for Crime Prevention initiatives due to the termination of an expansion to the program and provision of additional resources in support of these initiatives. These Supplementary Estimates include $1.6M for the extension to 1990 of the expanded program. |

# THE SENATE

**Wednesday, December 17, 1986**

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

## THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, as you are obviously aware, there is no *Hansard* or *Minutes of the Proceedings of the Senate* available today. I have asked the Table to try to ascertain what the problem is and how quickly we can expect to have it corrected.

In the meantime, copies of the order paper have been made and have been circulated. We will just have to try to work with that for now.

[*Translation*]

## THE HONOURABLE LOUIS DE GONZAGUE GIGUÈRE THE HONOURABLE RENAUDE LAPOINTE, P.C.

TRIBUTES ON RETIREMENT FROM THE SENATE

**Hon. Lowell Murray (Leader of the Government and Minister of State (Federal-Provincial Relations)):** Honourable senators, I have never been a great supporter of the laws of this country that prescribe a compulsory retirement age. Like everyone else, I await with increasing apprehension the day it will be my turn, but I find these rules particularly regrettable because they often deprive us of our most able and dedicated senators. Since I came to the Senate in September 1979, I have seen to my great chagrin the forced departure of Allister Grosart, George McIlraith, Richard Donahoe, John Connolly and Eric Cook, to mention only a few senators who, at the time of their retirement, were still among the most active and most respected of our colleagues.

Today, I have the melancholy duty to pay tribute to two of those colleagues who because of this unfortunate provision will soon be leaving us. I am of course referring to Senators Louis de Gonzague Giguère and Renaude Lapointe.

Senator Lapointe is of course the younger of the two senators.

She will be retiring from this chamber on January 3, while Senator Giguère will be 75 tomorrow.

I find it ironic and rather sad that these two senators who will shortly reach the age of official retirement, reflect in both spirit and appearance the energy and vigour of youth.

Senator Giguère was the first person to be appointed to the Senate by Pierre Elliott Trudeau when he became Prime Minister. The senator was appointed to this chamber on September 10, 1968, before the Trudeau government started its first session.

His appointment was not surprising, considering Mr. Giguère's impressive career in business and of course in public affairs.

In 1954, he became founding secretary of the Canadian Institute of Public Affairs. In 1963, he became administrator, and then member, of the Executive Committee of the Central Mortgage and Housing Corporation.

Our colleague was very active on the political scene. He was the Liberal Party's chief organizer for Quebec during the federal elections in 1963, 1965 and 1968, with disastrous results for my own party, as we all know. He was also instrumental in setting up the Liberal Federation of Canada in Quebec, in 1964.

Senator Giguère is certainly not the only political organizer to grace the benches of this august institution, but he is certainly one of the most successful ones. Now that he is about to retire from the Senate, I was most interested to see that apparently he has every intention of remaining an active participant in the affairs of his party. In an interview that appeared in the press early this week, Senator Giguère commented with his usual flair and frankness on the activities and personalities of the Liberal Party today.

I wish him health and happiness, and I may say that we are looking forward with a great deal of interest to future comments on the affairs of the Liberal Party. Perhaps some day, he will put his thoughts to paper, as many of his Liberal colleagues have done.

Senator Lapointe started a brilliant journalistic career in 1939 at the Quebec City daily, *Le Soleil*.

She was also Quebec correspondent for *Time* and *Life*, in addition to preparing reports for the CBC International Service.

At the time, journalism was not one of the best paid professions, and she had to juggle several jobs to make ends meet.

She left Quebec City in 1959, on her way to the provincial metropolis where she became the first woman ever to join the editorial staff of Montreal's *La Presse*.

In 1961 she followed Jean-Louis Gagnon to the *Nouveau Journal* where she wrote a series of 30 articles on Mgr. Joseph Charbonneau, the former bishop of Montreal. Indeed the information gathered by Renaude Lapointe was the framework of "Charbonneau et le chef", a theatre play which proved to be very successful in the 1970s.

When the *Nouveau Journal* folded in 1962 our colleague went back to the daily newspaper *La Presse*. Three years later she became the first woman editor of the paper.

Senator Lapointe has always been a controversial editorial writer: unconditional federalist as she was, she never failed to move her readers. I am told she did not disagree with Claude Ryan when he said she was more a polemicist than an editorial writer.

Even at that time Renaude Lapointe was an active Liberal. In a recent interview she admitted that when she was working for *La Presse* she wrote political editorials in *Canadien libéral* under the pseudonym Carole.

Renaude Lapointe joined the Senate in 1971. In 1974, during International Women's Year, she was appointed Speaker of the Senate. In 1979 she became a member of the Privy Council.

Senator Lapointe has always been friendly and generous. When she left the speakership of the Senate she was given a gift and made "honorary mother hen" of all parliamentary associations because of her great availability.

I had the opportunity—rather I was fortunate enough—to get better acquainted with Renaude Lapointe. I worked with her on the Senate foreign affairs committee. With several of our colleagues we travelled to various regions of Canada, the United States and the Middle East. In my estimation, she was always Canada's best ambassador for this house, a living example of everything we feel is good and admirable in this country.

In saying farewell—or perhaps I should just say so long—and thanking her for her priceless contribution to the Senate, I would like to borrow and use for the last time, maybe, an expression which has had some currency in recent years in liberal circles:

[*English*]

In saying farewell to Senator Lapointe, I would like to borrow and use for the last time an expression that has had some currency in Liberal circles in recent years and tell her that so far as the Senate is concerned, she will always be first in our hearts.

**Hon. Senators:** Hear, hear!

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, Senator Murray has spoken so eloquently of our two departing colleagues that what I will add will be personal impressions, because he has already outlined in detail the outstanding careers of both Senators Giguère and Lapointe.

It is true that the 1965 constitutional amendment is the cause of the departure of our two colleagues. It is unlikely that there will ever be a reversal of that decision by a new constitutional amendment that would permit age to be disregarded and instead substitute ability to contribute as the test.

**Senator Murray:** Alas!

**Senator MacEachen:** Indeed, if it were not for the constitutional amendment of 1965, the provisions of the Charter itself might come into play on the grounds of age discrimination. However, inasmuch as this particular discriminatory provision is found in the Constitution itself, then there seems to be no remedy. On second thought, there is, in fact, a remedy and that is if we take the future in our hands and decide to have an elected Senate, then this bar to future service would cease to exist.

[Senator Murray.]

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** Then we would see senators like Senators Renaude Lapointe and Louis Giguère continue to serve their country.

Senator Murray has made reference to the career of Senator Giguère. All I want to say is that I first met Senator Giguère when he was an organizer for and active in the affairs of the Liberal Party during the period of the prime ministership and leadership of Mr. Pearson. Senator Giguère told me that his best friend was the late Maurice Lamontagne and that it was Maurice who recruited Senator Giguère because of the organizational talent he had exhibited in Quebec in establishing the first branch of the Institute of Public Affairs. Of course, the rest of the story is well known.

Senator Giguère succeeded in his organizational efforts and was subsequently appointed to the Senate by Mr. Trudeau, as Senator Murray has pointed out, in September, 1968. He had worked in an important period in our political history, one which saw the Liberal Party regain office and transfer the leadership from the late Mr. Pearson to Mr. Trudeau.

Senator Lapointe has, in a sense, reversed modern contemporary Liberal practice—she has put her thoughts on paper before entering politics rather than after leaving. Perhaps that is a habit that ought to be more widely emulated. It is true that, as Senator Murray has pointed out, she had an extremely effective career as a journalist and editorialist. She wielded an incisive and direct writing style. I am told that when asked by the Prime Minister if she would come to the Senate, she was reluctant to accept the appointment. Her first reaction was to say no, because she thought she might be bored in the Senate. Who would ever think that, except one who had not been in the midst of the excitement that generally prevails in this institution?

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** Although Senator Lapointe had second thoughts, she became an effective, hard-working senator. She served as Speaker of the Senate and, in that capacity, as Senator Flynn on an earlier occasion pointed out, she became "an outstanding ambassador for the Senate." Senator Murray also referred to that fact. Certainly she was an extremely valuable representative of Canada not only as Speaker of the Senate but as a senator. That is but one of the many contributions she has made to our country.

In conclusion, honourable senators, I regret the departure of both of our colleagues, but I am optimistic enough to believe that there is life hereafter, even after the Senate.

**Hon. Senators:** Hear, hear!

[*Translation*]

**Hon. Yvette Rousseau:** Honourable senators, Senators Giguère and Lapointe will leave this house in a few weeks, after deeply dedicated political careers. We will especially regret Senator Lapointe's departure. First French Canadian woman to be appointed Speaker of the Senate, she had been also, throughout her newspaper and political career, at the forefront of many Canadian and Quebec women who, through their talent and dedication, have achieved national and international status.

Following studies in music, languages, literature and sociology, Renaude Lapointe made a name for herself as a reporter for *Le Soleil* daily newspaper. A highly respected music and drama critic, Senator Lapointe also served as correspondent for such American magazines as *Time*, *Life*, and *Variety*. To that must be added her remarkable contribution to the international network of the CBC.

In 1959, she left *Le Soleil* for the Montreal daily *La Presse* where she became the first woman reporter to cover current events. Some seven years later, she was appointed editorial writer.

From April, 1970 to November, 1971, Senator Lapointe worked as information officer for the Department of Indian Affairs and Northern Development. Then she was appointed to the Senate. During her fifteen years as senator, Senator Lapointe showed much interest in various fields. Bilingualism, the Canadian Film Development Corporation, the Old Age Security pension, the Senate Reform and the United Nations are but some of her preferred topics.

However, it is certainly as Canadian representative to various international organizations that Senator Lapointe really made her mark.

Immediately upon her being appointed to the Senate, she became a member of the Senate Standing Committees on Foreign Affairs and Legal and Constitutional Affairs. She participated very actively in the activities of the Commonwealth Parliamentary Association, l'*Association des parlementaires de langue française*, the Canadian Association of NATO and the Inter-Parliamentary Union.

Three years after her appointment to the Senate, Senator Lapointe was asked to assume the duties of Speaker. She did so with a remarkable insight and a sense of duty which enhanced the very dignity of her role as Speaker. Indeed, the Speaker must first of all lead the debates of the Senate, but he must also welcome the ambassadors and distinguished visitors who generally pay a call on the Senate after being entertained by the Prime Minister. In this optic, the newspapers were justified in designating you, Senator Lapointe, as "the Ambassador of the Senate."

Senator Lapointe also fought in her own way for many years to improve the status of women. In doing so, she was in the forefront of those who defended the cause of women at a time when the women's movement was only beginning. However, her main concern was the defence of Canadian unity. She was the author of many articles on the subject published in the newspaper *La Presse* in the late sixties, and at the time of the repatriation of the Canadian Constitution in 1982, she took a very active part in the debate because of her concern for the future of her country.

Her colleagues in the Senate will remember Renaude Lapointe as a woman whose charm and grace extend beyond political boundaries.

Your leaving, Senator Lapointe, is certainly not an easy thing. However, your colleagues are not really worried. Hard worker that you are, you will be able to find new challenges.

In closing, I would like to express personally all my gratitude for the way you have served both your country and its Parliament. Your honesty and frankness, which have always been apparent in your work, are your most precious legacy to us. We all wish to thank you today.

I join my colleagues in expressing to you, Senator Lapointe, my best wishes for health, peace and many more years of useful service to the Canadian community.

I also extend the same wishes to Senator Giguère.

[*English*]

**Hon. George van Roggen:** Honourable senators, during my years in the Senate I have always confined myself on these occasions to paying tribute to retiring senators from my own province. However, if I may crave your indulgence, I will make an exception in these two instances.

In the case of Senator Giguère, I first worked closely with Bob in the period referred to by Senator MacEachen, during the Pearson years, when he was campaign chairman for the Liberal Party in the province of Quebec and I held a similar position in British Columbia. He was a man of remarkable organizational ability, and also a man of coolness and precision, from whom I learned a great deal. I should like to pay tribute to him for the association we had in those days.

My affection for Senator Lapointe is more deep, more lasting and more recent, because some time after coming to the Senate I was fortunate enough to be appointed Chairman of the Standing Senate Committee on Foreign Affairs, of which committee Senator Lapointe has been one of the longest serving and most effective members. Her dedication to the work of that committee has been quite remarkable. Many of you will know that she is exceptionally dedicated in her attendance, and does not take up the time of the committee with unnecessary interventions, but when she does intervene her interventions are absolutely to the point. Her questions elicit information that otherwise would not be forthcoming from the witness. She has been of particular assistance to us always when drafting reports, when, similarly, her input would be pithy, to the point and of very great assistance insofar as the editorializing of those reports was concerned, to say nothing of the fact that she voluntarily took on the duty of supervising the translation of those reports. So, I owe Senator Lapointe a very great debt for her contribution to the Foreign Affairs Committee all these years, and she will be sorely missed by it.

• (1420)

On a lighter note, I can recall that as Speaker of this chamber she helped lead a small delegation of Canadian parliamentarians to Japan. The delegation was led by the Speakers of both chambers. I think it was the first time that a Canadian parliamentary delegation had gone to Japan. Of course, and quite understandably, the Japanese looked upon this delegation with exceptional interest because of this leadership. As a result, instead of being put up at a hotel, we were put up at the Akasaka Palace. Senator Lapointe, very appropriately, was put up in the same room that Queen Elizabeth had occupied only a few weeks, or months at the most, before. I was privileged to be in the adjoining suite which had been occupied by Prince Philip.

**Some Hon. Senators:** Oh, oh.

**Senator van Roggen:** I am sure that you will all be pleased to know that my wife was with me on the occasion.

**Hon. Senators:** Oh, oh.

**An Hon. Senator:** Come on.

**Senator van Roggen:** I mustn't say, "to my regret."

Senator Lapointe was an outstanding leader of that delegation. Of course, her charm and presence paved the way for most fruitful exchanges with members of the Japanese government at that time.

Renaude, I would just like to say to you, have a very fruitful retirement. I know that you will not be discontinuing your level of activity just because you must leave here at this stage of your life, and that you will continue to do useful work. I will be following your endeavours with great affection.

[*Translation*]

**Hon. Paul C. Lafond:** Honourable senators, I want to say that I share the feelings which have already been expressed, especially in the last sentence spoken by Senator van Roggen. Under these circumstances, we have a tendency to pay tribute to a person as though it were the end of a career or a life. This is certainly not the case, especially for Senator Lapointe.

We are very sorry to see her go. I have already thanked her for her faithful co-operation in the last 15 years. I am personally certain, as we should all be, that she will remain very active. I even went as far as to suggest that she should use her activity in a kind of role reversal and be a candidate for the very next elections to the House of Commons!

**Hon. Azellus Denis:** Honourable senators, I wish to join with the others who have already spoken about our two young retirees. I wish them a happy retirement, which they fully deserve both as senators and even as members of the Liberal Party. Throughout their activities here, they have shown their dedication, ability and availability.

This is not really goodbye because they will always be present and useful. We shall always look for their guidance and precious assistance.

As people say in the country: "Come back soon, now!"

[Senator van Roggen.]

**Hon. Renaude Lapointe:** Gentlemen leaders, dear colleagues, it is rare indeed that a person should be buried twice, even under flowers and compliments.

This kind of honour has been bestowed upon me: those who attended the Speaker's reception last Wednesday had nothing but praise for me, and today is a repeat performance.

Again I can only say what I expressed the first time with emotion and sincerity: These 15 years in the Senate have to be among the best of my life. I made precious friends, I learned a lot, and I will cherish these memories for ever.

[*English*]

I beg all of you, dear colleagues, to accept my sincere thanks for your friendship. I really enjoyed your company and it was with pleasure that I worked with many of you on various committees. If I am 15 years older than when I came in, I certainly feel 15 years richer because of the experience and wisdom we shared in this chamber of sober second thought. Because of the happy or sad moments that we lived together, but mainly because of the important political decisions in which we participated, I shall remember all of them, and every one of you. Thank you.

[*Translation*]

**The Hon. the Speaker** *pro tempore:* Senator Lapointe, on behalf of the Chair which you have served with such brilliance and distinction, I want to offer to you, and to Senator Giguère, our best wishes for a well-deserved retirement.

You will be sorely missed in the Senate. You were outstanding colleagues. Do come back and see us often, you will always be welcome.

[*English*]

## PRIVILEGE

**Hon. William M. Kelly:** Honourable senators, I rise on a question of privilege and I promise to be brief. However, I felt it was important to correct the record, just for history's sake.

Yesterday, in this chamber, there were references made by the Deputy Leader of the Opposition to an article in a Toronto newspaper which described me as a member of the Liberal Party.

**Senator Frith:** Good old Toronto paper.

• (1430)

**Senator Kelly:** I was warmed by the sincerity of the welcome offered by the Deputy Leader of the Opposition in the Senate. I felt it was sincere. I had not made application and there had been no overtures made.

Some peculiar things happened in the last 24 hours. I have not worked this out, because I am Irish and Irish people are slow thinkers; they have to work these things through. In the last 24 hours a number of my Liberal friends called to congratulate me, but I did not receive any calls from Tory friends suggesting I change my mind.

**Senator Perrault:** They read the polls!

**Senator Kelly:** Further, I noticed in *Hansard*—I received an advance copy—that when Senator Frith welcomed me, there was no response from the Leader of the Government in the Senate, the Deputy Leader of the Government in the Senate, the whip, or, indeed, any other member from the government side. I also have to think that one through!

**Senator Frith:** It is still not too late.

**Senator Kelly:** For the record, I want to say that I am conservative by nature and a Tory by political conviction. I might underline that by suggesting something to you that occurred earlier today: I noticed that all of the lights on the beautifully-decorated Christmas tree in the Senate foyer are red. I checked on that and found that that was the result of direct instructions from Senator Frith. I feel I must name the person.

I am too junior in this chamber to take Senator Frith on one on one, so I am going to enlist the assistance of my Terrorist Committee to see if we can find a way to have some balance between blue and red Christmas tree lights next year.

**Senator Argue:** You will want to paint the carpet next!

**Senator Kelly:** But seriously, honourable senators—I have to beat this drum all the time—my perception of this place is that I am having trouble feeling comfortable seeing two sides. As far as I am concerned, it does not have two sides. I am a Tory and I will remain a Tory as long as I can see ahead, but most of my partisanship remains outside of this chamber.

I would be honoured to sit on either side of this chamber; I am honoured to sit on this side. I believe the newspapers were, as usual, accusing me of something that was not true.

## NORTH ATLANTIC ASSEMBLY

THIRTY-SECOND ANNUAL SESSION, ISTANBUL, TURKEY—NOTICE OF INQUIRY

**Hon. Duff Roblin:** Honourable senators, I give notice that on Tuesday, January 20, 1987, I will call the attention of the Senate to the Thirty-Second Annual Session of the North Atlantic Assembly, held in Istanbul, Turkey, from November 14 to 18, 1986.

## LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Nathan Nurgitz,** with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

# QUESTION PERIOD

[*English*]

## CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF CHAIRMAN

**Hon. Ian Sinclair:** Honourable senators, my question is for the Leader of the Government in the Senate.

I draw to the attention of honourable senators that many have recognized that Canada has a problem in transportation. At this time when the need for downsizing and realignment of the basic rail transportation of this country is so active and so necessary, the morale of railway people is of extreme importance. I would, therefore, ask the honourable Leader of the Government in the Senate to use his good offices to ensure that the person to succeed the retiring Chairman of Canadian National Railways is someone who will be recognized by railway people and by transportation people as somebody who knows something about the business.

**Senator Argue:** Not another politician!

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will take note of the representations made by Senator Sinclair and will see that they are conveyed to the Minister of Transport.

In doing so, I simply draw to his attention, and to the attention of other honourable senators, the fact that one of the outstanding chairmen and presidents of Canadian National was Mr. Donald Gordon, who had been in the banking business.

**Senator Sinclair:** If I may, Donald Gordon was a Scot and had no political affiliation. If you can duplicate that, you will do well.

**Senator Murray:** I may say that one of the outstanding presidents of the CPR was also a Scot.

**Senator Doody:** And had no political affiliation!

**Senator Frith:** And if you can duplicate that, you will do well.

## FISHERIES

WEST COAST SALMON ENHANCEMENT PROGRAM—GOVERNMENT POLICY

**Hon. Raymond J. Perrault:** Honourable senators, my question is for the Leader of the Government in the Senate.

There are continuing and persistent rumours in western Canada that the government is considering either very major cutbacks in the Salmon Enhancement Program or complete cancellation of the program in order to obtain funds for projects in other parts of the country. I am seeking from the Leader of the Government a commitment that he will bring to this chamber an unequivocal statement that the government

will continue this very valuable program on the west coast of Canada and that the rumours are without any foundation.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the government does not comment on rumours.

**Senator Frith:** It just creates them!

**Senator Murray:** I will undertake, however, to make inquiries as to the status of the Salmon Enhancement Program.

The honourable senator will realize that if ministers were required to comment on every rumour that is floated on the west coast or elsewhere, they would be doing nothing else.

**Senator Perrault:** The request is not for confirmation or denial of a rumour; it is for a statement with respect to the Salmon Enhancement Program on the west coast, which is a specific request. The Leader of the Government has access to the information. He can obtain such information from the Minister of Fisheries and Oceans.

The reports are serious in that supporters of the government party have provided information to me on this point. I hope he can dispel any such addled notion that such a ridiculous move would be made.

**Senator Murray:** Honourable senators, I will do my best to dispel all of the honourable senator's addled notions.

## NORTHWEST TERRITORIES

### INUVIK—WITHDRAWAL OF ARMED FORCES PERSONNEL—EFFECT ON ECONOMY

**Hon. Paul Lucier:** Honourable senators, my question is for the Leader of the Government in the Senate.

On Saturday last an article appeared in the Montreal *Gazette* stating that the Community Council of Inuvik had passed a motion requesting military protection by the United States government. While I think it is understood by everyone that this kind of motion being passed by a council in a community like Inuvik may be a joke, the reasons for its being passed are not a joke. This government has chosen to remove the military and their dependants from Inuvik, which is 700 people out of a community with a population of 3,500. That is 20 per cent of the population. In Toronto such a proportion would represent 600,000 people.

● (1440)

My question is: How could a government be so unfeeling as to remove 20 per cent of a community's population at the very time that they institute an oil policy that has completely devastated the north and has removed any hopes of employment in the north. Senator Flynn may laugh; he would not laugh if he was in Inuvik right now.

**Senator Flynn:** No; I am laughing at your way of reasoning.

**Senator Lucier:** Well, you may laugh, but this is very serious to the people of the north, Senator Flynn.

**Senator Flynn:** Yes, I know; I hope you put it in a little more sensible way.

[Senator Perrault.]

**An Hon. Senator:** Hear, hear!

**Senator Lucier:** Well, I am putting my question as a representative of the people of the north, not as your representative.

**Some Hon. Senators:** Hear, hear!

**Senator Lucier:** Honourable senators, I would like to ask this question in the context of a government that is in the process of spending half a billion dollars in southern Canada to build a Class 8 icebreaker to send up there to represent Canadian sovereignty in the north. You had a Canadian presence up there that was providing employment and contributing money to the economy of the north. Why would you spend half a billion dollars in southern Canada to demonstrate a presence in the north? You already had Canadian representation there. What kind of convoluted thinking is going on with this government?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators—

**Senator Argue:** No thinking at all.

**Senator Murray:** —I suggest that the honourable senator take advantage of the first opportunity that presents itself to debate this matter, as he seems to be intent on doing. Meanwhile, I simply tell him that the government quite understands that the Canadian north has been badly hurt by a fall in mineral and oil and gas prices of late, but there can be no doubt about this government's commitment and determination to preserve and enhance Canadian sovereignty in that area.

With regard to the construction of the Class 8 icebreaker, it is with Canadian sovereignty in mind that that is being done. Likewise, it is with Canadian sovereignty in mind that we are modernizing our northern defences.

**Senator Lucier:** Well, honourable senators, I would like to ask the Leader of the Government in the Senate again if he could perhaps explain it in such a way that people from the north—who obviously are not very bright, because we do not understand this!—could understand it. How can one icebreaker going through the north with a group of sailors from southern Canada represent our northern sovereignty when you have just taken a great number of the people from one particular community out of there? Were the military not indicating our sovereignty in the north? Isn't that how you show sovereignty in the north?

**Senator Murray:** I think it is pretty clear that, for whatever reason, the honourable senator does not understand, or does not choose to understand. In any case, I undertake that if he wishes to put down a notice of inquiry or if he wishes to debate the matter at the appropriate time, I, or one of my colleagues, will speak on behalf of the government.

**Senator Lucier:** Honourable senators, I have one more comment. The Leader of the Government in the Senate seems to like this tack, namely, every time a question is asked that he cannot answer, suggesting that somebody should be debating it. I am asking a question on behalf of the people of Inuvik and

the people of the Northwest Territories. They are very concerned about this. I would like to know why the government would be doing this type of thing. Why would they be removing all of what constitutes our northern presence at this particular time—especially when the rest of the economy up there has been devastated?

## CANADA-UNITED STATES RELATIONS

### SOFTWOOD LUMBER INDUSTRY—THREATENED ACTION BY UNITED STATES GOVERNMENT

**Hon. Raymond J. Perrault:** Honourable senators, I have a question for the Leader of the Government in the Senate. Is there any progress to report as yet with respect to the threatened action by the United States of America against the softwood lumber industry of Canada? Is the Leader of the Government in the Senate able to report any encouraging progress?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Not today, honourable senators. Discussions are continuing.

**Senator Perrault:** There was not any progress yesterday, either. We hope that at some point in time there will be progress.

### TRADE—IMPOSITION OF TARIFF ON PUBLICATIONS—AMOUNT AND DISTRIBUTION OF REVENUE

**Hon. Raymond J. Perrault:** I have a related question, honourable senators. A few weeks ago, indeed, a few months ago an impost was placed on the importation of English-language books from the United States, Great Britain and other countries. Is the Leader of the Government able to tell us how much money has been captured by the government coffers so far from this so-called attempt to punish the United States? I would like to know the amount of money collected so far and how much of that amount has found its way back into specific aid programs to the shingle workers who have been affected by the discriminatory U.S. action against shakes and shingles.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the measure was not intended as a revenue-raising measure, but it was one of the few avenues open to us for retaliation in respect of the measures taken by the United States against shakes and shingles. We continue to believe that that measure will prove to have been effective.

**Senator Perrault:** I have some related questions. First, why is this measure only targeted against English-language literature coming in from the United States and other countries, and why are not books in other languages subject to the impost?

Second, the Leader of the Government has said that it is not a revenue-raising measure. Specifically, the Minister of Finance produced a figure, when the measure was first introduced in June of 1986, of the amount of money that he intended to raise as a result of this measure—money not from the United States but money from Canadians who are fed up with paying high costs for books at this Christmastime when thousands of books are being sold across the country.

**Senator Murray:** I think the question was asked some time ago and was answered—

**Senator Perrault:** It was not answered.

**Senator Murray:** —as to why it was limited to English-language books, but I shall get a fuller explanation for the honourable senator.

### SOFTWOOD LUMBER EXPORT TAX—EXTENT OF APPLICATION

**Hon. Jack Austin:** Honourable senators, I have a supplementary question to the one just asked by Senator Perrault on the question of the softwood lumber negotiations with the United States. Is it the policy of the government in those negotiations to agree that any export tax which may be put upon these exports of softwood lumber to the United States will also apply to exports to other countries and to other markets to which Canada exports such lumber?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the answer to that question, subject to correction, is in the negative.

**Senator Perrault:** It will be corrected.

**Senator Austin:** I would like to ask one further question on the subject. As it is believed in various forest industry circles that the American position is that any agreement must embody an export tax which would be universal, does this suggest to us that these negotiations are unlikely to be concluded and legislation is unlikely to be introduced with respect to an export tax before December 30?

**Senator Murray:** I do not think it will be safe for the honourable senator or for me to make those assumptions.

## RESEARCH AND DEVELOPMENT

### GOVERNMENT FUNDING OF POST-SECONDARY EDUCATION

**Hon. Lorna Marsden:** Honourable senators, in the Monday edition of the *Globe and Mail* there was a letter to the editor written by four Canadians who are studying microelectronics and computer design at Stanford University in California. I wonder if the Leader of the Government in the Senate is familiar with or has read that letter.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am sorry, I am not.

**Senator Marsden:** I wonder if I could ask the Leader of the Government in the Senate if he could, in general terms, then, respond to the concerns brought forward by these young Canadians? They say in their letter that they are deeply concerned because, having been educated at the expense of this country by having had four years of undergraduate training, four to six years of post-graduate support and a great deal of

other research and education in Canada, it is their view that the government has failed to make a sufficient commitment to the funding of research and post-secondary education to enable them to return to Canada to engage in what they call "forming the backbone of Canada's future economic strength," that is, working in their own fields in research and development.

● (1450)

Would the Leader of the Government in the Senate comment on their concern and on what the government proposes to do to meet that concern?

**Senator Murray:** No, honourable senators, I do not think it would be appropriate for me to comment on the particular concerns expressed by the people who wrote a letter to the editor of the *Globe and Mail* beyond saying that the commitment of this government to increase research and development in this country in the private and public sectors and to post-secondary education remains very strong.

**Senator Frith:** As long as you don't have to put up the money.

### SCIENTIFIC MEETING IN STOCKHOLM—CANADIAN REPRESENTATION

**Hon. Lorna Marsden:** Would the Leader of the Government tell us whether or not Canada has a representative at today's meeting on the Eureka Program in Stockholm which is, as he will know, a consortium of Europeans engaged in applied and basic research in this field. Are we represented at that meeting?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I am sorry, I do not have the answer to that question.

## INTERNATIONAL TRADE

### FOOTWEAR—REMOVAL OF IMPORT QUOTAS—GOVERNMENT ACTION

**Hon. Peter Bosa:** Honourable senators, my question is for the Leader of the Government in the Senate.

In the recent past the Conservative government has lowered the quotas on imported footwear. That decision was made on the premise that it would encourage the industry to become more competitive and would provide consumers with the benefit of lower-priced shoes. Indeed, the then Minister for International Trade, James Kelleher, is reported to have made the following statement:

> . . . Canadian consumers have paid half a billion dollars more for shoes than they should have in the past eight years because of the import restrictions.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** What is the date of that report?

[Senator Marsden.]

**Senator Bosa:** November 22, 1985, shortly after he introduced that measure.

For the benefit of the Leader of the Government, I should like to quote some figures which are to be found in Statistics Canada Catalogue No. 65-007. It shows that in nine months in 1985-86 the importation of women's and girls' leather shoes has increased by 350 per cent. This is the import penetration of foreign shoes. I have a whole series of figures which range from 350 per cent to 129 per cent for slippers and house footwear; 108 per cent for children's and infants' leather footwear; and so forth.

In the same catalogue are to be found some other figures which indicate the import price movements. It shows, for instance, an increase in the price of men's boots and shoes of 12.5 per cent and an increase in children's and infants' boots and shoes of 26 per cent.

I do not want to bore the honourable senator by reading a whole slew of other statistics, but I would like to mention one more figure. This industry employed 15,000 people, but since the introduction of the relaxation of restrictions, there has been a reduction in a number of jobs by 1,500, or 10 per cent of the workforce.

In light of these dramatic statistics, is the Leader of the Government able to provide the Senate with information as to whether the government is going to reconsider its position in respect of this particular matter?

**Senator Murray:** Those are certainly very interesting statistics, honourable senators.

I think the best course for me would be to ask the appropriate department to furnish a commentary on those statistics which I will be glad to present to the Senate as soon as it has been prepared.

## AGRICULTURE

### WHEAT—EFFECT OF DEFICIENCY PAYMENT ON TWO-PRICE SYSTEM

**Hon. Sidney L. Buckwold:** Honourable senators, my question is for the Leader of the Government in the Senate.

All of us were delighted with the government's announcement that deficiency payments will be made to farmers, and the farmers, I do not have to tell you, of Saskatchewan and the prairie provinces were perhaps more delighted than anyone that at least something was being done to alleviate the serious financial crisis which is facing agriculture in that part of the world.

My question relates to the matter of a two-price system for wheat. Perhaps I may preface it by saying that although the so-called deficiency payment, which is substantial, is a welcome stopgap measure, it really is not a long-term solution by any means.

Some months ago in this chamber we asked about the possibility of the government improving the price which is paid to farmers for domestic grain, raising it to a figure of perhaps

$10 a bushel. At that time, I believe, we were assured that the matter was under serious consideration.

It may be argued that the government took the other direction by moving into deficiency payments and, again, no one is complaining; but the deficiency payment is really not enough, nor is it a major solution to the problem. A more permanent method of assistance would be to increase the domestic price paid to farmers.

My question is: Is this matter under serious consideration at the present time or has it been dropped, in light of the other announcement of deficiency payments?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the matter has not been dropped; it is still under consideration, but we do not contemplate any immediate decision of the kind suggested by the honourable senator.

**Senator Buckwold:** I take that response as being a message to the effect that there is no great urgency on the part of the government to consider the financial plight of our farmer friends. I should like to suggest that it is a matter of urgency and it cannot be put on a back burner and casually referred to as something which will be considered in due course.

I would hope the message might get through to the appropriate minister that this could be a significant addition to assistance given to farmers who need it so much.

**Senator Murray:** My honourable friend will be aware of the fact that such benefits as would accrue from that decision would accrue to those farmers whose wheat was marketed domestically. He will also be aware that in addition to the undoubted benefits which would accrue to those people, there are also other factors that would adversely affect other people in industry in the country. All these matters have to be weighed very carefully when considering this matter.

**Hon. Ian Sinclair:** Supplementary to that question, I would hope the Leader of the Government would think of the bakery industry and its large number of employees when considering the matter raised by the honourable senator.

**Senator Murray:** That was if not uppermost in my mind at least in the back of my mind when I answered the supplementary question of Senator Buckwold.

## AIR CANADA

### WINNIPEG, MANITOBA—REDUCTION IN OPERATIONS—GOVERNMENT POLICY

**Hon. Gildas L. Molgat:** Honourable senators, my question to the leader of the government regards Air Canada, and particularly Air Canada's operations in western Canada.

As the minister no doubt is aware, when the company was originally established, then known as Trans-Canada Airlines, the headquarters were in Winnipeg and most of the company's activity took place there. Over the years there has been a constant erosion of that situation, generally in favour of Dorval and Montreal.

Some two years ago a decision was made by Air Canada to build a major computer centre in Winnipeg. Now we understand that Air Canada proposes to sell the building.

My concern is: Is there also connected with this any erosion of any of the activities that Air Canada has been conducting in Winnipeg? Is this the beginning of another phase of moving things out of the area?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not have a formal note on this matter, but I have had a verbal briefing on it and my information is that the answer to the honourable senator's question is no.

● (1500)

## EXTERNAL AFFAIRS

### FOREIGN SERVICE APPOINTMENTS—MAINTENANCE OF PROFESSIONALISM—GOVERNMENT POLICY

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I should like to raise a question based upon the matter of professionalism in the Foreign Service of Canada. With the recent appointment of former Mayor Drapeau to UNESCO in Paris, the present government will have appointed a total of 14 non-career persons to the Foreign Service of Canada—a move without precedent in the history of this country. Has the government abandoned the concept of maintaining the professional foreign service which has served Canada so well and which has been so highly commended to the government in the recent report of the joint committee?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the government has looked other than to the Department of External Affairs in 13 or 14 cases out of I do not know how many nominations. That that should be interpreted as meaning that the government has abandoned the concept of a professional diplomatic service is surely an exaggerated and alarmist point of view.

With regard to the employment of former Mayor Drapeau, I hope that the Honourable Leader of the Opposition would acknowledge that Mr. Jean Drapeau is, on the international scene—and deservedly so—one of the most renowned of present day Canadians.

**Senator MacEachen:** Honourable senators, I have no intention of debating the capabilities of former Mayor Drapeau, for whom I have the greatest admiration. What I am concerned about is professionalism in the foreign service. No matter what the Leader of the Government may think, the Prime Minister, prior to the election, assured the Professional Association of Foreign Service Officers in Canada that he would continue the tradition of maintaining a professional foreign service; that is, the maintenance of a foreign service composed of persons who have spent their lives working in the field of international affairs. That is what professionalism means. Obviously, former Prime Ministers have taken a view totally different from that of the present Prime Minister, because in the first two years of

his mandate he has appointed 14 non-career persons to the foreign service.

The Professional Association of Foreign Service Officers described this as patronage. I am not using that description, but I am concerned about the departure from the system followed by every former Prime Minister. In the 16 years of Mr. Trudeau's prime ministership, for example, 16 non-career persons were appointed to the foreign service, which amounts to one per year. In two years the present Prime Minister has made 14 such appointments. I could go on. In all the years that Mr. Diefenbaker was Prime Minister, he appointed two or three non-career persons; in the five years that Mr. Bennett was Prime Minister, he appointed two or three; Mr. St. Laurent likewise, Mr. Clark likewise.

I think that we are entitled to ask—and if it is the declared policy of the government we ought to know about it—is it now the intention of the government to fill diplomatic posts abroad through the appointment of persons outside the professional stream in our public service? If that is the intention, let us know about it. But to argue that it has not happened is, in my view, a travesty of the facts.

**Senator Murray:** Honourable senators, the fact remains that the preponderant, overwhelming majority of those who hold ambassadorial rank in this country are people who have grown up in the Foreign Service of Canada. We have brought to ambassadorial positions people such as Stephen Lewis, David MacDonald and others, who, I think, bring an important and different perspective to their jobs and who are an adornment to the public service and the foreign service of this country.

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** Honourable senators, it is a fact that in the career of every former Prime Minister, the preponderance of ambassadorial positions were filled by professional career diplomats and foreign service officers. None of them felt it was desirable to depart from that system in the outrageous way in which the present Prime Minister has, while at the same time asserting—I think hypocritically and falsely—to the professional foreign service officers that he is dedicated to filling these positions in a professional way. To argue that every appointment is that of a person with career and professional abilities in the foreign service is outrageous. That is not the case.

It is true that from time to time former Prime Ministers have found it necessary to select a number of individuals to serve in important diplomatic positions, and I think that that should be continued.

**Hon. Jacques Flynn:** The number is much higher than what you said for Mr. Trudeau. He made more than 14 appointments.

**Senator MacEachen:** He appointed 16 non-professional career persons—

**Senator Flynn:** I disagree.

**Senator MacEachen:** —to the diplomatic service in 16 years; one per year.

[Senator MacEachen.]

**Senator Flynn:** No!

**Senator MacEachen:** If Senator Flynn wants a few more facts, I can provide them. In the many years that Mr. King was Prime Minister, he appointed 17 such non-career persons.

**Senator Flynn:** When he started, there was no Department of External Affairs.

**Senator MacEachen:** Canada received the power to appoint its own diplomats in 1926, and it is upon the time following that date that the statistics are based. Mr. King made 17 such appointments in all the years he was Prime Minister; Mr. Bennett was Prime Minister for five years and he made two such appointments; Mr. St. Laurent was Prime Minister for eight years and he made four such appointments.

**Senator Flynn:** I do not know where you got those figures, but—

**Senator MacEachen:** Well, I will tell you where I got them.

**Senator Frith:** Then you can find out where Senator Flynn got his.

**Senator MacEachen:** If Senator Flynn has opposing figures, then he had better produce them. Mr. Pearson, in the years he was Prime Minister, appointed four.

**Senator Balfour:** How many did Mr. Turner appoint?

**Senator MacEachen:** Mr. Turner appointed three, all of whom were rescinded by his gracious successor who, reviling the practice of patronage by rescinding these three appointments, then proceeded to make an unprecedented 14 appointments of non-professionals at the highest possible level.

I think all the facts impel me to ask the government whether it has abandoned the notion of a Canadian professional foreign service, that is all. If it has, tell us and we will debate that. But do not say that the government still believes in the professional foreign service while, at the same time, it appoints such noted diplomats as Dennis McDermott.

**Senator Murray:** I thought the name would come up. I was waiting for it.

**Senator Frith:** We wouldn't disappoint you, senator.

**Senator Murray:** Our ambassador in Dublin continues to rankle the Leader of the Opposition, and I know how much he admires Jean Drapeau.

**Senator MacEachen:** I could mention a couple of Tories who are equally outrageous.

**Senator Murray:** Honourable senators, let me say once again that the vast, preponderant, overwhelming majority of the ambassadorial positions filled by this government have been filled from within the public service, from within the foreign service, and that we remain committed to doing that. We have, as I have said, appointed excellent people from outside the foreign service to important foreign posts, and I do not preclude the possibility that we will do that again when it is in the national interest to do so.

• (1510)

**Senator MacEachen:** The Leader of the Government is on very weak ground, as he well knows. He is on very weak ground because all he can say is, "We intend to appoint, as has been done in the past, a majority of persons from the foreign service itself." We all know that. Every other Prime Minister was faced with the same reality and continued the practice of maintaining a professional foreign service. The present Prime Minister has abandoned that practice and has appointed an unprecedented number of persons who are not career diplomats, who are not professionals, and I just ask: Why does not the government tell us the policy which it is following and not speak out of two sides of its mouth—a practice which is becoming increasingly under attack throughout the country?

The Leader of the Government knows that his response is inadequate, but he continues making it. Like so many attitudes taken by the government, it is not a credible attitude. If it is your decision to change the composition of the foreign service, tell us that—that's all; but if it is not your intention, then why proceed to do it at all, let alone in such a totally misguided way?

## TRANSPORT

### PROHIBITION OF SMOKING ON COMMERCIAL FLIGHTS

**Hon. Paul Lucier:** Honourable senators, I have a question for the Leader of the Government. The Minister of Transport some time ago made an announcement that he would bring in a regulation or a law to prevent smoking on commercial flights of less than two hours' duration. Can the Leader of the Government say when that will happen and how it will take place?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am sorry that I am not as well informed on that matter as I should be. I will obtain a report from my colleague.

**Senator Lucier:** While the Leader of the Government is obtaining that information, in light of recent and ongoing reports of the serious effects of smoking in confined areas, particularly on non-smokers, would the Minister of Transport consider making a regulation or introducing a law extending the prohibition to people who board aircraft with small children? It seems criminal to me that one can board an airplane with a small child and walk through the smoking section and not be able to see the child because of the smoke.

Perhaps the Leader of the Government might ask the Minister of Transport at the same time that he is making a ruling that there should be no smoking on commercial aircraft on flights lasting less than two hours that he also consider prohibiting adults from bringing children into the smoking section of aircraft, particularly on long flights. A flight from Toronto to Vancouver may take five hours, and that is a long time to have a small child sitting in a smoke-filled environment.

**Senator Murray:** Honourable senators, I will undertake to convey those representations to the minister.

## ROYAL ASSENT

### ALTERNATIVE PROCEDURE

**Hon. John M. Godfrey:** Honourable senators, I have a question for the Leader of the Government. The Rules Committee looked into the question of providing an alternative procedure for having Royal Assent, which everyone seemed to be in favour of, including a committee of the House of Commons. What has happened to that report? Is anything likely to happen or, like everything else that happens around here with respect to suggested reforms, will the powers that be forget about it and will nothing be done?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I must say that this is the first time that this matter has been brought to my attention officially since I heard Senator Le Moyne's maiden speech in this house, when he quite properly protested against any change of that kind.

**Senator Godfrey:** Does the fact that he quite properly protested against any change mean that you are against any change, although you have not studied the report of the Rules Committee or heard the arguments? Is it emotional or have you really thought this through?

**Senator Murray:** Honourable senators, I should have said that he protested quite eloquently against any change. So far as my position is concerned, I am certainly against any change for the sake of change.

**Senator Godfrey:** I have no objection to that; but from what you have said, I gather that you are not proposing to look into the matter—or will you look into the matter and give it some consideration?

**Senator Murray:** I will certainly look into the matter.

**Senator Frith:** And take all of your prejudices into the room with you!

**Senator Godfrey:** It has been done in other jurisdictions.

## JUSTICE

### CANADA COMMISSION OF INQUIRY ON WAR CRIMINALS—STATUS OF REPORT

**Hon. Stanley Haidasz:** Honourable senators, on October 2 last the Leader of the Government, in reply to one of my questions, stated that the Deschênes Commission of inquiry into the possibility of Nazi war criminals residing in Canada was extended until the end of November. Can the Leader of the Government tell us whether the commission has already tabled its report?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, so far as I am aware, the answer to that question is no. It seems to me that the extension, at least in part, was to provide for the translation of the report. I gather that there was quite a queue of task forces, commissions, and so forth, bringing their reports to the translation people, and that it is

for that reason that we have not seen the report earlier. I will look into the matter and see if I can advise the honourable senator of a specific date when that report will be tabled.

**Senator Haidasz:** As a supplementary, could the minister tell us whether there is any truth to reports in the press that the Deschênes Commission is considering giving a confidential report to the Minister of Justice?

**Senator Murray:** Honourable senators, I have no way of confirming or otherwise that report.

**Senator Haidasz:** As a further supplementary, does the Leader of the Government consider it is proper, following a public inquiry, to withhold information from the public after holding such a prolonged inquiry on an important issue?

**Senator Murray:** Honourable senators, with great respect, that is a hypothetical question.

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## THE ESTIMATES, 1986-87

SUPPLEMENTARY ESTIMATES (B) TABLED

Leave having been given to revert to Presentation of Petitions:

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I should like to draw to your attention the fact that in the other place today supplementary estimates (B) were tabled covering the contribution to the Canadian grain producers for the 1986 crop year. The amount in supplementary estimates is $300 million.

In order to deal with this important program, I should like to table supplementary estimates (B) for the fiscal year ending March 31, 1987, Sessional Paper No. 332-162, and later I will present a motion to refer supplementary estimates (B) to the Standing Senate Committee on National Finance.

**Hon. Fernand-E. Leblanc:** Honourable senators, may I advise the members of the committee that the committee will sit tomorrow at 11 a.m. to examine supplementary estimates (B).

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Ian Sinclair,** with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

[Senator Murray.]

## THE ESTIMATES, 1986-87

SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on National Finance be authorized to examine the expenditures set out in the supplementary estimates (B) for the fiscal year ending March 31, 1987, tabled in the Senate on 17th December 1986.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is it your pleasure to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have just a small point. I had thought that once we tabled estimates they were automatically referred to the National Finance Committee and that, therefore, we no longer needed a motion. Perhaps I am wrong. We can check on the matter and clear it up tomorrow.

• (1520)

Motion agreed to.

## RAILWAY ACT

BILL TO AMEND—THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government),** for Hon. Finlay MacDonald, moved the third reading of Bill C-4, to amend the Railway Act.

Motion agreed to and bill read third time and passed.

## SENATE AND HOUSE OF COMMONS ACT

BILL TO AMEND—THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved third reading of Bill C-20, to amend the Senate and House of Commons Act.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I do not think it is our pleasure. One is tempted at third reading to have the bill pass on division. However, under the circumstances, I do not think that that is appropriate. So, like Seneca in ancient Roman times, while we will not let all our blood drain in the bath, we will let $1,000 of it drain, and pass the bill.

**Senator MacEachen:** We will hold our noses.

**The Hon. the Speaker** *pro tempore:* Then, is it agreed, honourable senators, that we will pass this bill—with regrets?

Motion agreed to and bill read third time and passed.

## APPROPRIATION BILL NO. 3, 1986-87

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Balfour, for the second reading of Bill C-29, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have nothing lengthy to add to what I said yesterday. The system we are using for our appropriation bills—that is, having the estimates referred to the National Finance Committee and awaiting a report from that committee before dealing with the bills—is satisfactory. I imposed a delay yesterday merely to give honourable senators an opportunity to read the report that was tabled yesterday and to read the chairman's comments about that report, including its highlights.

As I mentioned yesterday, the highlights are set out clearly. I do not know whether in closing the debate on second reading Senator Doody will be able to give me some information about the question I raised arising out of the second paragraph on page 2. That paragraph refers to the committee's satisfaction with certain questions put to officials of the Treasury Board and the absence of answers to some questions they had put. My second question was with regard to Appendix 1 and whether there were any major policy initiatives included in the highlights listed there. The highlights include the Indian and Inuit Affairs Program, two items on the Agrifoods Program, the Employment and Insurance Program, statutory payments of Labour Canada, the Immigration Program and payments to the Canadian Film Development Corporation. With regard to those payments, I wonder if the Deputy Leader can tell us whether they relate to making accessible additional funds to the televison industry and, if so, whether it deals with the possibility of private channels being able to benefit from the Canadian Film Development Corporation funds.

The list goes on to include another native claims program, Supply and Services payments, non-budgetary expenditures in the Energy Program, expenditures in the Northern Affairs Program and non-budgetary payments to the Export Development Corporation. To me, most of those items do not appear to involve important policy changes but merely supplementary items. However, I would like to have on record whether that is so.

Apart from those requests and with the information involved therein, I believe that we should, as usual, grant the government the supply covered by these supplementary estimates.

**Hon. John B. Stewart:** Honourable senators, I shall not delay the house long. I want to say a word about the vote under the Treasury Board for a contingency fund. Perhaps honourable senators have had an opportunity to look at the report of the National Finance Committee. The purpose of this vote, according to its wording, is:

> to provide funding for increased salary costs arising out of negotiated and non-negotiated agreements and other paylist requirements not included in departmental Estimates and for urgent expenditures of a miscellaneous character which cannot be foreseen when Estimates are drawn up.

The committee asked the officials of the Treasury Board if they had statistics showing how the vote had been expended in the past as between the two categories: first, the paylist requirements, and, second, urgent expenditures of a miscellaneous character which could not be foreseen. They produced interesting statistics showing that over the last few years the amount required for salary adjustments, as shown on page 3 of our report, has declined very sharply, whereas the amount expended under this vote for unforeseen but urgent requirements has gone up. For example, in fiscal 1980-81 the amount expended was $213 million. The amount for fiscal 1985-86 is $531 million.

I am not disputing the validity of some of these expenditures of money unappropriated by Parliament for specific purposes. All I want to do is to call to the attention of the Senate the fact that over $.5 billion was spent in 1985-86 for purposes which did not have the prior approval of Parliament. That is a very considerable sum of money. If we look at supplementary estimates (A) for the current fiscal year, we see how some of this money was spent. What happens is that the money is expended under the contingency fund vote of the Treasury Board. Then, in due course, the government comes to Parliament and asks for an appropriation under the appropriate department. That department, in turn, reimburses the contingency fund. Some of these expenditures are entirely understandable. There is the vote of $1 million for the Rick Hansen Man in Motion Fund. There is an expenditure for the Fathers of Confederation Building Trust in Charlottetown, Prince Edward Island. Those expenditures seem to me to be understandable.

However, if honourable senators look at the supplementary estimates (A) under the heading "Employment and Immigration", they will find that the sum of $20 million toward a total of $34.5 million was provided from the Treasury Board contingency fund vote to pay for grants to individuals, organizations and corporations to provide employment opportunities by assisting local entrepreneurial development. We also have another item under the same department in the amount of $2.5 million for grants for employment creation.

● (1530)

I am not contending, honourable senators, that these purposes are not good. What I am suggesting is that something is wrong when over $35 million is being expended on various grant programs for employment creation. The government should have anticipated these requirements and set up an appropriate program by asking Parliament in advance to have the money appropriated for the purpose. It seems to me that this is the kind of retroactive parliamentary authorization which ought not to be required for these kinds of massive expenditures in an area in which Parliament traditionally has been required to vote large sums of money. It is appropriate

that the committee should draw this matter to the attention of the house.

There is another item in the report on which one cannot be quite as specific. I refer to the question of providing financial support in the case of commissions of inquiry.

**Senator Frith:** On which page is that?

**Senator Stewart:** This is on page 4 of the committee's report. It is the last paragraph under the heading "Commissions of Inquiry". I quote:

> These Supplementary Estimates did not contain any reference to the costs of the Parker Commission. Treasury Board officials indicated that they anticipate such an item in the next supplementary estimates.

I assume that they mean the set after the ones which were brought in today. The report continues:

> The Committee learned that with any inquiry under the Inquiries Act, there are virtually no expenditure guidelines. While standards which are approved by Treasury Board apply to such items as living and travel expenses, no such guidelines exist regarding other potentially expensive items such as the legal costs of witnesses and the length or extensiveness of an inquiry.

The committee then goes on to say that it is concerned about the open-endedness and lack of guidelines for such inquiries.

Another point which came up in the committee is not mentioned in the report; however, it is a point which deserves some attention. The costs of the Parker Commission are referred to here. As I understand it, the tradition has been that when a minister of the Crown is involved in litigation arising from the performance of the duties of his department, the Crown foots the bill. However, we now have a situation where a former minister is involved in expenses arising out of an alleged breach of conflict of interest guidelines. I anticipate that this is not the last time—perhaps not under this government but under future governments—that this kind of difficult situation will arise. It seems to me that persons accepting appointments as ministers of the Crown ought to be clearly advised what the ground rules are. For example, if in the future the situation arises in which a minister of the Crown or a former minister of the Crown is accused of having breached the guidelines, will that minister or former minister be obliged to come up with the money from his own pocket for his own representation, or will the Crown, in the future, be prepared to provide the money? I raise this in an entirely non-partisan manner, because it seems to me that it is perfectly proper that a person when accepting office should know what the obligations will be if, in fact, either inadvertently or advertently, he or she becomes involved in this kind of situation. This is a point which we might have covered in our report. It is certainly one which, in my opinion, deserves some attention.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators—

**The Hon. the Speaker** *pro tempore:* I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.



**Senator Doody:** Honourable senators, I would like to thank Senator Frith and Senator Stewart for their comments. First of all, with regard to the list of items that Senator Frith mentioned, there appears to be no major policy developments in any of these areas. It would seem to me that the committee was satisfied with the questioning on the Canadian Film Corporation and the Indian and Inuit vote, and so on. They seem to be merely extensions of present programs or policies.

With regard to the questions asked by members of the committee which had not been answered at the meeting but to which the Treasury Board agreed to furnish answers—and furnish them by the end of January 1987—there were six such questions. The first one Senator Stewart has just very ably elaborated on, and that is the breakdown and analysis of the extent to which Vote 5—the contingency fund—has been used for unforeseen salary adjustments and for unforeseen expenditures for the last five years. The Treasury Board has undertaken to give us a five-year breakdown in that area.

The second question is with regard to the Secretary of State—Social Sciences and Humanities Research Council. Senator Simard asked whether the government takes into account the effectiveness and impact of research supported by the Social Sciences and Humanities Research Council when examining requests for additional financing. His question also included the degree to which the remarks about this body by the Auditor General are considered before proposing any further budget increase.

The third question dealt with the Energy, Mines and Resources vote relating to New Grade Energy Inc. The chairman and Senator Stewart requested information about the organization of New Grade Energy Inc. as to who is on the board of directors and as to the purpose for which the $20 million will be used.

The fourth question dealt with the Department of Justice—courtroom facilities, Pictou County. Senator Stewart asked whether the grant for the construction of courtroom facilities in Pictou County, Nova Scotia, was an isolated incident or whether similar grants were made for courtroom facilities in other counties. He also asked whether there was a specific program for such expenditures for courtroom facilities.

The fifth question dealt with Regional Industrial Expansion and the grant to Baie Vert Mines Inc. Senator Stewart asked when and how Baie Vert Mines incurred the debt of $19 million to the Crown.

The sixth question related to the Department of Transport vote and passenger vessels. Senator Stewart asked why the $19 million to supplement the acquisition of three vessels was not anticipated and included in the main estimates. I think that pretty well covers the questions that were asked by Senator Frith. Of course, Senator Stewart's comments and guidelines on the minister's defence are well taken. This is a subject that deserves a great deal of attention.

With respect to the guidelines for inquiries, as Senator Stewart has indicated, there appear to be none for the most expensive part of it. I think we also neglected to mention that there were no suggested guidelines for professional fees. It is entirely up to the discretion of the chairman and his officials to decide what rates are to be paid for lawyers, accountants or whatever other professional people are required to attend. That, too, is an area that very likely needs some attention.

With these comments, honourable senators, I commend the supplementary estimates (A) to your care.

**Senator Frith:** Honourable senators, I wonder if the deputy leader would permit me to ask a question with respect to one additional matter?

**Senator Doody:** Very well.

**Senator Frith:** I would like to ask the deputy leader whether his study of the estimates that are part of the appropriation bill now before us, and of the report of the committee, satisfied him on the question of the $1 votes. You will remember that when he was the main critic on this side of the chamber, he was a proponent for a change in the approach to $1 votes. I want to be sure that he is satisfied that the system he then proposed and, to some extent, sponsored is now being properly observed?

**Senator Doody:** That just demonstrates once again how careful one must be in opposition. The answer to that question is yes, by and large, there have been remarkable improvements in the use of $1 votes. My memory—and I do not have the report with me—tells me that there is something like 24 $1 votes in that particular set of estimates. I think five of them were of a nature that required perhaps a little more attention than the Treasury Board would have liked, but, by and large, I still have grave reservations about dollar transfers and $1 votes. They are not used quite as extensively, and their use seems to vary; sometimes there are only one or two and suddenly they will jump up to a large number once again. But, by and large, I suspect that as long as we have Treasury Board officials and busy ministers we will have $1 votes; and as long as I am here I will keep complaining about them.

• (1540)

**Senator Frith:** And we should remain vigilant.

Motion agreed to and bill read second time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## VISITORS IN GALLERY

MEMBERS OF NATIONAL CONGRESS OF ITALIAN CANADIANS

**Hon. Peter Bosa:** Honourable senators, I ask leave to draw your attention to the spectators in the south gallery where the President, Executive and members of the National Congress of Italian Canadians are here as our guests. They will be hosting a reception tonight in the East Block for all parliamentarians; I thought I should draw your attention to their presence in the south gallery and extend to them a hearty welcome on behalf of all senators.

**Hon. Senators:** Hear, hear!

**Senator Frith:** Senator Bosa, would the word "bravo" be appropriate?

**The Hon. the Speaker** *pro tempore:* Senator Bosa, how do we say welcome in Italian?

**Senator Bosa:** Benvenuti.

**The Hon. the Speaker** *pro tempore:* Benvenuti.

## COASTAL FISHERIES PROTECTION ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by Honourable Senator Phillips, for the second reading of the Bill C-26, intituled: "An Act to amend the Coastal Fisheries Protection Act".—(*Hon. Senator Petten*).

**Hon. William J. Petten:** Honourable senators, I would like to congratulate our colleague, Senator Marshall, on his lucid explanation of the bill. I should say at the outset that we on this side of the chamber support Bill C-26.

Tougher penalties should deter illegal foreign fishing. Because of the opportunity of making as much as $60,000 per day, foreign vessels have been quite willing to run the risk of possible apprehension. However, increasing fines is only a first step in addressing the growing number of violations. Foreign overfishing threatens the lifeblood of many fishing communities. A more concentrated approach to the conservation and protection of fish stocks is required.

So, while this legislation increases the fines, the measures the minister has announced, that of providing full observer coverage on all licensed foreign vessels fishing in Canadian waters, arming DFO Atlantic offshore patrol vessels and boarding parties, exploring the DND and MOT means of increasing dedicated air and sea surveillance, acquiring one dual-engine helicopter for sea patrols—one is not very good; I would like to see more, but at least one is a start—and developing an electronic fishing licence that will facilitate identification of licensed fishing vessels, should be implemented.

The government should proceed quickly to implement these measures and put teeth into this legislation. As the bill has been pre-studied by the Standing Senate Committee on Fisheries, I see no need to send it back to the committee and I would recommend to my colleagues the passing of this bill.

**Hon. Senators:** Hear, hear!

**Hon. Roméo LeBlanc:** Honourable senators, I had intended to say a few words on Bill C-32, but looking at the subject matter I felt that anyone reading *Hansard* would wonder why I was speaking on one subject under a completely different

heading. For that reason, may I say a few words about the Coastal Protection Fisheries Act?

I would like to point out that this is a very powerful piece of legislation. Although I agree that the fines should be increased because, in fact, serious violations can take place over a very short period of time, I suggest that perhaps the government could consider using the act again as it was used in 1975. Honourable senators may remember that that was a period when the international organization called ICNAF, which was an organization without very much teeth, could not stop the excessive fishing by foreign nations. Particularly the Soviet Union was accused by Canada in these meetings of ICNAF of overfishing. They did not pay very much attention until one day, probably as a new minister not knowing the implications of it, I used the authority of the act to close the eastern ports to the Russian fleet. This was useful because it got their attention. From then on we solved a good number of issues in our bilateral dealings with them.

I see from the debates in the other place that there has been a considerable amount of irritation with the fact that the United States is fishing parts of the areas outside the 200-mile zone and that, in fact, they have not joined a new organization called NAFO, the North Atlantic Fisheries Organization—

**Senator Frith:** Who hasn't?

**Senator LeBlanc:** The United States. I might suggest that this government, if it is looking for a way to get the attention of Washington, might want to close some ports to the American fleet. It might also solve some of External Affairs' problems in relation to submarines in Canadian waters.

Coming back to more serious matters, although I agree with the increase of the fines, I am surprised that the debate did not touch very much on the question of cancelling licences or refusing licences to those nations that do not behave reasonably. There is no reason why we should renew licences for access to the Canadian zone to persistent violators. I see no reference to that in the bill—perhaps it is covered under another item.

On the question of using electronic and high tech equipment with a combination of satellite passages, it seems to me that this is a good use of high technology. I know that the department, when I was in it, did look at this possibility. I think it might be a very good way to reduce the costs of patrolling to find out if fishing vessels are present.

● (1550)

Honourable senators, I am slightly worried about the tone of the debate concerning surveillance and patrolling in relation to research effort. I have always thought that there was a difficult balance to maintain between how much policing you have in the fishing zone versus how much research you have. In other words, you can have more policing in a city, but you might sacrifice medical services. Surely a mistake in the assessment of fishing stocks by scientists can lead to much more serious repercussions than one vessel sneaking in and catching a few hundred tonnes of fish.

[Senator LeBlanc.]

I would suggest that the debate on whether Canada should or should not extend its jurisdiction beyond the 200-mile limit—what is called the "Nose and the Tail" of the Banks—is one which is important and difficult. But I hope that it does not become an excuse for our other fisheries problems.

Some ten years ago at the end of 1976 when we declared a 200-mile limit, I asked myself if we had not lost an excuse for dealing with a whole series of problems that had nothing to do with the extension of jurisdiction.

I recognize that the issue of fishing outside the 200-mile zone on the Banks is a difficult one, but I hope that it does not become an excuse for failing to consider a whole lot of other difficulties and problems which have not been dealt with by the industry which enjoys some prosperity because of very good export markets.

I suggest that problems such as consistency of quality and the organized marketing effort for Canadian fish are issues which are still with us. They were with us when we extended the zone to 200 miles and they are with us now. My worry is that they will still haunt us when our dollar returns to parity.

Honourable senators, that concludes the remarks I should like to make at this time. Of course, I will have a few words to say when Bill C-32 is debated later this afternoon.

**Hon. John B. Stewart:** Honourable senators, yesterday, in a general way, I suggested that it would be helpful if Senator Marshall, the sponsor of this bill, were to deal with the question of the special licence or permit given to a Japanese boat or organization to catch tuna off the coast of Nova Scotia. In conversations with the senator I agreed to be more specific as to the kind of information I think would be helpful.

First, I think it would be helpful to know under what authority the minister made his decision and what normal requirements were waived by his decision.

Second, where were the Japanese permitted to catch these tuna? Was it within the 200-mile zone or was it, indeed, within the 12-mile territorial sea?

Third, were the Japanese restricted to the same type of craft and gear as that used by Canadian fishermen?

Fourth, to whom are payments to be made by the Japanese and how is the amount of payment to be calculated?

Fifth, who first proposed this Japanese arrangement to the Department of Fisheries and Oceans?

Sixth, was the minister's decision in accordance with the advice of (a) his departmental officials and (b) the blue-fin advisory committee?

Finally, what new arguments were adduced which convinced the minister to make the decision he eventually did make?

I ask that last question because the Premier of the province of Nova Scotia has acknowledged, almost boasted, that he was influential in helping the minister to come to the right decision. I ask the senator what arguments were adduced by the Premier of Nova Scotia, or any other person, to convince the minister to come to the decision that he reached.

Honourable senators, as I said yesterday, this matter needs to be dealt with seriously, because east coast fishermen, even at the best of times, tend to be sensitive people, particularly where access to fishing stocks is concerned. They do not like to feel—perhaps they are all too ready to feel—that they are not being given a fair deal. There is no question but that in this situation they feel they have been very badly put upon.

Any information the senator can give us, either at this stage or at the third reading stage, would be beneficial. This is the kind of situation in which clarification and information may go a long way to remove uneasiness, discontent and a lack of confidence in the minister and the department.

I believe Senator Marshall agrees with me and will make a real effort to satisfy my questions.

**Hon. Jack Marshall:** Honourable senators—

**The Hon. the Acting Speaker:** Honourable senators, I wish to inform the Senate that if the Honourable Senator Marshall speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Marshall:** —at the outset, I commend Senator Petten for his short and succinct speech which covered what I took much longer to explain. He has been a valued member of the Fisheries Committee and I appreciate the recognition that he has given to the importance of this bill.

It is always good to have the participation of Senator LeBlanc who is still respected across the country as a former Minister of Fisheries. The contribution he made to the fishing industry in Canada was often mentioned during the committee's visit to British Columbia and the Yukon.

**Hon. Senators:** Hear, hear!

**Senator Marshall:** He always raises points which others do not think of. I particularly like his idea about closing ports to Americans if they continue to create problems on the Georges Bank, what he calls the "Nose and the Tail." I will pass his ideas on to the minister and they may provide a solution if the fines are not having the desired deterrent effect.

Certainly, the minister has gone far enough to put teeth in the bill and we hope it will eliminate many of the violations such as have occurred in the past.

Mention was made of electronic equipment. During our pre-study of the bill, we had a complete explanation of the devices which are being considered or are now in operation. It seems to me that with the addition of 100 observers and a helicopter, which is now in the negotiation stage, we will see better surveillance and better protection of our fisheries.

Honourable senators, Senator Stewart was good enough to give me notice of many of the questions he has raised regarding the tuna situation. DFO has come up with some answers which I will read, and I hope I will be forgiven if the answers are not in the same order as the questions which he asked a few moments ago.

The senator asked whether the Japanese were permitted to catch the tuna within the 200-mile zone or the 12-mile limit. The answer is that the Japanese fishery was permitted within the 200-mile zone and the conditions of the Japanese licence prohibited fishing within the 12-mile limit and restricted fishing to NAFO divisions, 4VWX along the northeast coast of Nova Scotia and northerly of Browns Bank and in division 3NO. I meant to bring with me the map on which I marked those zones, but I can provide him with that map.

● (1600)

He asked as to whether the Japanese were restricted by the same type of craft and gear regulations as those restricting Canadian fishermen. The answer is no, the Japanese are using a much larger vessel with freezing capacity. A similar type of vessel does not currently exist in Atlantic Canada. The Japanese are using pelagic longlines with multiple hooks. Canadian fishermen are restricted to the use of angling gear or two-tended lines with no more than one hook attached to each line.

His next question was: Are there fish size requirements? The answer is that there are no specified size requirements. The quota stipulation on the fishing licence was that they were to catch 401 blue-fin tuna or 127,252.5 kilograms, whichever is reached first. This provided a built-in incentive to fish larger sized tuna, since the catching of small sized tuna would leave reduced the quota tonnage and thus the profit of this operation. The average weight per tuna caught by the Japanese operators, 97.5 kilograms, was far above the minimum permissible weight, which is 6.4 kilograms, under the regulations of the International Commission for the Conservation of Atlantic Tuna, or ICCAT.

His next question was: Under what provision did the minister allow the Japanese to fish? The answer is that the Japanese were authorized to fish under a licence issued in accordance with the Coastal Fisheries Protection Regulations made pursuant to the Coastal Fisheries Protection Act.

He also asked whether the minister acted in accordance with the advice of, first, his departmental officials and, second, his advisory committee. With respect to the advice of departmental officials, this advice is provided on a confidential basis and ministers are free to accept, reject or modify it. What is relevant is the decision which the minister takes. In this case the minister's decision to proceed with the charter was based on the fact that the arrangement would allow Canadians to gain experience in a new technology. The minister's decision was not inconsistent with the advice of the Atlantic Regional Council.

The next question was: To whom were payments to be made by the Japanese? The answer is that the Japanese and the company agreed that 60 per cent of the payment would go to the 27 fishermen and that 40 per cent of the payment would go to the company.

**Senator Stewart:** What is the name of the company to which the honourable senator refers? My question, honourable senators, if I may, is: Were the Japanese transmitting payment to a particular company? If so, what company? Did the company then make a payment to the 27 private fishermen? In other words, was there a deal struck between the government, the

Japanese and a particular company, a deal which was, in effect, blessed by the Minister of Fisheries?

**Senator Marshall:** I see that the name of the company is the Bayshore Tuna Fisheries Limited. I believe that general agreement has not been reached over the distribution and I think that it is still under negotiation. As to the distribution of payment, perhaps this will clarify the matter. On the calculation of the payment, the Japanese and the company agreed to $1 per pound for the tuna caught. It appears, then, that the fishermen were to get six times the 400,000.

**Senator Stewart:** That amount, less what the company kept for itself.

**Senator Marshall:** Yes. I believe I have answered all of the questions, unless the honourable senator has another.

**Senator Stewart:** I did have another question. What Senator Marshall has said suggests that there is some uncertainty as to whether the minister acted in accordance with the advice of his departmental officials. It seems to be generally known that he did not act in accordance with this advice, at least with their initial advice. On Monday I heard one of them on the radio saying that he was not particularly offended that his advice had not been taken. It is well known that the minister made this decision contrary to, at least, the initial advice of his officials; indeed, the Premier of Nova Scotia has implied that he had to intervene.

My question on that point was: What new considerations were adduced by the Premier of Nova Scotia which led the minister to make his decision? Was it the argument that they were going to learn some new technology, new methods of longlining? I would have thought that that was a technique in which east coast Canadian fishermen were already pretty highly experienced.

**Senator Marshall:** Honourable senators, I would prefer to take the question as notice and I can probably provide an answer tomorrow.

That is all of the information I have today, honourable senators, and I move second reading of this bill.

Motion agreed to and bill read second time.

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Marshall, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Phillips, seconded by the Honourable Senator Doody, for the second reading of the Bill C-31, An Act to amend the Farm Improvement Loans Act.—(*Honourable Senator Argue, P.C.*).

[Senator Stewart.]

**Hon. Hazen Argue:** Honourable senators, yesterday I made some remarks on this bill following the very lucid explanation given by Senator Phillips. He is one of the farmers from Prince Edward Island, which is an important agricultural area, and he takes a great interest in agriculture. I am sure that his remarks are well worth noting. Very often we can learn from one another.

The measure before us today, as I understand it, and I think it is clear from the government's attitude, is really the beginning of the end of the Farm Improvement Loans Act. The bill extends that act for only a further six months.

I think the most important question we must ask ourselves is whether this is a wise move. I realize that it is a move by Mr. Wise, but is it a wise move by Wise? I doubt that it is. This act has been in effect for a very long time. I can attest to that because I came to Parliament Hill in 1945 and that was the year in which this act became operative.

Over the years, this act has been a very useful instrument to the agricultural producers of this country. It has provided a means by which the government could work with the banking institutions of this country. Its basic message to the banks was that if they lent to the farmers money for operational purposes and later for the purchase of land, the Government of Canada would provide a guarantee against loss up to what I believe was 10 per cent of the aggregate of the loan.

● (1610)

It has been a popular and useful measure over the years. I believe it is the experience of everyone, and the record shows, that the act has been highly successful in that farmers have had access to modest amounts of credit at relatively low interest rates—I think the word "relatively" is important—and the loss record has been highly acceptable and, I believe, very encouraging for this kind of operation. For many of the early years of the operation of the act the losses were in the neighbourhood of one tenth of 1 per cent. Since 1981 those losses have been increasing, and I read recently that the losses had gone up to one half of 1 per cent. Some people are speculating that if the farm economy continues to be as bad as it is now, then those losses may reach 1 per cent. But I would say that 1 per cent of the aggregate amount of the loan is still a pretty small amount. If you take a loan that might go over a period of ten years—that is the limit on some of them—it would be a very small part of the aggregate amount that would have to be paid out of the Canadian treasury to meet the losses.

So why is this act being discontinued? I believe that to be a fair interpretation of the measure now before us. I consider that it is an abandonment of the government's responsibility to so order the monetary and financial affairs of this country that farmers will have access to reasonable credit at reasonable rates of interest. It seems to me that in a very real way the government is capitulating to the pressure of the banks—and it has been a pressure that has been exercised not just in the last two years—to get for themselves larger and larger profits. The banks have been downgrading this system. They have been successful in getting away from this system—some chartered

banks more than others. The worst offender, from my point of view—but it might not be the point of view of a person on the government side—is the Royal Bank. The best operator is the Canadian Imperial Bank of Commerce which has made six times as many loans under this act as has the Royal Bank.

What is the conventional position of the banking system when a farmer applies for a loan? The banker says, "You look okay to me. I think it is a good loan; but it will have to be prime plus 2," or in some cases it is prime plus 3. But the banks are not following the government system of guarantees. So what has this done? This has really sucked in a great many farmers to pay very high interest rates—and lest anyone think that it is the small, inefficient or the short-sighted farmer who has got himself or herself into this kind of trouble, from my reading of the situation out west it is the technologically informed, those with the highest educational level, those people in the farming community who are most aggressive, who are the ones who decided that credit was there to lever their operations so that they could do better, be more efficient and make more money. They are the people who went to the banks; and the banks unloaded a lot of credit.

Now farmers are in great difficulty. The banks are foreclosing and they, too, are in a dilemma. Banks are in a dilemma in Saskatchewan. If they take the land from the farmers, which they are now doing, provincial law says that they can hold it for only two years. So they have to put it on the market—and the price of land is collapsing. It has been reduced by 50 per cent in the past three or four years, and it may be reduced another 50 per cent in the next two years. It goes down and down and down; and as the value of land goes down, more and more farmers lose all of their equity and are subject to foreclosure, and more and more land is put on the market. So it becomes a real catastrophe.

In Saskatchewan the banks have only two years to get that land on the market, and so they put it there—and I believe that to be roughly the case in Manitoba and Alberta, where there are laws which prevent outside corporations and financial institutions owning large acreages of land.

That has been the trend. There was a fairly comprehensive debate in the House of Commons. Moe Foster, the Liberal critic, does a highly commendable, excellent, job in his position as critic for the Official Opposition. Moe Foster is a veterinarian from Ontario and has become an expert as an agriculture critic. He understands the farm situation—the western situation as well as the eastern situation.

I was absolutely amazed when looking at *Hansard* of the House of Commons for yesterday to learn that while a very large delegation from the Western Wheat Growers Association was sitting in the gallery—the delegation is in Ottawa to ask the government to take action so that farmers can receive the final payment that is coming to them by right, and by the market return, for No. 1 and No. 2 wheat—Moe Foster was the only opposition member to raise the subject.

The NDP today have bigger fish to fry. They overlooked the wheat producers on the prairies.

**Senator Frith:** And they are catching a few.

**Senator Argue:** They are catching a few. I do not know how they will turn out. When someone comes along unsolicited and crosses party lines, you never know how it will turn out.

**Some Hon. Senators:** Oh, oh!

**Senator Argue:** That is exactly why I said it.

**Senator Frith:** We are happy.

**Senator Argue:** Anyway, they are dreaming about other places and other regions. The predecessor of the present New Democratic Party was a real voice for agriculture. Here was a substantial delegation, representing virtually all of the wheat producers—not because they have the membership but because the subject was a correct one and has support—and the NDP was in a non-functioning role.

However, I should get on. Mr. Foster, in dealing with this subject, says on page 2097 of *House of Commons Debates* for Monday, December 15:

> However, I think what is more important today is whether the Government is prepared to encourage the banks to make more money available. Will he . . .

He is referring to Agriculture Minister Wise:

> . . . call in the respective bank presidents and say we would like to see a certain percentage of the relevant loans made available under this Act?

Not a very revolutionary suggestion. He was not asking them to take over the banks. He did not ask them to bring a section of the banks under federal government ownership—as we have a section of the oil industry and a lot of other industries—but just to call in the presidents, have a nice little visit with them and see if they will do a little more under this act. The Minister of Agriculture, the Honourable John Wise, replied:

> Mr. Chairman, if the Hon. Member thinks this Parliament can legislate that, then he is whistling in the dark. It is a fairyland type of approach.

He wasn't asked to legislate; just to call in the presidents. The presidents should have been called in long ago, and they should be called in now. I believe that this act is a good one and necessary for the future—probably even more so than it has been for the past.

No doubt tomorrow we will be dealing with the government's vote for deficiency payments. The deficiency payments, while welcome to the extent that they are there, really are not going to touch the basic problem. The sum of $840 million is being allocated to western farmers. There are 140,000 permit book holders. So I guess that would àverage out to $6,000 per permit book holder. There is a ceiling of $25,000 above which no farmer can be paid. We all know how averages work. The few who are at the top of the income scale obviously have greater weight in setting the averages, so the great bulk of farmers will get something. like $5,000 in total each. That works out to a first payment of maybe $1,700 or $1,800 for the current fiscal year, and it will double to $3,400 or $3,500 in the next fiscal year. That money will not go very far to solve the financial problems of western Canada.

• (1620)

I had a farm leader—I shall call him a farm leader because he has the support of farmers in his district; he is one of their leaders and he is up for election periodically—phone me last night. He said, "Mr. Argue, I have five quarter-sections of land, I have a $60,000 land mortgage, I have a $50,000 operating loan at the bank, I have a $110,000 debt against my five quarters of land which a few years ago were worth $40,000. Now the bank is pressing me and I am fairly pessimistic. Obviously, I want to be hopeful, but it looks like I am going to lose my farm to the bank." Because there is no protection, farms will be lost by the thousands upon thousands unless some action is taken. There are some review panels, but they have no clout. There is such a panel in Saskatchewan. I think these panels provide a way to ease the farmer—it really does not ease him, but emotionally and psychologically they try to help ease him out of his financial problem by saying, "Look, we don't see any hope for you. Your debts are too high. The best thing is to sign off and avoid any further legal costs and further piling up of debt through interest rates. Throw in the sponge."

What we need in the agricultural industry today are programs like the Farm Improvement Loans Act, which limit interest rates to prime plus 1. There are people in this chamber who know better than I exactly what that means, but I guess it represents something over 10 per cent today. The Premier of Saskatchewan brought in a limited program to reduce certain interest rates for farm loans to 6 per cent. If we had a program that provided a small subsidy on interest rates, that, say, brought them down to 6 or 7 per cent on an amount that enabled the farmer to retain his five or six quarters of land, that extended the payment period over a substantial time, and that perhaps said to creditors, "We will still include for some of the debt a nominal obligation without interest so that if there is a big turn around in the farming community, part of that additional debit will be paid," the farmer might have a chance to keep his land. In my judgment, such a program would come to this nation with a lower financial cost than that resulting from the way we are proceeding now, a way that is opposite to this bill—high interest rates, heavy debts, foreclosures and a process of putting land on the market when there are no buyers.

I have been told by two people—and I admit that it is only two people—in western Canada—one in Manitoba and one in Saskatchewan—that in their areas some farmers have their land for rent and nobody will pick it up. That land may remain idle in 1987 simply because nobody thinks that they can operate the land and make any money off it. We are in a very difficult situation. I think it goes beyond partisan politics. I think that a lot of thought should be given to this problem. There are ways out. The banks could lend money at a reasonable rate with a guarantee. With a guarantee from the government they will not lose anything. All the government says is, "Operate at a modest profit." The banks say, "No, we want exorbitant profits." It seems that many large creditors can get money at prime plus 1. Surely if the Government of Canada guarantees the banks prime plus 1 on loans to farmers, such a program should provide farmers with some money.

The Honourable Erik Nielsen headed a task force that investigated many of these expenditures. The report contains some useful information. For example, in 1966, 44 per cent of the agricultural lending portfolios of the banks of this country was made up of guaranteed loans under the Agricultural Farm Improvement Loans Act. Today the percentage is down to 6.4 per cent. That tells the story. The Nielsen report says in its conclusion:

> The study team recommends to the Task Force that the government consider allowing the program to expire and transferring the administration of the claims payments to Farm Credit Corporation.

I am pleased to support this bill because it keeps this act alive for another six months. I hope those who are studying the agriculture credit situation in Canada will try to bring some new thinking to the problem of bringing down interest rates, and to give farmers an obligation that they can handle, and try to take extraordinary steps to maintain a reasonable market value for land so that the equity of farmers, whether they have clear title or whether they are heavily in debt, is not allowed to deteriorate any further.

**Hon. Orville H. Phillips:** Honourable senators—

**The Hon. the Acting Speaker:** Honourable senators, I wish to inform the Senate that if the Honourable Senator Phillips speaks now, his speech will have the effect of closing the debate.

**Senator Phillips:** Honourable senators, I thank Senator Argue for his participation in the debate and rise to assure him that the government has not decided to discontinue the Farm Improvement Loans Act. If the honourable senator had read thoroughly the House of Commons *Hansard* he was referring to, he would have seen that the minister said that such was the case. I was almost tempted to remind Senator Argue that he forgot to read some very interesting parts of the *House of Commons Debates* and the *Debates of the Senate*. I thought he would have referred to the minister's remarks on what the increased interest rate did to the farm economy, or to the fact that this government has, in just two years, placed $5.8 billion in various farm programs.

**Senator Argue:** That is stretching it pretty far, Orville.

**Senator Phillips:** And that does not include the $1 billion for the grain farmers.

**Senator Argue:** Most of that money had to be paid out because the law required it. You could not break the law even if you wanted to.

**Senator Phillips:** I thought that I would make the record more precise with those remarks.

**Senator Frith:** Nice try.

Motion agreed to and bill read second time.

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Phillips, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

• (1630)

## FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Robertson, seconded by the Honourable Senator MacDonald (*Halifax*), for the second reading of the Bill C-32, intituled: "An Act to amend the Fisheries Improvement Loans Act."—(*Honourable Senator LeBlanc*) (*Beauséjour*).

**Hon. Roméo LeBlanc:** Honourable senators, I am trying to establish a record by speaking twice in the same day.

**Senator Marshall:** It does not happen very often.

**Senator LeBlanc:** We support the extension of the Fisheries Improvement Loans Act for a six-month period. I am tempted to ask the question that I should have asked when I was sponsoring this very same legislation, namely, why are we doing it for six months and not for two years? Someone suggested that perhaps the Department of Finance was trying to reform it, or amend it, or change it. Of course, that department is involved in other things. If I could borrow from Mr. Diefenbaker's famous quote, "When the Department of Finance is chasing a moose, they do not get distracted by rabbits." I do not know if this is seen as rabbit legislation.

The fact is, however, I would like to put one question—and I will wait until third reading to get the answer. When a fisherman goes to his banker, is the licence used as collateral? In other words, are the banks assuming that they can take a fisherman's licence and his boat, et cetera, as collateral? I think it would be an interesting fact to ascertain, if we could, at third reading.

On the general issue of why we only do it for six months, I will leave that for the next time we renew it.

**Hon. Senators:** Hear, hear!

**Hon. L. Norbert Thériault:** Honourable senators, I want to say that I used to ask that question in this house when my colleague who just spoke was the minister. At that time it used to be done yearly. I thought it was bad enough that we had to do the same thing every year; now it seems to me that it will be every six months unless, as Senator Argue has pointed out, the government is winding down this legislation. However, as far as the east coast is concerned, I am not sure that it would make that much difference.

I do, however, want to point this out. I have been in this house for a number of years and I cannot help but sit back and enjoy and listen to the representatives from western Canada from either side of the house when they speak about farming and agriculture. I sometimes envy them, and sometimes I make up my mind that I will speak long and loud every time there is anything to be said about fisheries in the hope that maybe, at long last, we may get some recognition. To make my point once more, honourable senators, I want to say this: If you look at the previous bill regarding the Farm Improvement Loans Act, you will notice that the written figure is one billion, five hundred and fifty million dollars. Senator Argue—and I suppose rightfully so—says it is not enough; it should be more. I am not for one moment going to pretend that fisheries is as important an industry to this country as agriculture, but I can say that the export from fisheries has passed the billion dollar mark; a large number of people on the east coast and on the west coast—I have just returned with my colleagues from the west coast where we were looking at the fisheries situation in that part of the country—could use some assistance. But you look at this pittance, $30 million in 1986, when the budget of Canada is over the hundred billion dollar mark. We waste the time of Parliament, which asks us to renew the guarantees and come to the assistance of fishermen with a pittance of $30 million.

**Hon. Brenda M. Robertson:** Honourable senators—

**The Hon. the Acting Speaker:** Honourable senators, I wish to inform the Senate that if Senator Robertson speaks now, her speech will have the effect of closing the debate on the motion for second reading.

**Hon. Gildas L. Molgat:** Honourable senators, before Senator Robertson closes the debate, I wonder if I might say a few words regarding one of the aspects of fishing that has been overlooked in the past by the Fisheries Improvement Loans Act. I realize it is not nearly as big a problem as it is on the coast, but the inland fishery does require some different treatment, because a good deal of the inland fishery—and Senator Marshall's committee commented on this and received a number of representations to this effect during our tour—is done in the winter. The equipment required for that activity is snowmobiles and specialized equipment of that sort, which has not been covered in the past by the provisions of the legislation which deals with boats.

That particular fishery is important to the native people of this country. A good deal of it is done by native fishermen in northern Manitoba, Saskatchewan, Alberta, and part of it is done in the Yukon. There ought to be provisions in the legislation to permit those who have this specialized kind of fishing to obtain the same sort of assistance for equipment as is provided to those who need boats for their fishing activities.

**Hon. Senators:** Hear, hear!

**Senator Robertson:** Honourable senators, I appreciate the interventions on the part of Senator LeBlanc, who has such knowledge of this particular area, my old friend, Senator Thériault and Senator Molgat. I know that your interventions are serious interventions and that you have a great concern for the fisheries.

The figure that Senator Thériault mentioned as being such a pittance is when you refer and relate it to the figure received by the agriculture industry.

If I might go back—you will notice this in *Hansard*—I was quite shocked to notice that since the inception of the Fisheries

Improvement Loans Act in December of 1955, the act has guaranteed loans totalling only $246 million. In all, that is not very much money; it really isn't if you look over that period of time, considering the fact that the livelihood of so many fishermen depends on the continuing support of governments.

I come to a comment by our present minister—and it may help to answer Senator LeBlanc's query regarding why this bill is established for six months, et cetera. I am somewhat encouraged when I see the response of our minister in the other place when he tells the other house that he wants this time because he wants to look at other ways for improving the provision of preferential financing for the fishermen. I believe that that is a sincere comment on his part and that this short interlude of additional assessment will give the department and the government an opportunity to look at ways to improve the way in which we manage the credit services for our fishermen. God knows, we have to have an improvement in this. We know that the repayment rate has been very good. I believe the last figure for default I looked at here was only 5.5 per cent, which was pretty good. Certainly that is not an aspect that has to be terribly offensive to anyone. However, I would be optimistic, and I am certain all members of this chamber would be optimistic, that in the six-month period that we are making available to the minister, to his department, and to the government, that they will be able to come up with improvements for the financial support of our fishermen on both coasts and in the freshwater fishery, as identified by Senator Molgat. Although the committee chaired by Senator Marshall dealt with the items mentioned by Senator LeBlanc, which are improved quality, improved marketing and diversification of species for consumption, all of which have been haunting us for some time now, when we were listening to the witnesses, we heard all of their other problems and it was only proper and just that we listen to those as they were presented to us.

● (1640)

Honourable senators, there are many problems, and I wish the minister and his staff well in the next few months as they try to come up with improved financial support for our fishermen, because they certainly need it.

Honourable senators, with those few comments, I conclude my remarks on the motion for second reading of this bill.

**Senator Thériault:** Honourable senators, would the sponsor of the bill permit a question?

**Senator Robertson:** Certainly.

**Senator Thériault:** Is the sponsor of the bill prepared now to tell us what the minister has in mind in order to replace the present legislation?

**Senator Robertson:** Honourable senators, I will attempt to get the information Senator LeBlanc asked for regarding licensing. I have not yet put that question to the minister.

Honourable senators, although I cannot be specific, it is my understanding that the minister is considering different models. From my understanding of my conversations with the department, I believe they are having some problems with the banks. It is too soon to give specifics of the models. If the honourable senator has any recommendations, I would be glad to pass them on to the minister.

[Senator Robertson.]

Motion agreed to and bill read second time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Robertson, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## EXCISE TAX ACT
## EXCISE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Duff Roblin** moved the second reading of Bill C-14, to amend the Excise Tax Act and the Excise Act.

He said: Honourable senators, I appreciate the opportunity to say a few words of introduction to this piece of legislation which is called Bill C-14, an act to amend the Excise Tax Act and the Excise Act.

It is fortunate, I think, that the bill received a pre-study by the Standing Senate Committee on Banking, Trade and Commerce on November 5. At that time representatives of the department dealt with some of the questions which arose. Nevertheless, since this is the official occasion on which this bill is introduced in the chamber, I think it incumbent upon me to give a brief review of the facts.

While its title refers to excise tax—and perhaps sales tax is included in that phrase—it includes a good deal more than that. It includes some items of tax relief and tax adjustment, as well as tax imposition, which all have their important aspects.

The bill arises from the February 1986 budget and cognate matters in connection with that which the Department of Finance thought fit to legislate upon. It covers, among other things, an increase in the revenue of the treasury. In fact, I think it is probably fair to say that the main impact of this bill is to increase taxation in order to help the government deal with the questions of the deficit in the budget and to provide some of the funds, at least in a theoretical way, for some of the other measures that were discussed this afternoon, because the money always has to come from someplace and it is always painful, at least I found it to be the case, to have to impose or to recommend legislation that increases taxes. But, I would suggest, it is inevitable.

The main revenue increases in this piece of legislation call for an increase in the federal sales tax of 1 per cent. This is, of course, added to the tax rates now in effect and means that the tax on construction materials and cable TV will now be 8 per cent. Alcohol and tobacco will go to 15 per cent and other taxable items will be now taxed at 12 per cent. This, of course, will raise a substantial sum of money, well over $1 billion in one particular fiscal year.

In addition to the sales tax increases, there are excise tax increases on alcohol and tobacco. Formerly, the excise tax in many respects was an *ad valorem* tax so it increased automatically when the price of the goods concerned rose, but, I think

advisedly, we have dispensed with the *ad valorem* system and now we have to raise the tax deliberately if we wish to have the same effect. That is what is being done in this instance.

The result of this measure will be to increase taxation on these commodities by about $150 million in a full year.

Not only are the sales tax and the excise tax changed in this way but a number of other tax items are included in this bill.

The air transportation tax is modified. It has been increased by 1 per cent to a new total of 10 per cent. This is a tax on air transportation, as I think senators are aware, and the increase of 1 per cent has been brought in in order to finance the limitation of the tax to a ceiling of $50 per trip. This limitation has been brought in to meet the special situation of long distance travellers, many of whom live in remote parts of the country. It was thought more equitable to put a ceiling on this tax of $50 per trip, and in order to finance the imposition of the ceiling, the tax itself was increased by 1 per cent so that other travellers will, of course, make up this difference.

There is also a change in sales tax provisions and in the tax on tourist literature. This has long been a source of irritation to people in the tourist industry. They have had to pay a sales tax on some of the literature that they use which has had the effect of putting them in what they thought to be an unfair competitive position with literature of this kind that was coming from other quarters, and particularly outside the country. That sales tax has been dealt with by means of a proposal to refund the tax to those people who are paying it at the present time. It was thought that this would eliminate a long-standing complaint of the tourist industry.

There has been another important change which has to do with the tax rebates that are given to primary producers, farmers in particular, with respect to farm fuels. Two things are being done here. The period of relief from the sales and excise tax that was previously in force has been extended by another year; and the total amount of the rebate has been increased so that it now amounts to about 5.5 cents per litre for those in the farms of the country who are eligible. The cost of these two changes, for which the government forgoes revenues, in a fiscal year would be about $230 million.

Honourable senators, some other items in this bill should be noted. There is an arrangement to allow a rebate of gasoline tax to certain diplomats in the country. This is, I understand, to be imposed on the basis of reciprocity, so that if rebates are given to our diplomats in other countries, then the same courtesy will be extended to foreign diplomats in Canada.

There is also a revision of the rules on garnisheeing, which makes it a little more practical for legal action to be undertaken.

There are other minor changes in the tax mechanism which perhaps are not worthy of detailed comment.

Honourable senators, that is the substance of the bill. It has been the subject of a pre-study by the Standing Senate Committee on Banking, Trade and Commerce, and that committee reported to this house quite some time ago that it should be favourably considered.

However, I want to take advantage of this opportunity to unburden myself of a couple of points in connection with the principles of sales taxation which have always given me some concern.

● (1650)

One has to do with the fact that the federal sales tax at the manufacturer's level often becomes a much higher percentage when the retail price of a commodity is calculated. The fact is that in many instances the sales tax imposed at the manufacturer's level becomes part of the tax of the price mark-up system. As a consequence, by the time those mark-ups are made from the wholesaler to the retailer through to the consumer, that 3 per cent tax, or whatever it is, becomes something higher. When it is possible to pass on this escalation of the tax because of the mark-up system, that is done; sometimes it is not possible and it is not done, but there it is.

I have always been one of those who thought that it would be a good thing to look for other means by which to raise money, means that would avoid this unpleasant system of mark-up, but I do not know whether that will come to pass. Now that we are considering a business transfer tax, it may be possible to devise arrangements such that when this tax is imposed it does not become part of the mark-up escalation. Perhaps I am optimistic and that may not prove to be the case, but I simply wanted to share with the Senate my view that it would be desirable to do that, because otherwise the impact of taxation becomes something other than what we think we are doing or recommending when the tax is passed here.

The second aspect of the sales tax legislation which I think concerns us all is the fact that it is a regressive tax. In my time, I have had the unpleasant duty to propose sales taxes in other jurisdications, and I know that such taxes are regressive. There is the general feeling that we should see that regressive taxes do not get out of control. I think that in many instances the sales tax is highly appropriate to be relied upon as a source of revenue, but its regressive feature ought to receive some consideration.

**Senator Frith:** What does "regressive" mean in that context, senator?

**Senator Roblin:** It means that it bears more heavily upon the poor than it does upon the rich as a proportion of their income. That would be my off-the-cuff definition. I thought that the term was so well used that even Senator Frith would understand it, but perhaps it is his legal mind which requires a more concrete definition.

**Senator Flynn:** Perhaps it is because he is sitting in the opposition.

**Senator Frith:** Not for long, I hope.

**Senator Roblin:** Hope springs eternal in the human breast. I do not, as a rule, indulge in prophecy in matters of this kind, but I would not advise my friend to get too itchy at the moment, because he is going to be there for a little while, at any rate.

As far as this matter goes, however, there is this question of equity in connection with taxation which has always concerned legislators, and I think it concerns this chamber. I mention this because, although it is not in the present bill, there is a bill to come before us which will bear on this matter; that is, there is to be a tax credit rebate available for persons in the lower income groups in the country. That will amount in the case of a family of four to $150 per family, which, according to the figures I have seen, is considerably greater than the extra taxation that is being imposed by this piece of legislation.

Honourable senators, we have at least a bit of a handle on this question of the regressive nature of sales taxes. I for one am glad to see it. It may be that this will be expanded upon in days to come; who is to know? But as far as I am aware, this is certainly the first time in this nation that we have taken such a step in order to bring some measure of equity to bear on the regressive nature of taxes of this kind. I want to encourage anyone who is pursuing this line of policy-making to continue with it, because I think that it is an extremely valuable one to espouse and to bring into being as part of the tax law of the country.

Honourable senators, that is the bill. There are two points about sales taxes that I do not like: One is their regressive nature, the other is the mark-up characteristic. There is some hope that we will be able to do something about both of those things. If we do, I will certainly be very happy to support it.

I should report to the Senate that the Standing Senate Committee on Banking, Trade and Commerce, as a result of its pre-study, reported to us that the bill should be favourably considered when it arrives here. That is certainly my recommendation to honourable senators today.

On motion of Senator Leblanc, debate adjourned.

## BUSINESS OF THE SENATE

On orders Nos. 9, 10, 11 and 12:

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, Orders Nos. 9 and 10 stand in my name and deal with the consideration of reports of the Standing Senate Committee on Internal Economy, Budgets and Administration. Order No. 11, which stands in Senator van Roggen's name, deals with the consideration of a report of the Standing Senate Committee on Foreign Affairs, which report has to do with a budget. The same can be said of order No. 12. All of those orders were put over until today so that senators would have an opportunity to examine the budgets, which were to appear in the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of yesterday. Unfortunately, we have not yet received those *Debates* and *Minutes*, so I suggest that we stand these orders until tomorrow.

Orders stand.

## COMMONWEALTH PARLIAMENTARY ASSOCIATION

THIRTY-SECOND CONFERENCE HELD IN LONDON, ENGLAND, FROM SEPTEMBER 23 TO OCTOBER 2, 1986—INQUIRY STANDS

On Inquiry No. 1:

**Hon. Heath Macquarrie:** Honourable senators, as an indication of my kindly sensitivity, I do not plan to speak to this matter today but will do so tomorrow. I would, however, like leave of the Senate to table a document, which is the report of the conference that was prepared by the Parliamentary Relations office and tabled by the Honourable Lloyd Crouse in the other place some time ago. I commend this document to senators. It is lengthy and I therefore desist from suggesting that it be printed as part of today's proceedings, and I might add that this has nothing to do with the fact that yesterday's *Hansard* has not yet appeared.

Inquiry stands.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, December 18, 1986**

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

Prayers.

## THE SENATE

DELAY IN PRODUCTION OF *DEBATES* AND *MINUTES*—QUESTION OF PRIVILEGE

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I am rising on what I would regard as a question of privilege which affects members of the Senate and the proper functioning of this legislative chamber.

Yesterday we met and began our proceedings without the benefit of either *Hansard*—which is the record of the debates—for the preceding day and without the *Minutes of the Proceedings of the Senate*. Despite the absence of this necessary material, we overlooked the situation and continued with our business.

I think it would have been quite proper to raise a point of order and to argue that the Senate could not proceed legitimately or lawfully with its business in the absence of the proper order of business that ought to be on the desk of each senator. However, that was not done. Today, however, we are meeting for the second time without the official transcript of the debates of the Senate. The situation has improved today in the sense that we now have the *Minutes of the Proceedings of the Senate*, but we do not yet have *Hansard*, the actual debates of yesterday.

Honourable senators, it is my view that the first priority for the printing establishment should be the Parliament of Canada, and the Parliament of Canada is comprised of two chambers—the House of Commons and the Senate. That ought to be the first priority. I think that traditionally that priority has been met. It certainly was met yesterday and today with respect to the House of Commons, because all the necessary documentation, including *Hansard*, the Orders of the Day—the projected order of business—has been provided to the members of the House of Commons.

One wonders how it is that the Senate has been relegated to a lower status and why is it, as we are told—not from any person in authority—that other printing has been undertaken by the Printing Bureau and the work of the Senate has been put aside?

I do not intend to make a point of this against the government at all; I do not know whether, in fact, it is the responsibility of the government to ensure that the necessary documentation is available for the Senate. It would be the responsibility of the Speaker of the Senate to ensure that our privileges are protected. Therefore, I am raising the subject. I believe it would be useful for the Senate to consider asking the Queen's Printer to come before the Senate at the earliest possible moment to explain why a lower priority has been accorded to the work of the Senate. If that requires a motion, I would be pleased to make such a motion at the appropriate time to call the officials from the Printing Bureau before the Bar of the Senate to explain why the publishing of the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* for the 16th and now the 17th day of December has been delayed. That would be the form of the motion that I would propose, but I will not move it at the moment. I am giving notice that I have it in mind.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have to admit that I have great difficulty in arguing with any of the points raised by my honourable friend across the way. It was with great embarrassment yesterday that I announced to this chamber that we did not have the necessary materials before us to consider properly the work that we had to do. I am very appreciative of the fact that our colleagues on both sides of the house agreed to go along with the business of the Senate and expedite the business at hand.

Today, as Senator MacEachen has said, we are faced with a somewhat less difficult position but, nevertheless, a difficult position. I must commend the officials at the Table for their work today in persuading the people at the Printing Bureau to provide at least the *Minutes* in time for us to proceed, and also with the *Debates of the Senate* of the day before yesterday with which to work today. It is almost like trying to find a *Globe and Mail* in Newfoundland. In Newfoundland, I am told, if you want today's *Globe and Mail*, you will have to go to the store tomorrow. That is the sort of system they seem to be applying to the Senate, and that is completely unacceptable.

I agree with Senator MacEachen that the time has come for the representatives of the Printing Bureau, the Queen's Printer or whoever, to appear before some body or group responsible for the management of the Senate to explain to us exactly where their priorities lie and why they differentiate between the two houses of Parliament. It may very well be that the Internal Economy Committee might seize itself of the opportunity to look into this matter for us. Perhaps it might even be the Rules Committee, but I suspect that the management committee might be the more appropriate one. I would ask the chairman and deputy chairman of that committee to give the matter some consideration and perhaps in the not-to-distant future to bring these people before us to tell us exactly how they intend to deal with the affairs of the Senate in the future.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I doubt that it is appropriate to have this matter referred to a committee. This is something that affects

very directly our ability to do our work in this chamber, and if it is an affront, as I believe it is, to anyone, it is not an affront to our Internal Economy Committee or to our administration; it is an affront to every one of us, and I would like the person responsible for that decision to know that we take the matter very seriously.

Honourable senators, I know this step has never been taken in the time that I have been in this chamber, but then I cannot remember an occasion when it was more appropriate to have the persons responsible called before the Bar of the Senate to explain to all of us the reasons for that decision. I do not think it appropriate to ask them to come before the Internal Economy Committee and then for us to wait for a report in due course. They will not take that seriously. However, if we ask them to come here before the Bar of the Senate and explain to all of us—not to a committee of the Senate; not to the Leader of the Government; not to the Speaker but to every one of us—then they will know that we mean business.

I think that this case does justify the motion that was suggested by Senator MacEachen. I think the motion should be made and that the person responsible should appear here tomorrow to explain why this decision was made. We will find out the facts tomorrow, but I understand there is very persuasive evidence that this delay was not caused because the Printing Bureau had too large a back-log of parliamentary proceedings; there is evidence that a decision was made to print other things. Therefore, it seems as if someone said: "We cannot get this job done and do our duty to the House of Commons and the Senate," and that someone else said: "Don't worry about the Senate. Get that job done and we will get the *Minutes* and *Debates* over to the Senate whenever we can." Now, we do not know whether that is so—I only say that to indicate the kind of information I think we should get tomorrow. I think it justifies a motion that the persons responsible be called before the Senate tomorrow to explain why they are not giving it the priority they should.

**Hon. Senators:** Hear, hear!

**Senator Doody:** Honourable senators, I can only say that I share Senator Frith's concern in this matter. However, I would hate to be too precipitate in this particular regard. I would like to inquire a little bit further and perhaps discuss the matter outside before we pass such a motion to bring these people before the Bar of the Senate. I think that we can always make that decision; that can always be done. Perhaps we should try to find out a little bit more about the matter before we do that. But, as always, I am completely in the hands of the majority of senators, and if it is their desire at this point to move such a motion, obviously, that is what will be done and tomorrow we will have these people before us. I personally am more inclined to the sober second thought process and would like to have some time to discuss and consider this matter before we make that move.

**Senator Frith:** Well, I am perfectly sober and I have now given it second thought, and I still think that is what we should do.

[Senator Frith.]

**Senator Doody:** That is the message I tried to get across on Bill C-11, but it did not work.

## BANK OF CANADA

APPOINTMENT OF JOHN CROW AS GOVERNOR

**Hon. Ian Sinclair:** Honourable senators, I think a number of senators—possibly everybody in this chamber—would want to extend to the government our thanks for and our appreciation of the appointing of John Crow as the successor to Governor Bouey in the Bank of Canada. Mr. Crow is an eminent economist. He has had extensive experience in international finance at IMF and has served with distinction in the Bank of Canada since he joined it some years ago. I hope, honourable senators, that this is a precursor of the kind of appointments that we will see, where people of experience and knowledge in businesses are promoted from within.

**Hon. Senators:** Hear, hear!

## DISTINGUISHED VISITOR IN GALLERY

HIGH COMMISSIONER FOR BARBADOS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I wish to take this opportunity to call the attention of the members of the Senate to the presence in the gallery of a very distinguished representative of another Commonwealth country, Peter George Morgan, High Commissioner for Barbados, whom we are so happy to see with us and whom we welcome to Canada as the new High Commissioner.

**Hon. Senators:** Hear, hear!

## CHARTER OF RIGHTS AND FREEDOMS

RESOLUTION ADOPTED BY LEGISLATIVE ASSEMBLY OF PROVINCE OF ONTARIO

**The Hon. the Speaker** informed the Senate that he had received the following resolution adopted by the Legislative Assembly of the Province of Ontario:

> On motion by Mr. Epp,
>
> Resolved, That this House authorizes that a Proclamation be issued by the Governor General under the Great Seal of Canada amending Section 7 of the Canadian Charter of Rights and Freedoms to read as follows:
>
> > Everyone has the right to life, liberty, security of the person and enjoyment of property and the right not to be deprived thereof except in accordance with the principles of fundamental justice,
>
> and urges that the Senate and the House of Commons and the Legislative Assemblies of the other provinces do likewise.
>
> *Adopted by the Legislative Assembly of Ontario this 27th day of November, 1986.*

[*Translation*]

## INCOME TAX ACT AND RELATED ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-23, to amend the Income Tax Act and a related Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

• (1410)

[*English*]

## OFFICIAL REPORT

CORRECTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I would like to call the attention of the Senate to what appears to be an error in yesterday's *Debates of the Senate* which just arrived on my desk.

The error occurs at the bottom of page 342 where it says:

> Of course, Senator Stewart's comments and guidelines on the Ministry of Defence are well taken.

I believe what I actually said was, "... on the minister's defence ..." rather than "... the Ministry of Defence ...".

Honourable senators, the error in *Hansard* is quite understandable since I am not well known for using either of the two official languages with any great facility. I simply call that to the attention of the editors, because the Ministry of Defence really needs no defence at this time. [*Corrected*]

[*Translation*]

## NATIONAL FINANCE

LEAVE GRANTED TO PRESENT REPORT OF COMMITTEE LATER THIS DAY

**Hon. Fernand-E. Leblanc:** Honourable senators, the National Finance Committee met this morning to examine supplementary estimates (B) but the report has not been completed yet. I will receive it later this afternoon.

Therefore I ask leave to revert to this item when I receive the report.

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

**Hon. Senators:** Agreed.

[*English*]

## BANKING, TRADE AND COMMERCE

LEAVE GRANTED TO PRESENT REPORT OF COMMITTEE LATER THIS DAY

**Hon. C. William Doody (Deputy Leader of the Government):** I believe that Senator Sinclair, as Chairman of the Banking, Trade and Commerce Committee, finds himself in the same situation as Senator Leblanc.

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

**Hon. Senators:** Agreed.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE ON SENATE ESTIMATES FOR 1987-88 TABLED

**Hon. Royce Frith,** for Hon. Guy Charbonneau, tabled the Seventh Report of the Standing Committee on Internal Economy, Budgets and Administration, the Senate estimates for the fiscal year 1987-88.

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

**Senator Frith:** I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Honourable senators, if I might explain, the estimates will be tabled and I am going to ask honourable senators to approve the budget tomorrow.

**Senator Doody:** The "boojit."

**Senator Frith:** My pronunciation was a bit too western for Senator Doody's taste.

Honourable senators who are interested in looking at the budget or the summary of the budget will have an opportunity to do so providing the printers pull up their socks. We will have something to look at when I ask for approval of the budget tomorrow.

Motion agreed to.

EIGHTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. Royce Frith,** for Hon. Guy Charbonneau, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, December 18, 1986

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

EIGHTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Fisheries for the proposed expenditures of the said Committee with respect to its examination of all aspects of the marketing of fish in Canada, and all implications thereof, as authorized by the Senate on October 28, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Transportation and Communications | $15,135 |

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

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

**Senator Frith:** With leave, now—and I will explain.

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

**Hon. Senators:** Agreed.

**Senator Frith:** Honourable senators, this is a budget supplementary to one that was already approved for the Standing Senate Committee on Fisheries. It was presented to the Internal Economy Committee this morning. The request for additional funds arises because the Fisheries Committee, when it travelled out west to examine and report on the west coast fisheries, had part of its trip cancelled because of bad weather. The chairman of that committee informed us this morning that it was an important leg of their journey which does need to be completed. That is the explanation for the request.

If any honourable senator wishes to examine this report in more detail, I will be happy to adjourn the request for approval. If not, I suggest that we approve it now.

Motion agreed to and report adopted.

## THE SENATE

DELAY IN PRODUCTION OF *DEBATES* AND *MINUTES*—NOTICE OF MOTION

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I give notice of the following motion:

> That officials from the Canadian Government Printing Bureau be called before the Bar of the Senate to explain the delay in the publishing of the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate*.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, if my understanding is correct, this arises as a matter of privilege. Therefore, there is no notice, as such, required, but the motion will now take its place at the end of today's proceedings when motions are called. That means that if someone can talk us out of this with a good explanation, of course there is time between now and then to do so.

## BUSINESS OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, at this point I usually move the adjournment motion for the date and hour of the reconvening of the Senate, but since the order of business at this point is rather uncertain and we are not quite sure about the order in which legislation will arrive from the other place, I ask permission to revert to Notices of Motions later this day.

[Senator Frith.]

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

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# QUESTION PERIOD

[*English*]

## CANADA-UNITED STATES RELATIONS

TRADE—IMPOSITION OF U.S. TARIFFS ON CANADIAN FOREST PRODUCTS—MITIGATION OF HARMFUL EFFECTS—GOVERNMENT ACTION

**Hon. Raymond J. Perrault:** Honourable senators, I want to ask the Leader of the Government in the Senate whether he has even a sliver of information with respect to the threatened U.S. action against the lumber industry in Canada. It remains a matter of serious importance not only in British Columbia but in other wood-producing provinces. Has he any further information today, some news that can send us joyously into the holidays?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I hope my honourable friend will not be going joyously into the holidays today, because the house will, no doubt, be sitting tomorrow. Having said that, all I can say about the matter he has raised is that the government has rejected the latest proposition from the United States on the ground that it would have infringed our sovereignty.

**Senator Perrault:** Needless to say, this will be a difficult Christmas for many people involved in the lumber industry in this country. They will not be eating escargots and pheasant under glass—many of them will be having a tough time at the food bank. This is serious business indeed for thousands of Canadians from coast to coast.

Honourable senators, on June 4 last I directed a series of questions to the government leader's predecessor. I asked about the impact of the American action against shakes and shingles. His reply was this:

> The full impact of this American action has not yet been assessed—it does not come into effect until June 6—but when it is assessed the government will decide what to do in order to be of some service to the people of the province of British Columbia who are affected. Whether it will involve this legislation—

—which I will come to in a moment,

> —or not I can't say. It is possible, but we will have to see how the matter develops.

I remind the Leader of the Government that in 1970 when a Liberal government was faced with retaliatory action by the United States, we introduced legislation to provide a means by which to support levels of employment in Canadian industry when other countries imposed temporary import surtaxes or took other actions having an adverse effect upon employment in Canadian industry. The aggregate of all amounts it is

possible to expend, pursuant to subsection 1 of that act, totals $80 million. That is precisely the amount of money the Minister of Finance stated in the other place would be realized as a result of the so-called retaliatory action against the United States.

• (1420)

My question is this: The shingle workers have been waiting for over six months for some action by the government to provide alternative employment or to retrain them in new skills. Is the Leader of the Government prepared to announce today what, in fact, has been done with the money that was to be realized as a result of this measure, and is it being spent to help these unemployed workers?

**Senator Murray:** Honourable senators, I will have to study the honourable senator's question very carefully in order to formulate a response. I get the impression that he is mixing up at least two issues.

**Senator Perrault:** I am not mixing up two issues at all. The Minister of Finance stated in the other place that $80 million would be realized as the end result of the U.S. action which was taken against the Canadian shake and shingle industry. I would refer the Leader of the Government to the line of questioning as it is recorded in the *Debates of the Senate* of June 4, 1986.

**Senator Murray:** Honourable senators, I do not know what the honourable senator is talking about when he talks about realizing $80 million from actions that have been taken by the government against the Canadian shake and shingle industry. I just do not understand what he is talking about. I shall have to read his question more carefully.

**Senator Perrault:** I am talking about the extra cost to Canadian producers of shingles and shakes as a result of this tariff—the economic effect. I refer the Leader of the Government to page 2543 of *Hansard* of June 4.

**Senator Murray:** As a result of what measure?

**Senator Perrault.** As a result of the American attempt to restrict the flow of Canadian shakes and shingles into the United States market, which has had a devastating effect on our industry.

**An Hon. Senator:** How many people have become unemployed?

**Senator Perrault:** As a result of this action, we have taken certain measures against the United States.

**Senator Murray:** Honourable senators, we have taken certain measures against the United States, to which the honourable senator referred yesterday in his question concerning a tariff on English language books.

**Senator Perrault:** That is the retaliation.

**Senator Murray:** Yes. We took that retaliatory measure because we thought it was important to send a message to the United States that they could not with impunity discriminate against us in the way they had done. We continue to believe that the retaliatory measures we have taken will prove to be effective.

Yesterday the honourable senator asked a question as to why the Canadian measure was applicable only to English language books. The answer to that question is that books in other languages are bound, as the expression goes, by our agreements in the GATT.

**Senator Perrault:** Honourable senators, why has the government taken a scatter-gun approach in this measure against the United States? Why are we hitting all our friendly allies simultaneously? Why are we hitting the Japanese, the British, the New Zealanders and the Australians? The Leader of the Government said yesterday that this measure was not a revenue producing one. May I remind him that the Minister of Finance estimated that the so-called retaliatory tariff against the Americans, in response to this action against our shake and shingle industry, will extract an extra $80 million from Canadian pockets. He made that claim in the other chamber. I am asking today: How much of that money has been spent to date to help the shake and shingle workers who have been adversely affected, and is there any intention on the part of the government to invoke the provisions that are still on the statute books, passed into law in 1970, to meet precisely these problems that are facing the workers of Canada? That is the question, and it is not necessary for the leader to waffle.

**Senator Murray:** Honourable senators, I have not seen, and I am not sure the honourable senator has seen—certainly he has not placed it before the Senate—any precise documentation as to the effect of the measure taken by the United States on our industry or on unemployment in our lumber industry. I have not seen that evidence. However, I will undertake to try to obtain it from the appropriate departments of the government, and also to bring in an answer to his final question as to whether we might avail ourselves of some legislative authority that he says was given to the government in a previous Parliament.

**Senator Perrault:** The Leader of the Government earlier accused me of confusion. The only confusion exists on the government side. The Leader of the Government has asked me to produce evidence that the people have been affected. His predecessor in this chamber gave the commitment over six months ago that the damage would be assessed and the government would decide what to do in order to be of service to the people of the provinces affected; yet, we are going into Christmas with many of them having to rely on food banks in my province and in other provinces across the country. It is not good enough to treat Canadian workers in this way.

## ENERGY

### MONITORING OF OIL AND GAS COMPANIES FOLLOWING TERMINATION OF PETROLEUM AND GAS REVENUE TAX—REQUEST FOR REPLY

**Hon. H. A. Olson:** Honourable senators, I wish to ask the Leader of the Government a question concerning the use of the funds that were released following the removal of the PGRT,

the Petroleum and Gas Revenue Tax. I acknowledge that he was good enough to arrange for his office to send me a copy of pages 79 and 80 of this session's *Debates of the Senate* which contained an answer relating to the problem.

However, I have to tell him that there is a great deal of slippage between what is indicated in that reply and what the government promised some time ago, when it claimed that it had pledges from the companies involved as to what they were going to do with the several hundred million dollars of tax relief. Under the old system in the other place, one was entitled to a reply, but not necessarily an answer—and I guess that is what I have got.

I do not want to be flippant with the Leader of the Government because, as with the previous question, there are several thousand people in my part of Canada who are desperately depending on some action out in the field. The government said at the time that it relieved the PGRT that it had a commitment, or that it was going to see to it, that the $700 million or $500 million—whatever the relief amounted to—was going to be used for additional activity.

The answer that I received on October 28 was that one company had indicated that it was going to increase its exploration and development program. That company was Chevron. I will read just one sentence of the rest of the answer. It says:

> . . . when the report is received—

That is, from the petroleum monitoring agency:

> —if anything unexpected appears, the government will address the situation with the companies at that time.

It is now December 18, and I really cannot understand why we could not have an answer to that question. A great deal of the exploration and development activity out in the field has to be done when the ground is frozen. In other words, in central and northern Alberta, in Saskatchewan and in British Columbia, there is a great deal of what is commonly called muskeg, which is swampy type of land that will support machinery on its surface only when it is frozen. If we do not have some plans now for companies to budget for some activity, and for the service companies to respond to that, and thus creating the jobs, or re-establishing the jobs, it simply will not be done this winter.

Therefore, I plead with the Leader of the Government to obtain a reply from the Minister of Energy, Mines and Resources in time so that it can be useful for the purposes which the government described when it announced the tax relief.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the reply to which the honourable senator refers was brought in some six weeks ago. I think it is quite reasonable of him and us to expect there might be recent information. I will try to obtain it.

● (1430)

**Senator Olson:** I have a supplementary question: Could we obtain it before we adjourn for the Christmas holidays? If the Senate were sitting next week, we could obtain it then, but the Senate is not scheduled to meet again until the third or fourth week of January and I will not have an opportunity—other than by making telephone calls—to get in touch with the leader, so I ask the leader if he could bring that information to the Senate tomorrow.

**Senator Murray:** I will give an undertaking that I will make an inquiry today.

## EMPLOYMENT

### SUMMER YOUTH EMPLOYMENT PROGRAM

**Hon. Lorna Marsden:** Honourable senators, I should like to get back to the question of the immediate future of young Canadians.

When young Canadians go home for the Christmas holidays, they do so not only to celebrate the season and get their clothes washed but to arrange summer employment. The federal government's summer employment program has often been announced before the Christmas holidays; this year the announcement of whatever program will be in place for 1987—I assume Challenge '87—will not be made until January.

Could the leader tell us whether he has any information on that program and, specifically, whether students can anticipate more or less the same sort of program as was available to them last year?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I do not have an answer to those questions, but I will make inquiries today to see whether a reply can be brought tomorrow.

## NORTHWEST TERRITORIES

### INUVIK—WITHDRAWAL OF ARMED FORCES PERSONNEL—EFFECT ON ECONOMY

**Hon. Paul Lucier:** Honourable senators, yesterday I asked the Leader of the Government in the Senate a question concerning the town of Inuvik and the fact that 20 per cent of the population of that town had been removed when the military left. I was accused by the Leader of the Government in the Senate and by Senator Flynn of overreacting and not being very intelligent in the way I had asked the question.

I have read the blues and, quite frankly, honourable senators, I find that if anything, I was not strong enough yesterday.

**Some Hon. Senators:** Hear, hear!

**Senator Lucier:** I do not seem to have made the impression on the other side that this is a serious situation. The Leader of the Government in the Senate comes from eastern Canada and knows what it is to have the federal government push people around. He was also around when Mr. Diefenbaker was Prime Minister, a man who knew something about northern vision; a man who understood the north.

I am asking, on behalf of the residents of northern Canada, the following question: Does the government not think that removing 20 per cent of the population of a community the size of Inuvik is something serious enough to raise in the Senate?

**Senator Bonnell:** I think you're great!

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I did not suggest the honourable senator should not ask questions; I suggested to him that if he wanted to debate the matter, he should debate it at the appropriate time.

If there is some particular piece of information he needs on the matter, I will undertake to obtain that for him as soon as possible. I have already asked for a report on the matter he raised yesterday so that I may have it at hand in the event of further questions, or when and if the honourable senator avails himself of the opportunity to debate the matter.

**Senator Lucier:** Honourable senators, the appropriate time to ask questions concerning the Northwest Territories is when employment is down to nothing! The oil policy just passed has completely taken away any employment opportunities for the people of the north.

The government has decided to build a Class 8 icebreaker in southern Canada; it plans on manning it with southern sailors; it plans on taking it to the north to demonstrate sovereignty. It seems to me that now is the appropriate time to wonder what the policies of this government are. That is what I was trying to establish yesterday.

Is it the policy of the government that it will establish sovereignty by removing all of the residents of the north and sending southerners up there, who will then return to southern Canada and spend their money there?

**Senator Murray:** Honourable senators, I am interested to hear that the honourable senator is opposed to the construction of an icebreaker which is required to help demonstrate Canada's sovereignty in the north.

As far as the depressed conditions in the mineral and oil and gas industries are concerned, the honourable senator knows perfectly well those depressed conditions are not due to any policy of this government but because of the fall in world prices for those products.

**Senator Lucier:** I am certainly glad the leader has given me the opportunity to tell him that I think building a Class 8 icebreaker to show sovereignty in the north at this time is probably one of the dumbest ideas I have ever heard. It will not show sovereignty; all it will do is break the ice so that foreign submarines can surface.

**Some Hon. Senators:** Hear, hear!

**Senator Lucier:** I would like to see you shoot down a MiG-21 from an icebreaker. As far as that is concerned, this government is going to spend half a billion dollars on an icebreaker to show sovereignty when someone can come in with a Twin Otter and set an Exocet missile on the ice to knock the unarmed icebreaker out of the water.

If the government wants to build an icebreaker to break ice, I am all in favour of that, but as far as showing sovereignty in the north is concerned, that is the dumbest thing I have ever heard.

**Senator Perrault:** They should build a Class 8 prison instead.

## POST-SECONDARY EDUCATION

### PROPOSED NATIONAL FORUM—CURRENT STATUS

**Hon. John B. Stewart:** Honourable senators, I have a very pacific question. On October 28 I read the following sentence from the Speech from the Throne:

> To help meet challenges facing higher education, my government will propose a national forum on post-secondary education, to be held early next year.

I wonder if the Leader of the Government could tell us how plans are advancing for the holding of that national forum on post-secondary education.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the Secretary of State has been pursuing consultations on this matter with some of the key organizations, such as the Association of Universities and Colleges of Canada. The minister has been in touch with the various ministers of education and hopes to be in a position shortly to meet with the chairman of the Council of Ministers of Education and, indeed, with the council itself.

When that is done, the minister hopes that consultations will be sufficiently advanced to enable a decision to be made on the timing for and the agenda of that forum.

## ABORIGINAL PEOPLES

### POST-SECONDARY EDUCATION—GOVERNMENT POLICY

**Hon. Len Marchand:** Honourable senators, my question is for the Leader of the Government in the Senate. This morning I received a disturbing telegram from the administration of the Okanagan Indian Band at Vernon, British Columbia. It states in part:

> Postpone the enrolment of any and all students not yet attending classes.

That refers to students attending post-secondary institutions.

In the case of the Vernon band with over a thousand members, this means it will not be able to send 12 students to university after Christmas.

This is a very serious situation. Education holds the key to the future for our people; education is where all our hopes lie. Education is an area that should not be cut back in any circumstance, especially post-secondary education.

I wonder if the Leader of the Government could tell us what is happening with the Department of Indian Affairs and Northern Development, and perhaps make a pitch to his colleague that this kind of policy should be reversed if, indeed,

there is such a policy to cut back on post-secondary education funding for native peoples.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the operative part of the question was "if, indeed, there is such a policy."

The honourable senator has quoted from a telegram he received from the Okanagan Indian Band on this subject. I have no information from the Department of Indian Affairs and Northern Development on the matter, but if the honourable senator will let me have a copy of the telegram, I will undertake to look into the matter.

● (1440)

## INDIAN AFFAIRS

### MALISEET NATION LAND CLAIM—REQUEST FOR APPOINTMENT OF IMPARTIAL NEGOTIATORS

**Hon. Eymard G. Corbin:** Honourable senators, I have a question for the Leader of the Government in the Senate. I would like to draw to his attention a rather sad situation that exists with respect to the negotiation of the Indian land claim of the Maliseet Nation at Tobique in New Brunswick. I am sure the Leader of the Government in the Senate is familiar with the locality and the people there.

For months the people of the band have been sending signals to the minister and the higher officials in the Department of Indian Affairs and Northern Development to the effect that the negotiating team and legal counsel from that department, with whom the band have been negotiating in an attempt to come to a sensible and early resolution of their land claim, have not, in fact, been playing ball at all. They have invoked just about every argument in the book to stall and delay to the point where I for one find it rather offensive. I am sorry that I have not had a chance to broach this matter with the honourable leader earlier, but, like many of us in this chamber and in the other place, he may have received correspondence from the Chief at Maliseet.

What is at the very heart of the matter here is a principle which was outlined by a rather eminent jurist who now sits on the bench of the Supreme Court of Canada, but who then was Professor Gérard La Forest. With respect to the process of negotiating band claims, he said, and I quote:

> . . . the important thing is that if such a process is to be successful, it must be acceptable to the Indians. For if there is any purpose, apart from the demands of justice, in resolving specific claims, it is to remove the pin pricks that bedevil the government's relations with the Indians.

I repeat that for months the present Maliseet Chief and his predecessor have been endeavouring to get the negotiators from the Department of Indian Affairs and Northern Development to lay everything on the table, but every time that attempt is made, they are pricked again, they are clawed, they are scratched and really they do not know whom to address any more.

[Senator Marchand.]

They have written to every member of Parliament in both houses; they have appealed to successive ministers and now, on their behalf, I appeal to the Leader of the Government in the Senate to have a look at this matter to see if he can convince his colleague, the Minister of Indian Affairs and Northern Development, to send in negotiators with an open mind and who respect the principles of negotiation so well outlined by Justice Gérard La Forest when he was a professor.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am sure the honourable senator will appreciate that I am not familiar with the details of the negotiations with the Maliseet Indians. I can say that this morning the Minister of Indian Affairs and Northern Development, Mr. McKnight, announced significant amendments to the comprehensive land claims policy. I hope that the amendments to the policy announced by the minister will have overtaken the situation described by my honourable friend and will help to resolve it in a timely fashion.

**Senator Corbin:** Honourable senators, I thank the government leader for that very timely information. I am sure that the policy and guidelines are well intended and probably meant to overcome some of the obstacles that have lain in the way of the resolution of some of these long outstanding claims.

However, I repeat that the heart of the concern of the Indians is not to receive another set of guidelines; it is to deal with people with a heart and with understanding. Unless you have in place a bureaucracy that interprets the intent of the guidelines and rules, you will keep on returning to square one. This has been happening for the last 14 years. It is not only this government that is at fault but the previous one also. What the Indians want is sympathetic understanding. They do not have at their disposal all of the information they require. They are not "à la fine pointe de la technologie" in a number of matters. They want their position to be heard; they want their concerns to be heard and they have had more than enough of this "bureaucratese", which has literally poisoned the relationship between this particular band and the Department of Indian Affairs and Northern Development.

Honourable senators, I do not believe I have anything more to add. It is people we are concerned about, not guidelines.

**Senator Murray:** Honourable senators, I do not know who the negotiators are and I certainly do not know the extent to which the problems in the Maliseet negotiations are attributable to the individuals who have been appointed to negotiate. However, I do know that the announcement made this morning by Mr. McKnight was made following a report by a commission headed by Mr. Murray Coolican, a report which was very well received in the country, and particularly by the native organizations. In fact, we were being urged by all of the native organizations to respond in a timely fashion to that report. We have done so and I think that the honourable senator will find that far from being a further complication or an addition to the bureaucratic machinery, the policy announced by my colleague will have the effect of simplifying

it and, as he puts it, breaking the logjam and settling many of the claims that have eluded us for so long.

## THE ENVIRONMENT

PRINCE EDWARD ISLAND—ALLEGED POLLUTION OF HILLSBOROUGH HARBOUR—REQUEST FOR GOVERNMENT ASSISTANCE

**Hon. M. Lorne Bonnell:** Honourable senators, I have a question for the Leader of the Government in the Senate. I read in our local newspaper that the Minister of the Environment has threatened to sue the farmers and hog producers of Prince Edward Island because of purported contamination to Hillsborough Harbour from a new Garden slaughter house plant that was built in the riding of the then Premier Lee of Prince Edward Island.

I also note that the Minister of Industry from the province of Prince Edward Island reports that the provincial health inspectors say that there is no contamination going into that harbour. On the other hand, the Minister of the Environment for Canada states that the federal health inspectors have reported that there is contamination going into that harbour. Finally, the provincial Minister of Industry states that the Province of Prince Edward Island has no money to put in another treatment plant.

My question is: Will the Minister of State for Federal-Provincial Relations speak to the federal Minister of the Environment and ask whether his department will bear the cost of this million dollar plant to further treat the offal from the Garden meat plant before it empties into the Hillsborough River? In the same way as the minister has offered to spend millions of dollars to clear the Halifax Harbour and as he has offered millions of dollars to clear Sydney Harbour, perhaps he could spend one little million for his own native province and let the farmers of that province continue to produce hogs and beef. I am sure that if the Minister of State for Federal-Provincial Relations speaks to his colleague, the Minister of the Environment, it will carry some weight.

● (1450)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am not aware that the offers of financial assistance to Halifax and Sydney that Senator Bonnell refers to have in fact been made by my colleague. In any case, I do not have any information on the Charlottetown problem; I will obtain some from Mr. McMillan and bring it to the Senate at the first opportunity.

## TRANSPORT

PROPOSED TUNNEL OR CAUSEWAY BETWEEN PRINCE EDWARD ISLAND AND MAINLAND—FEASIBILITY STUDY

**Hon. M. Lorne Bonnell:** I have another question which has nothing to do with environment other than the Northumberland Strait. Can the Leader of the Government in the Senate advise me if the cabinet made a decision today to fund a study for a permanent link between New Brunswick and Prince Edward Island? If so, how much did they fund and who got the contract?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my information is that that matter is still under consideration.

## INDIAN AFFAIRS

ALLEGED MISUSE OF MANITOBA INDIAN BAND FUNDS

**Hon. Gildas L. Molgat:** Honourable senators, I would like to address a question to the Leader of the Government in the Senate. Earlier this fall there were some serious accusations made about the operations of the Department of Indian Affairs in the province of Manitoba. Subsequent to that, at least two investigations were launched by the government, possibly three. I wonder if the minister could advise us when we might expect to receive the reports of those investigations?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I shall inquire of my colleague and report back.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have some delayed answers. I will follow the usual procedure. If an honourable senator does not suggest that an answer be read aloud, I will simply ask that it be printed as part of today's proceedings.

## ENERGY

MONITORING OF USE OF FUNDS FOLLOWING TERMINATION OF PETROLEUM AND GAS REVENUE TAX—GOVERNMENT PARTICIPATION IN SYNCRUDE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 16 last by the Honourable Senator Olson regarding Energy—Monitoring of Use of Funds Following Termination of Petroleum and Gas Revenue Tax—Government Participation in Syncrude.

(*The answer follows:*)

> The proposal presented by the Province of Alberta concerning Syncrude is still under consideration by the federal government.

## NATIONAL DEFENCE

CANADIAN ARMED FORCES—ROLE OF WOMEN AND HOMOSEXUALS—WHITE PAPER—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 16

last by the Honourable Senator Molgat regarding National Defence—Canadian Armed Forces—Role of Women and Homosexuals—White Paper—Government Policy.

**Hon. Gildas L. Molgat:** Honourable senators, I wonder if we might have the answer on the white paper read, if it is not too lengthy. I suspect that it is short.

**Senator Doody:** I can assure the honourable senator it is not very lengthy. It states:

> The government will be presenting a White Paper on National Defence in the Spring of 1987.

**Senator Frith:** Neither lengthy nor neatly.

## JUSTICE

### CANADA COMMISSION OF INQUIRY ON WAR CRIMINALS—STATUS OF REPORT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 17 last by the Honourable Senator Haidasz regarding Justice—Canada Commission of Inquiry on War Criminals—Status of Report.

(*The answer follows:*)

> At the request of the Commission, their mandate was extended until December 31st for the purpose of printing and translation. The government expects to receive the report before the new year.

## FISHERIES

### WEST COAST SALMON ENHANCEMENT PROGRAM—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 17 last by the Honourable Senator Perrault regarding Fisheries—West Coast Salmon Enhancement Program—Government Policy.

(*The answer follows:*)

> The notion that complete cancellation of the Salmonid Enhancement Program is being contemplated has absolutely no foundation. The federal government will maintain its commitment to Salmonid Enhancement in British Columbia, and will continue to back up that commitment with financial support.
>
> The Minister of Fisheries and Oceans is currently in the process of resolving future funding levels for the Salmonid Enhancement Program, and expects to be in a position to make an announcement on the matter early in the new year.

[Senator Doody.]

## CANADA-UNITED STATES RELATIONS

### TRADE—IMPOSITION OF TARIFF ON PUBLICATIONS—AMOUNT AND DISTRIBUTION OF REVENUE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 17 last by the Honourable Senator Perrault regarding Canada-United States Relations—Trade—Imposition of Tariff on Publications—Amount and Distribution of Revenue.

(*The answer follows:*)

> It was with great reluctance that the government decided to restore tariffs on certain books. This action was required, however, because of the unwarranted unilateral action taken by the U.S. to impose a 35 p.c. tariff on red cedar shakes and shingles. Canada had to send a message to the U.S. that we are not prepared to accept U.S. protectionist actions of this kind.
>
> The fact that the U.S. tariff on shakes and shingles is not "bound" under the General Agreement on Tariffs and Trade (GATT) left the government with very little scope in formulating a response. Most of our trade with the U.S. is in goods where tariffs are bound under GATT. The only products which could be considered were those, like books, where raising rates would not contravene Canada's international obligations. The options open to the government were extremely limited.
>
> The tariff provision covering printed material in other than the English language is bound under GATT. As such, the imposition of a duty on this material would have violated our GATT commitment to maintain the Free rate.

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## CANADAIR LIMITED DIVESTITURE AUTHORIZATION BILL

### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-25, to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

## APPROPRIATION BILL NO. 4, 1986-87

### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-35, an Act for granting to Her Majesty certain sums of money for

the Government of Canada for the financial year ending March 31, 1987.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

## APPROPRIATION BILL NO. 3, 1986-87

### THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved third reading of Bill C-29, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March 1987.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I want to make a point at third reading that arises out of reading the debates of yesterday.

When we were dealing with this bill at second reading, I pointed out that the report of the committee highlighted a number of items, raised two important questions, and all of those matters were discussed in the debates. Also, I asked about something that appeared in the report, namely, that there were six questions that the committee had not received answers to. I asked Senator Doody if, in closing the debate on second reading, he would tell me about those questions and whether we were to have answers to them. At page 342 of the *Debates of the Senate*, Senator Doody said the following:

> With regard to the questions asked by members of the committee which had not been answered at the meeting but to which the Treasury Board agreed to furnish answers—and furnish them by the end of January 1987—there were six such questions.

Then Senator Doody went on to say:

> The first one Senator Stewart has just very ably elaborated on—

Senator Stewart having done that yesterday, and then Senator Doody referred to the second question, the third question, the fourth question, the fifth question and the sixth question, but only to describe to us what those questions were, not to give us the answers, because he had been informed, I assume, that the answers were to be given by the end of January 1987.

Some of the questions that appeared were not answered: I pick, for example, a question put by Senator Stewart about the courtroom facilities at Pictou County. That rings a bit of a bell. Pictou County is Pictou, is it? Pictou County.

**An Hon. Senator:** Pictou.

**Senator Frith:** Now I hear another pronunciation. Pas Pictou, Pictou. Anyway, we know what we are talking about by now, because everyone will recognize the name by the various accents it has worn here today.

**Senator Doody:** It is the one where the courthouse is.

**Senator Frith:** What riding is that town in?

**Senator Phillips:** It is in Pictou.

**Senator Frith:** What riding is it in?

**Senator Murray:** Central Nova.

**Senator Frith:** Central Nova. Now that riding, I think, at one time was represented by the Prime Minister. The point is, we do not have an answer as to whether the grant for construction of courtroom facilities in that riding was an isolated incident or whether similar grants were made for courtroom facilities in other counties.

There has been a great deal of concern about the building and construction taking place in the Prime Minister's present riding. The point I want to make, honourable senators, is that the examination of estimates and appropriation bills is traditionally an occasion to raise questions arising out of particular items, not necessarily dealing with whether the amount is excessive or not. That is one example. I would underline that we are being asked to pass this appropriation bill without having the answers to those questions and, therefore, without having a chance to examine some political or other considerations which might arise from them.

• (1500)

As we have said, we do not want to delay supply any more than we want to refuse it. On the other hand, our good nature can be taken advantage of in that respect if important questions are not answered in time for second or third reading of appropriation bills.

While I intend to vote in support of this motion for third reading now, I ask both the committee chairman and the Deputy Leader of the Government to advise the officials that we would like to have answers to these questions before we are asked to pass the appropriation bill.

**Senator Doody:** Honourable senators, the point raised by Senator Frith is a valid one. It would, perhaps, be more pressing if the estimates were not such an ongoing process. Every two or three months we appear to have another set of estimates before us.

Treasury Board has been in the practice, in dealing with the committee, of supplying the answers to questions raised on supplementary or main estimates prior to the next session so that we can comment on the answers to questions, and so on.

If there is something of real, pressing urgency that has a bearing on whether or not supply itself is in question, then I would suspect that the committee would have pressed more vigorously for Treasury Board to supply the answer prior to the submission of the bill to Parliament.

I believe that in this particular case the standard procedure should be adequate, that is, that we expect to get the answers to these questions prior to the next set of supplementary or main estimates.

If the Senate should wish me to do so, I shall certainly make representations to try to get these answers and have them tabled prior to the next estimates arriving. I regret that it is impossible for us to get them for Senator Frith today, but, as I say, we will make every effort to get them as quickly as we can.

**Senator Frith:** Honourable senators, that is what I want to underline. Everything Senator Doody says is correct insofar as help to the committee is concerned, but those matters are not of help to this body when we are being asked to vote the actual money based on the estimates.

I am asking for a change in the procedure. If the committee asks questions, and answers are not available, the officials should be advised that we would like to have the answers before we are asked to vote on the bill.

**Senator Doody:** That representation will certainly be made to the committee and, through the committee, to Treasury Board. In fact, if it is the desire of the Senate, it can be made directly to Treasury Board from this chamber.

I should comment in passing that the Standing Senate Committee on National Finance has made tremendous progress under the direction of Senator Leblanc in getting that sort of cooperation from Treasury Board. The reports are far more exhaustive and voluminous than they used to be, even under my distinguished leadership of that committee. I believe tremendous improvements have been made, but that does not mean further improvements cannot be made and I take Senator Frith's comments.

Motion agreed to and bill read third time and passed.

## CANADAIR LIMITED DIVESTITURE AUTHORIZATION

REPORT OF COMMITTEE ON SUBJECT MATTER OF BILL C-25 TABLED AND PRINTED AS APPENDIX

Leave having been given to revert to Reports of Committees:

**Hon. Ian Sinclair:** Honourable senators, I have the honour to table the Ninth Report of the Standing Senate Committee on Banking, Trade and Commerce respecting the subject matter of Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix A, p. 385*)

[Senator Doody.]

[*Translation*]

## THE ESTIMATES, 1986-1987

REPORT OF COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED AND PRINTED AS APPENDIX

**Hon. Fernand-E. Leblanc:** I take the opportunity of the leave granted to Senator Sinclair, honourable senators, to present the report of the National Finance Committee.

The Standing Senate Committee on National Finance has the honour to present its Fourth Report on supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1987.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "B", p. 388*)

**The Clerk at the Table:**

The Standing Senate Committee on National Finance has the honour to present its

FOURTH REPORT

Your Committee to which Supplementary Estimates—

**Hon. Jacques Flynn:** Is it long?

**The Clerk at the Table:** A page and a half.

**Senator Leblanc:** I move that the report be taken into consideration now.

[*English*]

**Hon. Eymard G. Corbin:** Honourable senators, on behalf of Senator Argue, who is temporarily out of the chamber, and myself, I must say that I do not think we should move on that report if it is not read from the Table and if we do not have a copy in our hands. It contains some pretty fundamental concerns on both his part and on mine.

**The Hon. the Speaker** *pro tempore:* I would ask the clerk to read the report.

[*Translation*]

**A Clerk at the Table:**

Your Committee, to which Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1987, were referred, in obedience to the Order of Reference of Wednesday, December 17, 1986, submits its report as follows:

[*English*]

**Senator Frith:** It should be decided if we are going to receive copies first.

[*Translation*]

**Senator Leblanc (Saurel):** I ask that the report be not read in full since we are distributing it to all senators present today. They will be able to read it and comment on it when Bill C-35 is called on the Orders of the Day.

[*English*]

**Senator Frith:** I believe Senator Corbin's point was that if we are not going to receive copies, we would like the report read now. Now that we know we are going to receive copies, I suggest we dispense with the reading.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to and report placed on the Orders of the Day for consideration later this day.

## COASTAL FISHERIES PROTECTION ACT

BILL TO AMEND-THIRD READING

**Hon. Jack Marshall** moved third reading of Bill C-26, to amend the Coastal Fisheries Protection Act.

● (1510)

He said: Honourable senators, before the question is put, I have a response to a question asked by Senator Stewart having to do with the approval of the action taken by the minister relating to tuna in Nova Scotia. Before I respond with the answers provided by the department, I will pass on to the honourable senator some information I received by way of briefing notes on the Bayshore Fisheries foreign charter. This information should put matters into chronological order and might make them better understood— not by Senator Stewart but by me.

In early November Fisheries Minister Tom Siddon authorized Bayshore Fisheries of Nova Scotia to charter two Japanese vessels to catch the uncaught Canadian quota of 401 bluefin tuna for 1986.

In September of 1986 Bayshore Fisheries requested special permission from the Department of Fisheries and Oceans to allocate to interested parties its St. Margaret's Bay quota of bluefin tuna in return for royalty payments. Sixty per cent of the royalties were to be paid directly to 27 fishermen involved in the inshore trap fishery, while the other 40 per cent would be retained by Bayshore Fisheries. I believe I provided that part of the answer yesterday.

The inshore trap fishery was experiencing financial difficulties since migratory bluefin tuna stocks were steering clear of the St. Margaret's Bay area. Bayshore approached numerous Canadian vessel owners to catch the quota offshore, but none of these was interested, available or properly equipped for the task. The company therefore asked that it be given permission to charter foreign vessels.

The Minister of Fisheries referred the matter to the Atlantic Regional Council for advice. At a meeting on September 26 the council members recommended that a "royalty charter" not be approved for Bayshore Fisheries. However, the council also recommended that:

> . . . other options be explored to help the St. Margaret's Bay industry, such as diversifying the trap net fishery to include longline vessels.

In recognition of the fact that in the future Canada could lose this important quota of bluefin tuna to foreign fleets, the minister granted special permission, valid for 1986 only, to Bayshore to charter two Japanese longliners under certain conditions. Some of the conditions for the charter were that the by-catch of swordfish not exceed 40 per cent by weight and that there be Canadian observers aboard the two Japanese liners. The Japanese longliners were also ordered to provide detailed catch information on a weekly basis to Department of Fisheries and Oceans officials in Halifax.

Minister Siddon has indicated that he is satisfied with the present arrangements and will ask his department to study the impact on the fishery from an economic and scientific point of view. The department will also recommend whether such arrangements should or should not be repeated next year.

I thought that that response should be put on the record. Although the answer which I received from the department is similar and may be repetitive, I will also put it on the record.

The Bayshore charter was approved after it became evident that there were no Canadian vessels equipped with the longline technology or freezing capability to harvest the St. Margaret's Bay quota according to Japanese market specifications. Honourable senators, I even questioned that, and I was told that I have to take their word that this is so. Offshore tuna caught at sea has to be frozen to minus fifty degrees Celsius before it will be accepted in Japan. No Canadian longline vessels are currently equipped with the facilities to freeze tuna at temperatures this low.

In addition, no Canadian fishermen could be found who were experienced in longlining for tuna in offshore waters and who wanted to take on the charter. These two factors, together with three years of depressed bluefin catches in Canadian inshore waters, indicated that there was a real need to diversify the harvesting techniques of the Canadian tuna industry. Based on this need, an experimental fishery for Bayshore was approved.

By way of background information, officials of the Department of Fisheries and Oceans conducted an extensive search in September and October in Atlantic Canada and New England for a longline vessel capable of harvesting the St. Margaret's Bay quota, but were unsuccessful. The feasibility of installing the required freezing facilities on a Canadian longline vessel was also investigated, but costs were found to be prohibitive.

Honourable senators, this has been an education for me, because I was not too familiar with the tuna fishery. The Standing Senate Committee on Fisheries is examining the marketing of fish and all implications thereof. I would feel it advisable and I would make the commitment that when we start our study of fish marketing on the east coast, we will call witnesses from both of these areas and from the Department of

Fisheries and Oceans to delve further into the matter, if Senator Stewart feels there is a need for further clarification.

**Hon. John B. Stewart:** Honourable senators, I thank Senator Marshall for the answer he has provided. There are three points that I would like to make. The first is that according to the information he gave us yesterday, the Japanese were allowed to fish tuna along the whole Atlantic shore of Nova Scotia from Cape North right around through to the mouth of the Bay of Fundy at the point where Canada adjoins the United States in the State of Maine. That is a very large area from which the Bayshore Company drew money as a result of catching fish.

My second point is the matter of gear. The Japanese use pelagic longlines with multiple hooks. Canadian fishermen, however, are restricted to the use of angling gear, very, very small lines or two-tended lines with no more than one hook attached to each line. That is what Senator Marshall told us yesterday. Canadian fishermen feel that the gear restrictions placed upon them are very severe. This has been a source of aggravation over the years. Why should they have to try to catch these fish, which sometimes weigh 1,000 pounds or more, on extremely small lines, as if this were strictly the sports fishery?

I asked yesterday why the minister had ultimately taken the decision that he did. What was the reason which led him to overrule all of the other factors that were adduced? Senator Marshall said that in this case the minister's decision to proceed with the charter was based on the fact that the arrangements would allow Canadians to gain experience in a new technology. I have often heard, honourable senators, that there are generally two reasons given for anything—there is the good reason and there is the real reason. I think that Senator Marshall gave us the good reason yesterday.

I find it very difficult to believe—and I suspect that Senator Marshall does also—that east coast Canadian fishermen are not familiar with pelagic longlining with multiple hooks. It seems to me that that is a technique that has been used in Nova Scotia and Newfoundland for many, many years. It is true, I gather, that the fish would have to be frozen, but that is hardly a consideration that would fall within the category of the need to gain experience in a new technology.

As I have said, honourable senators, I think that Senator Marshall has given us the good reason. I suspect that many tuna fishermen in Nova Scotia have their own ideas as to what the real reason was. However, I do not propose to say anything further on the matter.

● (1520)

**Senator Marshall:** Honourable senators, I have to agree with some of the comments made by Senator Stewart. I feel, given my limited experience in the Atlantic fishery, most of which is with the Newfoundland fishery, that the fishermen of Newfoundland, Nova Scotia, Prince Edward Island and New Brunswick are pretty good fishermen and that they may question that point as well. I repeat, the minister will ask his department to study the impact of this action on the fishery from an economic and scientific point of view. I also repeat my commitment to have our committee look at the matter. I shall notify Senator Stewart when it does so, and we can probably clear up that situation.

[Senator Marshall.]

**Hon. Paul Lucier:** Honourable senators, I believe Senator Marshall said that tuna had to be frozen to minus 50 degrees. What is the normal temperature to which fish are frozen, and what is the reason for freezing tuna to minus 50 degrees?

**Senator Marshall:** I do not know the specific temperature, but it appears that the Japanese will accept fish frozen to minus 50 degrees whereas Canada will not. I am not sure whether our level is higher or lower than that of the Japanese.

**Senator Doody:** You can test it.

**Senator Lucier:** I was wondering whether this was a standard imposed by the Japanese because they can achieve it and because it would give them a unique position.

**Senator Marshall:** That is a good question. The reason I was given is that the Japanese will accept standards that we will not accept.

Motion agreed to and bill read third time and passed.

## FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—THIRD READING

**Hon. Orville H. Phillips** moved the third reading of Bill C-31, to amend the Farm Improvement Loans Act.

Motion agreed to and bill read third time and passed.

## FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—THIRD READING

**Hon. Jack Marshall,** for Hon. Brenda M. Robertson, moved the third reading of Bill C-32, to amend the Fisheries Improvement Loans Act.

He said: Honourable senators, two questions were asked of Senator Robertson yesterday. Senator Leblanc asked whether the fishing licences of fishermen were accepted as collateral on loans to fishermen under the act. The answer is that licences are accepted as collateral only in British Columbia where the licences are attached to the boats. There is no separation of the licence from the boat.

Senator Molgat asked a question that was raised before the Fisheries Committee during its study of the freshwater fish industry. He asked whether the Fisheries Improvement Loans Act was available to freshwater fishermen in the west. The answer is that the act does apply to the freshwater fishery, but only a few fishermen of that fishery qualify each year, because most of the fishermen in that fishery are part time.

Motion agreed to and bill read third time and passed.

## THE ESTIMATES, 1986-87

REPORT OF COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) ADOPTED

The Senate proceeded to consideration of the Fourth Report of the Standing Senate Committee on National Finance on supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1987, which was presented earlier this day.

**Hon. Fernand-E. Leblanc** moved the adoption of the report.

**Hon. Hazen Argue:** Honourable senators, this report deals with supplementary estimates (B), which were studied by the National Finance Committee this morning. I was called out of the committee at about 11.50. While I was absent, certain things transpired in the committee. I am aware of what transpired in the committee while I was there, and I am not taking issue with anything in the report, although I do not understand some of it. But that is probably my fault.

However, I would like to refer to paragraph three of the report which reads:

> During the course of the hearing, a number of policy issues were raised regarding the Special Canadian Grains Program—

I do not know where those words came from.

> —such as the amount of the subsidy under the program—

I do not know whether this is an attempt to bootleg in something else, or even if it is a part of the estimates we were dealing with.

> —and the elements of the formula used to calculate this subsidy. Witnesses agreed to provide information to the Committee explaining the method used to arrive at this formula. The Committee also questioned the impact of low grain prices on the market price of red meat. It was the opinion of the Committee that the policy matters raised should be referred to the Standing Senate Committee on Agriculture.

I would like to add at this point three additional items that should have been referred to in this report and, thereby, referred to the Standing Senate Committee on Agriculture. I am unable at this time to table a written amendment, but I would suggest the following: "The committee also questioned the impact of low grain prices on the market price of red meat, as well as two-priced wheat, payment to producers of the full return received by the Canadian Wheat Board for No. 1 and No. 2 red spring wheat and maintenance or the necessity of maintenance of current levels for four initial payments for the crop year commencing August 1, 1987." Those are three major policy issues that were discussed. I feel that it would be in keeping with this report if these three items were added to the report, and I have suggested where they should be included. If it is necessary, I will bring in a motion that those three items be added to this report. I believe that Senator Corbin will agree to second that motion in amendment.

• (1530)

**Hon. Ian Sinclair:** Was there any evidence before the committee on two-price wheat? It would be appropriate to refer to it in the report.

**Senator Argue:** The deputy minister was present and was questioned as to what the government's policy was with regard to this matter. He said that it was still under consideration. There was not a detailed discussion, but it was discussed this morning in committee.

**Senator Sinclair:** In fairness, other people have various views on this matter. I am wondering whether the committee gave them an opportunity of being heard. You say there was no evidence, but merely a discussion with the minister.

**Senator Argue:** With great respect to my learned colleague in the Senate, the committee also questioned the impact of low grain prices on the market price of red meat. There would be no evidence heard on that question in any full or proper forum. This item was the emergency assistance for grain and oilseed producers.

I take it that the committee was endeavouring to highlight the particular subjects that were raised, and to suggest in the report that the question of those three policy items might properly be referred to the Standing Senate Committee on Agriculture and Forestry at some future time. I would think that is a perfectly proper amendment, which would be in the hands of the Senate to deal with.

[*Translation*]

**Senator Leblanc (Saurel):** Honourable senators, the most important aspect of the report, as Senator Argue has said, is the following, namely, that the committee feels that the administrative issues raised should be referred to the Senate Committee on Agriculture and Forestry. This committee could then consider the issues it would deem appropriate.

I think we should realize that the Committee on National Finance does not specialize in or generally deal with agriculture. However, we asked some questions of a general nature that we could then discuss this afternoon.

Since we are not experts on the subject, we suggested that the Standing Senate Committee on Agriculture and Forestry deal with the problem, since there are a number of committee members who are specialized in that field.

**Hon. Eymard G. Corbin:** Honourable senators, without wishing to repeat the discussion we had this morning in committee, I feel I can approve the report before us today. Obviously, a committee report must be fairly succinct and focus on the major issues.

However, I would like to point out to honourable senators that the reason for setting up this Special Canadian Grains Program is the international situation. Some of us specifically asked witnesses, and I am thinking of Deputy Minister Noreau, what the consequences would be of the action taken by Canada to help producers. We asked them what the consequences would be internationally.

I do not for a moment want to denigrate the government's efforts to provide temporary relief for Canadian grain producers. However, there is an international dimension that arises from the action taken by the government.

Will this program merely add fuel to the international fire? Will the situation get worse at the international level? Will the Common Market, Australia and the United States make an already unstable situation for international prices even worse?

Of course, Mr. Noreau, the Deputy Minister, answered my question in rather general terms, but he did have a few comments.

However, I see no reference in the report to the fact that this aspect of the problem was raised in committee. I do think this is an important aspect because unless an agreement is reached at the international level, the grain price situation will continue to deteriorate. That is the crux of the problem. However, the report makes no mention of this. Thank you, honourable senators.

**Hon. Jacques Flynn:** Honourable senators, I don't think the procedure suggested by Senator Argue is in accordance with the practice and rules of the Senate.

If the Senate is dissatisfied with a committee's report, it can refer the report back to committee with a request for reconsideration of some point or other that was overlooked or that was not presented the way the Senate thought it should have been.

If Senator Argue has no problem with the substance of the report, I have no objection. However, I would not want this to become a precedent.

From what was said by Senator Corbin, it is clear that in any case, when it is time to discuss the substance of the problem, we can do so when the bill is tabled.

At this point I don't think the report requires concurrence. The committee submits its report to the Senate. Whether or not we concur in the report does not change a thing. The report does not offer any specific conclusions. We are not being asked to concur or not to concur. What we have here are just comments.

**Hon. Royce Frith (Deputy Leader of the Opposition):** We can use it when we consider the bill.

**Senator Flynn:** Yes, of course, but I think that if we were to create a precedent by not objecting to the kind of amendments proposed by Senator Argue, we might have problems in the future.

**The Hon. the Acting Speaker:** Honourable senators, Senator Flynn has raised a rather important point. I would like to refer honourable senators to Beauchesne's, Citation 658, second paragraph, which says:

[*English*]

> (2) A report from a committee may not be amended in a substantive manner by the House; it must be referred back to the committee.

If we do not get unanimous consent to discuss this amendment which has been introduced by Senator Argue, would it not have to be sent back to the committee to consider the amendment and report back to the Senate? I am putting that as a question. I am looking for clarification.

[Senator Corbin.]

**Senator Argue:** Your Honour, with great respect, the committee also questioned the impact of low grain prices on the market price of red meat. It was the opinion of the committee that the policy matters raised should be referred to the Standing Senate Committee on Agriculture and Forestry. That is fine. I have no objection to what is there. I am merely saying that when I was present at the committee those other three items were raised; and I would like to have them embodied in its report. The report would then read:

> It was the opinion of the committee that the policy matters raised should be referred to the Standing Senate Committee on Agriculture and Forestry.

It is not taking a position on those questions. It does not change the report in the sense of bringing in new or extraneous matters, because those matters were referred to in committee. I believe it was merely an oversight on the part of the officials who draft these reports that those three major items were not included. If they were included in the report, then the governing sentence would be:

> It was the opinion of the committee that the policy matters raised should be referred to the Standing Senate Committee on Agriculture and Forestry.

● (1540)

**Senator Frith:** And you then move a motion to refer it back to the committee.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I cannot recall a committee report being amended by the Senate. That has not happened during my time in this place. I do not think we should recommend that we start that precedent now. It would be most unfair to the committees themselves, to the people who have spent their time drafting the reports, to the people who took the time to listen to the evidence, and all others involved in the preparation of the report to simply have it amended by the Senate. If the Senate has difficulty accepting a committee report, the Senate should refer that report back to the committee and recommend that the committee re-examine the report.

I am not recommending that because I think that the report on the subject matter of this particular bill is far too important, as I gather from listening to the debates in this place and listening to the concerns of senators from the west, and, indeed, senators from all agricultural areas of Canada. The disbursement of $300 million is far more important than making an amendment to the report.

Putting all that aside, I think the subject can best be approached, if I may suggest, by simply making a reference to the Senate Committee on Agriculture concerning the problems the honourable Senator Argue has raised. Senator Argue can stand in this chamber and move a motion that the two-price wheat problem or the impact of certain provisions concerning red meat be referred to the Senate Committee on Agriculture. The Senate can get at the problem from that angle.

I dread the thought of this chamber amending a committee report that was presented in good faith and which involved a great deal of work and attention by the members of the committee. I would really be worried if we set that precedent today.

**Senator Leblanc:** I believe the words "policy matters" found in the report cover the point raised by Senator Corbin, as well as the three points that were raised by Senator Argue. There is no restriction in the report.

The committee met at 11 o'clock this morning and sat until 1 o'clock this afternoon. Because we were told that the bill was being brought before the Senate this afternoon, we had to be diligent, and that is what we tried to be. The report was presented in the normal fashion. I do not see why the Senate should amend the report; the report covers all of the points raised by honourable senators.

**Senator Frith:** Honourable senators, all of the comments Senator Argue made are quite in order while the Senate is taking the report into consideration. The problem is that the Senate cannot amend a committee's report. The Senate can criticize a committee report, and it would be in order for Senator Argue to say, "I believe that this report should contain the following." There is nothing wrong with Senator Argue's doing that. The problem is that the Senate cannot amend a committee report. The Senate can comment on a report, reject it, adopt it, not adopt it or make recommendations as to what it would like to see in the report, but it cannot amend the report. If the Senate wants the bill amended, it has to refer the bill back to the committee for further consideration. It is the committee's report, not the Senate's report.

**Senator Argue:** Honourable senators, what Senator Frith has said—

**Hon. John M. Godfrey:** Surely Senator Argue has accomplished his purpose. He has pointed out that the policy matters be referred—

**Senator Argue:** I could, if you would let me speak.

**Senator Godfrey:** You have already spoken three or four times; I have not spoken yet, so stay in your seat and stay quiet for a minute while I say that you have served your purpose adequately. Senator Leblanc has explained that any policy matters should be referred to the committee, as did Senator Doody. I think we are wasting a great deal of time. You have accomplished your purpose.

**Senator Argue:** Who is wasting time now? You have accomplished your purpose; you have put your comments on the record. What is happening now is that one senator after another is rising to agree with the Speaker's interpretation of the rules. I do not have a reputation of being a rule breaker—

**Senator Flynn:** Nobody has criticized you.

**Senator Argue:** —I am quite happy to accept the practice of the Senate without being flogged by three or four senators.

**Senator Frith:** We are not flogging you.

**Senator Argue:** That's all right. The Speaker is an intelligent person. I am happy to agree, but before I can stand and agree, it has to be pounded in! But I come back to my point.

**Senator Godfrey:** Oh God!

**Senator Argue:** That's helpful! Go ahead with your dissertation from your seat.

In any event, I believe the report that is before the Senate is not as comprehensive as the discussion. I do not think it is an adequate report. I can understand that this is the day before the adjournment for the Christmas holidays; I can understand that it would be difficult and it would inconvenience the committee if the Senate amended the report. I have been here long enough to know that anyone can raise any matter on an Inquiry, and that the subject of that Inquiry can be referred to a standing committee. I know all of that.

In any event, having erred in the method I used to put this matter before the chamber, and after having been reminded by a number of senators that the rules do not allow that, including the Speaker—which was sufficient in itself to convince me—I am prepared to cease pressing the matter. The motion was not formally put; I just put it for discussion purposes.

Senator Corbin and I have made our points.

**Senator Godfrey:** Yes, you have.

**Senator Argue:** I think the draftsman—and it is not the chairman of the committee who drafts the report; we all know that—failed to put in some pertinent questions.

**Senator Godfrey:** You said that already!

**Senator Argue:** I am following the pattern set by everyone else.

**Senator Godfrey:** The pattern is not to repeat yourself three or four times.

**Senator Argue:** Just keep on talking from your seat, keep on making progress from your seat.

In any event, I have mentioned those points.

**Senator Godfrey:** That's right.

**Senator Argue:** Because of the points made by me and by Senator Corbin, I am sure that in the future the Senate Committee on Agriculture may be seized with the importance of these questions.

**Some Hon. Senators:** Hear, hear!

**Senator Corbin:** Honourable senators, I will take 30 seconds; I have not made my point. The point I tried to make was that the Senate has been requested to rubber stamp a report of a committee without its being read from the Table and without senators having the text in front of them. That is what, in principle, I objected to.

Another debate took place once we received the text of the report. I for one will not stand in this place, or any place for that matter, and be asked to say "Yea" or "Nay" to a report without knowing what is in it. That is what I found offensive about the procedure this afternoon. When the Clerk rose to read the report, someone yelled, "Dispense." We did not have

a text at that time. I for one did not believe we should have proceeded on the matter.

I apologize for having been 30 seconds over.

**The Hon. the Speaker** *pro tempore:* So we are back to the Christmas mood.

Motion agreed to and report adopted.

## EXCISE TAX ACT
## EXCISE ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Flynn, P.C., for the second reading of the Bill C-14, An Act to amend the Excise Tax Act and the Excise Act.—(*Honourable Senator Leblanc* (*Saurel*)).

[*Translation*]

**Hon. Fernand-E. Leblanc:** Honourable senators, I hope that I am not getting into the bad habit of rising frequently to speak in the Senate. I have been asked to reply on behalf of the Opposition to the introductory comments on Bill C-14.

I wish to congratulate the mover of this bill, the honourable Senator Duff Roblin, on his sober and brief comments in moving the second reading of Bill C-14, which is entitled:

> An Act to amend the Excise Tax Act and the Excise Act.

Indeed, I understand why he made such brief and sober comments. It is not much fun to sponsor a tax bill proposing taxes which Canadians will not be able to recover later on since they are indirect taxes, as we all know, because these taxes are not clearly indicated in the price of the goods we buy.

If a Canadian purchases an item worth $100, under Bill C-14, he will have to pay a minimum of $8 which will not appear on his bill, or he may have to pay $12 or $15 depending on the item.

In the case of building materials, the amount would be $8. For cablevision or pay TV services, the amount would also be $8, and the consumer never would realize it. For alcoholic beverages or tobacco, he would pay $15. For any other taxable item, and the list is too long to give here, he would pay $12, and so on.

Naturally, to these amounts would be added the direct taxes imposed by the provinces, which will automatically increase because the price of the product itself will be higher.

As I have just said, the taxes proposed in Bill C-14 apply to wines, tobacco, beer, spirits, air transport, telecommunication programming services and fuels.

Canadians generally are affected by the fuel tax. Some people in Canada are exempt, such as diplomats and farmers. However, generally, all Canadians will pay the fuel tax.

It is interesting to examine the real impact of this bill on the average taxpayer, families and individual Canadians.

[Senator Corbin.]

If we look at Bill C-14 at the same time as the data provided by the Minister of Finance last February 26 in the Budget Papers, it is easier to see the real impact of this legislation in coming years.

By 1990, Canadian taxpayers will have paid $6.1 billion in hidden sales and excise taxes. For instance, for 1986, which is not a complete taxation year, the amount will be $820 million. For 1987, it will be $1.2 billion. For 1998, $1.275 billion. For 1989, $1.35 billion, and for 1990, $1.455 billion.

When taxes increase, the purchasing power of Canadians is reduced. In my opinion, this slows down economic growth and creates a vicious circle.

No economic growth, less government revenue, so more taxes for Canadians.

This bill is supposed to be a mechanism to check and reduce the deficit. However it can also have the opposite effect, namely a higher deficit due to a stagnant economy and to the very likely increase in the inflation rate, which in turn would automatically trigger rising interest rates.

Indeed, when Canadians have less money to buy consumer goods which become ever more expensive, what kind of economic growth can we expect? All Canadians know there are two simple ways to tackle the deficit: either you cut unwarranted expenditures, or you raise taxes. It would seem that since it came into office in 1984 the Conservative government has chosen the hidden tax method, just as it took a roundabout way to raise taxes through earlier pieces of legislation.

The sponsor of the bill rightfully pointed out that the subject matter of this measure had been studied by the Standing Senate Committee on Banking, Trade and Commerce on Wednesday, November 5, 1986. The result of this study was presented to the Senate by the chairman, Senator Ian Sinclair, in its fourth report which reads as follows:

> Your Committee, to which was referred the subject-matter of the Bill C-14, intituled: "An Act to amend the Excise Tax Act and the Excise Act", has, in obedience to the Order of Reference of Thursday, 30th October, 1986, examined the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Of course I have no intention of objecting to the report. Still I should like to refer to the recent comments of Senator Royce Frith, the Deputy Leader of the Opposition in the Senate, and I quote:

> Honourable senators, although the Senate does have constitutional authority to turn down a government request for supply, one can hardly imagine a situation where it would do so. Even in Australia where senators do have such constitutional and, I suppose, political power, they seldom use it. The last time they did they triggered quite a crisis. Here, of course, we always grant government supply. However, certain comments . . .

. . . like those I have just made, and certain criticisms were in order. But of course I accept the fourth report of the

Standing Senate Committee on Banking, Trade and Commerce.

[*English*]

Motion agreed to and bill read second time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## HAZARDOUS PRODUCTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Stanley Haidasz** moved the second reading of Bill S-4, to amend the Hazardous Products Act (Tobacco and Tobacco Products).

He said: Honourable senators, I believe there are few issues in our troubled world on which concerned people speak with a unified voice. The menace of cancer is such a one. Seeking its causes, prevention and cure is the great common concern of all mankind—in Canada no less than in the farthest reaches of the world.

In the past few years Canadians have been shaken and edified by the "walks" across this vast country by two young Canadians, Terry Fox and Steve Fonyo, who each lost a leg to cancer. These two young Canadians made a contribution towards the promotion of support for researching cancer. It was a great personal commitment. By their determination and courage, they have increased the public's interest not only in cancer research but also in the support that Canadians are giving to the Canadian Cancer Society so that this fight against this horrid disease may continue. It remains a formidable challenge.

● (1600)

The facts and figures reveal the enormous gravity and urgency of the problem. Approximately 30 per cent of cancer deaths in Canada are caused directly by tobacco smoking, which is entirely preventable. Last year more than 32,000 Canadians died from tobacco related diseases, which include mostly lung cancer, respiratory disorders, as well as increased risk of cardio-vascular diseases.

For all their horrors, Bhopal and Chernobyl appear insignificant in comparison. Beyond the cost in human and personal terms, the economic costs to Canada are also staggering. A spokesman for the Canadian Cancer Society stated recently that employers are paying an extra $1,500 to $3,000 a year for each worker they allow to smoke on the job. Productivity is greatly reduced. Smokers are 50 per cent more likely to need health care than nonsmokers, and, furthermore, National Health and Welfare statisticians in Canada have stated recently that in 1982 tobacco smoking cost the Canadian economy $7.1 billion—and that was four years ago.

This enormous direct cost to our economy was broken down into $4.5 billion in lost income due to premature deaths; $1.5 billion due to hospitalization costs; $860 million due to disability payments; $30 million due to physician care, and $120 million due to fire loss. I should also add that these figures did not include extra pharmaceutical costs at home, firefighting services and the purchase as well as the maintenance of ventilation systems. All this human tragedy and economic loss was caused by a single factor: tobacco smoking. What is really astounding is the fact that all this annual loss is preventable!

These statistics are mind boggling, but apparently many Canadians have grown numb to them—largely, I believe, as a result of the advertising techniques of tobacco manufacturers. Smokers have grown accustomed to seeing tobacco portrayed in magazine advertisements as socially acceptable and even healthful. They have been led to believe that smoking brings success, slimness, glamour, strength and independence. But, honourable senators, they have been misled. They have been harmed, enslaved to a dangerous habit, addicted to nicotine, which is often equal to the addiction of heroin. Figuratively, literally and prematurely, these smokers have become a very sad picture in our society. All these human and financial resources could have been put to productive use. They could have contributed enormous savings to our security and health care costs; they could have increased the quality of life in our country. Instead, we are faced with a great tragedy.

Honourable senators, I believe that it is a national scandal that our governments—federal and provincial—tolerate this waste—yes, even permit it to happen by allowing unregulated production, advertising, promotion and sale of a hazardous and totally unnecessary product. What a grave indictment of governments that fail to bring in effective legislation to prevent this enormous loss of lives and money. I ask: Is it apathy? Is it fear of the tobacco lobby, or votes, or greed, or is it due to all of these? I must, however, congratulate the Government of Quebec, which yesterday announced measures to ban tobacco smoking in public places, including hockey arenas. I appreciate also the efforts of municipal governments like those in Toronto and Vancouver who have enacted bylaws to provide smoke-free areas in public places such as restaurants.

Honourable senators, some years ago Sir George Young, Assistant Undersecretary of Health in Great Britain, stated the following:

> The solution of many of today's medical problems will not be found in the research laboratories of our hospitals and universities, but in our Parliaments. For the prospective patient, the answer may not be cure by incision at the operating table, but prevention by decision at the cabinet table—

Earlier this year, precisely on May 6, my fellow members and colleagues of the newly-formed advocacy group named "Physicians For A Smoke-Free Canada" took the initiative of filing an application under the Hazardous Products Act, petitioning the federal Minister of Consumer and Corporate Affairs to declare tobacco a hazardous product and to phase in a total ban on advertising of tobacco products. Unfortunately, that minister and his successor have not taken any action, choosing rather to abdicate their responsibility and throwing this hot issue into the lap of the Minister of National Health and Welfare who, though well-intentioned, is apparently

having a difficult time bringing in effective measures against tobacco smoking.

Unfortunately for Canadians, the indecision at the federal and nine provincial cabinet tables is forcing concerned citizens and anti-smoking advocacy groups to speak out, to demand and even to act against tobacco smoking.

It is in response to this need, this challenge, that I introduced again this session a bill to deal with this problem. As the problem of tobacco related diseases is multi-faceted and complex, several approaches are necessary. I believe that a comprehensive and total attack all at one time would be overwhelming—a pill too big and too bitter to swallow.

I will be re-introducing next month my bill, S-8, of the last session, in amended form, to protect the rights of non-smokers by regulating tobacco smoking in the federal work place and on modes of transportation under federal jurisdiction. Today I am pleased to open the debate on second reading of Bill S-4, which I introduced on November 6.

Bill S-4 is simple, clear and short, containing only two clauses. Specifically, Bill S-4 contains amendments to the Hazardous Products Act, declaring tobacco and all tobacco products to be hazardous substances and banning their advertising and promotion. The bill accomplishes this purpose in the following manner:

Subsection 3(2) of the Hazardous Products Act reads:

> No person shall advertise, sell or import into Canada a hazardous product included in Part II of the Schedule except as authorized by the regulations.

● (1610)

This section prohibits the advertising of a hazardous product included in Part II of the Schedule to the act, but, at the same time, it allows the Governor in Council to authorize exceptions to the prohibition by making regulations to that effect.

Thus, the simple addition of tobacco and tobacco products to the list of hazardous products included in Part II of the Schedule to the act would not result in a ban on the advertising of tobacco. In order to achieve such a ban, it is necessary to remove the power of the Governor in Council to make exceptions. That is why clause 1 of Bill S-4 contains an amendment to the regulation-making authority of the Governor in Council. It provides that with respect to the sale or importation of tobacco and tobacco products, regulatory exceptions can be made, but no such exceptions can be made with respect to their advertising. As a result, the bill will not prohibit the sale or importation of tobacco or tobacco products. It will only prohibit their advertising.

In summary, by adding tobacco and tobacco products to the list of hazardous products contained in Part II of the Hazardous Products Act, and at the same time removing from the Governor in Council the power to make exceptions to the advertising prohibition, a complete ban on the advertising of tobacco and tobacco products is therefore achieved.

This result is achieved because section 3 of the Hazardous Products Act, which is the operative section or, if you will, the nucleus of the act, prohibits the advertising, sale or importation into Canada of these products



Section 3 of the Hazardous Products Act also contains an offence provision. If Bill S-4 becomes law, anyone who violates section 3 by advertising cigarettes or other tobacco products would be liable on summary conviction to a fine of $1,000 or to imprisonment for six months or to both. The person would also be liable, if the Crown decided to prosecute the offence as an indictable offence, to imprisonment for two years.

Under the Hazardous Products Act, "advertise" includes "any representation by any means whatever for the purpose of promoting directly or indirectly the sale or other disposition of a hazardous product."

Although the tobacco industry agreed to a voluntary code on advertising in 1972, it continues to advertise heavily in stores near schools and encourages large displays of tobacco products at the checkout and cash counters of retail stores, even in pharmacies.

Partial bans are subject to evasion, especially if the tobacco industry is allowed to sponsor sports and cultural events. It is estimated that the tobacco industry spends $100 million to $200 million on advertising in Canada and $2 billion in the U.S.A. However, this should not intimidate us but should actually encourage us to legislate the banning of the advertising of tobacco products.

Efforts to control tobacco advertising are becoming increasingly common as a means of counteracting the power and pervasiveness of the tobacco industry's marketing techniques. Among 64 countries known to have national legislation to restrict smoking as of 1982, 54 countries enacted controls on advertising. Total bans on advertising have been enacted in countries such as Jordan, Saudi Arabia, Singapore, Spain, Poland, Bulgaria and the U.S.S.R. Of course, the efficacy of a total ban in a given country varies with differences in legal systems, the thoroughness of the enforcement agencies and the influence of foreign media that are not subject to the ban.

Honourable senators, I believe that what we can do now to tackle the problem of tobacco smoking is to begin by banning the advertising and promotion of tobacco products by passing Bill S-4.

The World Health Organization as well as the Canadian Non-smoker's Rights Association, the Canadian Council on Smoking and Health, the Canadian Medical Association and the Canadian Cancer Society have called for a total ban on tobacco advertising. Groups such as Physicians for a Smoke-Free Society not only want a ban on advertising but also want tobacco declared a hazardous substance.

Canadian newspapers such as the Toronto *Globe and Mail*, the *Kingston Whig-Standard* and the *Brockville Recorder* have already refused to accept advertisements of tobacco products. Two of those newspapers have banned smoking in their general work areas. They are convinced, as I am and as I believe all of us here should be, that there exists a compelling government and public interest that tobacco be declared a

hazardous product and that its advertising and promotion should be banned.

Numerous scientific and epidemiological articles have been published implicating active tobacco smoking and even passive smoking as well as the use of smokeless tobacco products as causative factors in bronchogenic carcinoma, respiratory diseases such as emphysema and chronic obstructive pulmonary disease, as well as being an increasing risk factor in cardiovascular diseases. Consequently, society and government have a deep interest in this matter.

I urge honourable senators to become interested in the issue of tobacco smoking, to express their views in this chamber on Bill S-4, to make their contributions by stating their views in committee and, I hope, to pass it as soon as possible.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I should like to ask Senator Haidasz a question.

If we give this bill second reading now, would it be his intention to move that the bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology before third reading?

**Senator Haidasz:** Yes, I would be most agreeable and, frankly, grateful if the committee studied the bill.

**Hon. Hazen Argue:** Honourable senators, I think this measure before the chamber is too important to pass so very rapidly, even though I think it is desirable and I am in favour of it.

Therefore, if no one else wishes to do so, I move the adjournment of the debate. This is not to prolong dealing with the issue, but I am of the belief that a well-aired debate in the Senate and then to have the bill referred to committee would be the best way to proceed.

On motion of Senator Argue, debate adjourned.

[*Translation*]

## INCOME TAX ACT AND RELATED ACT

### BILL TO AMEND—SECOND READING

**Hon. Jacques Flynn** moved the second reading of Bill C-23, an Act to amend the Income Tax Act and a Related Act.

He said: Honourable senators, the job faced by the sponsor of a bill to amend the Income Tax Act is not a very fascinating exercise. Neither is it the occasion for a very pleasant speech, unless he speaks to something other than the legislation. I might perhaps refer to the budget or to this government's general policies. This would be more provocative, because reciting the contents of this kind of bill is a tedious rather than invigorating exercise.

However, Bill C-23 is nonetheless an important measure because it involves amendments to the Income Tax Act that were announced in the budget brought down on February 26, 1986.

As usual, the legislation comes very late to the Senate. The more things change, the more they remain the same, or should I say the worse they get, according to one's vantage point.

These amendments are largely the result of a very extensive consultation process that started before the February budget was delivered. It went on until the notice of the Ways and Means Motion was tabled for the bill on October 31, 1986.

The government is giving increasing priority to the consultation process because representations from taxpayers, professionals and spokesmen for the various sectors of the Canadian society are an invaluable contribution to the decision-making process. Such a contribution helps the government find better answers to our problems.

On May 23, 1985, the Minister of Finance issued a document entitled: "The Corporate Income Tax System, a Direction for Change". After having held consultations on the matter, the minister is proposing changes that would improve the corporate income tax system by suppressing tax incentives that benefit some companies and reducing the tax rate for all corporations.

That reduction in the corporate tax rate, which could only be brought about by extending the corporate tax base by way of eliminating, as I said, some tax incentives will be followed by other steps in the reform of the corporate income tax system.

The following changes are proposed in Bill C-23—10 and 7 per cent investment tax credit—rather, those tax credits will be phased out by the end of 1988. Second, the 3 per cent deduction for inventory is eliminated as of February 26, 1986. Third, over the next three years, the business income tax rates will be significantly reduced. The small business tax rate will be reduced from 15 to 13 per cent, the tax rate for small manufacturing businesses will be reduced to 8 per cent, the large business tax rate will be reduced from 36 to 33 per cent and the tax rate for large manufacturing concerns will further be reduced to 26 per cent.

Those changes are aimed at reducing economic distortions caused by business decisions being unduly influenced by tax factors rather than sound business criteria.

This legislation is not limited to reforming the corporate income tax system. It also includes major provisions for improving tax fairness, since it will implement the minimum income tax, restrict the ability of employees to secure windfall tax benefits through arrangements for delayed salary payment; it will also implement new rules on the risk fraction in the case of limited partnerships, and rules for the use of income tax credits by trust companies so investors can not derive from the tax system disproportionate benefits in relation to their investments.

Moreover, Bill C-23 will implement the first stage of the pension reform by increasing the maximum deductible RRSP contribution for tax years 1986 and 1987 from $5,500 to $7,500.

On October 9, the Minister of Finance tabled in Parliament a document showing the highlights of a new and better retire-

ment pension system. In this document, he explained how the annual ceiling will rise to $9,500 in 1988, and then by $2,000 each year up to $15,500 in 1991.

Bill C-23 introduces a number of significant changes to Registered Retirement Income Funds, or RRIFs, so that those funds may actually become a more useful instrument for withdrawing funds accumulated in an RRSP.

Here are these changes: The ceiling for annual contributions to an RRIF will be eliminated. The RRIF ceiling per person will also be eliminated. Contributions to an RRIF could start at any time after it has been registered instead of only after the start of the following calendar year. It will also no longer be forbidden to redeem life or temporary annuities payable under an RRIF.

This bill introduces a new federal sales tax refundable tax credit aiming at relieving low income Canadians from part of the burden of federal sales tax.

When he dealt yesterday with the bill amending the Excise Tax Act, Senator Roblin mentioned this corrective measure which will remedy the distortion resulting from certain taxes hurting unfairly and inequitably the most disadvantaged. This credit will generally be offered to every family with an income of $15,000 or less. Such a family will become entitled to $50 per adult and $25 per child under 18. The fact that this tax credit is refundable will ensure that families paying little or no federal income tax will nevertheless benefit fully from that credit. A federal sales tax credit is a significant element of a fair tax system.

In the same context of helping the most needy, I should mention Bill C-11 which we adopted a while ago and which, now implemented, has permitted the advance payment of the Child Tax Credit to be paid out.

Another proposal stemming from the February budget was the increase in the deduction for the handicapped. Beginning in 1986, this deduction will increase by $250 for 1986 and will reach $2,850.

Bill C-23 will implement that budget measure and also improve the formula for establishing the entitlement to this deduction.

Bill C-23 includes other provisions aimed at eliminating obstacles to growth.

For example, the new flow-through share provision concerning the mining industry which makes it possible for investors to buy these shares without being concerned about third-party liability in case of incidents occurring during the exploration or development stage.

Another example is the widening of exemption in the case of tax deduction for non-residents, in order to make it possible for Canadian corporations to go to foreign financial markets and reduce their borrowing cost on international markets.

The bill also contains important measures for regional development, one of these being the improved investment tax credit for Cape Breton. Thus the minimum investment in amortizable assets required in the case of an eligible project is

[Senator Flynn.]

reduced from $50,000 to $25,000, so smaller projects will now be eligible for this credit.

Another change made in the bill and concerning this credit has to do with an increase—from 20 to 40 per cent for major corporations—in the unused portion of such Cape Breton refundable investment tax credits earned in a given year. Before this change, only small businesses were eligible for the 40 per cent refund.

Another measure in this bill important for regional development is the special housing deduction and the deduction for travelling expenses for medical or leisure purposes incurred by people who live in Arctic and other remote regions. This measure will increase the tax deductions now allowed to these people through remission orders. It will become a more permanent benefit since it will be specifically authorized under the Income Tax Act.

Honourable senators know that the tax system contains a wide variety of measures designed for small businesses. The present definition of small business requires the company to use most of its assets in active operations in Canada. This definition has been a stumbling block for Canadian businessmen anxious to expand in foreign countries. If we expect Canadian companies to operate profitably throughout the world, we must eliminate this kind of obstacle.

This is why Bill C-23 broadens the definition of small business so as to include companies which use most of their assets in an active company which operates mainly in Canada. [*English*]

Honourable senators, what I have said summarizes the contents of the bill. I would like to draw to the attention of honourable senators the fact that we have had a report from the Banking, Trade and Commerce Committee on the subject matter of this bill. That report appears in Tuesday's *Hansard* at page 314. The report indicates that the committee has heard witnesses on two occasions, namely, Wednesday December 3 and Thursday December 4. The report deals with some of the issues found in the bill, for example, the alternative minimum tax—and there are some observations in the report that might be of interest to honourable senators—and whether or not this minimum tax will always be equitable. I suppose that we have to experiment with what is really a new tax before we can pass final judgment on its effectiveness and its equitableness.

● (1630)

The report also deals with changes to RRSP contributions, and mentions submissions made by the Canadian Life and Health Insurance Association and the Life Underwriters Association of Canada, both of whom are critical of the fact that you can withdraw your contributions without buying an annuity. The committee comes to the conclusion that there are some fundamental differences between RRSPs and sponsored pension plans. The report also deals with the submissions of the Independent Petroleum Association of Canada regarding the provisions of the bill touching on flow-through shares. This is a technical problem and I will leave it to honourable senators interested in the subject to read what is in the report on the

matter. Finally, the committee deals with the surtax on individuals and corporations. Of course, increasing taxes is never a very popular measure. On this subject the report reads:

> In order to reduce the federal deficit, the bill proposes a surtax of 3 per cent on the basic federal tax of individuals beginning on 1st July, 1986 . . . and 3 per cent surtax on Federal Income Tax payable by all corporations beginning 1st January, 1987—

The report notes that the bill does not include a termination date for these taxes, but that the minister has announced his intention to continue the surtax until he has reformed the federal sales tax. I believe that the objective is to keep this tax in place for only a few years.

Because of some provisions in the bill that are applicable to the present fiscal year, namely, those with regard to RRSP contributions, there is some urgency in passing this bill. I suggest that the Banking, Trade and Commerce Committee has done a thorough job on the subject matter of the bill and that it might not be necessary to refer the bill itself to that committee. However, I leave that decision to honourable senators. As I said at the beginning of my remarks, we are always put in the position that having pre-studied a bill, we must then proceed through the three readings of the bill in a very short time. But I do not suppose there is much that we can do about it.

**Senator Frith:** We have yet to discover what it is we can do about it.

**Senator Flynn:** Yes, we have been searching for a solution, but have not really found a good one. In any event, I commend the bill and recommend that it be given favourable treatment by the Senate.

**Hon. John M. Godfrey:** Honourable senators, I would like to congratulate Senator Flynn on his exposition. I sat in on the hearings of the Banking, Trade and Commerce Committee on the subject matter of this bill, and the honourable senator has explained clearly and fairly all of its provisions.

I would like to make a comment on this process of pre-studying bills. Out of curiosity, I looked back to February 23, 1982 when I wrote a letter to the then Leader of the Government in the Senate, the Honourable Raymond Perrault, suggesting that this principle of pre-study, which had been adopted by the Banking, Trade and Commerce Committee for many years, had not really been adopted by other committees of the Senate. I can recall that at the time there were complaints about what was called "Christmas closure". Senators were complaining that they did not have time to consider the bills or even to send them to committee. Of course, the obvious solution was to pre-study the bills, and that is what we have been doing. I do not think that I have heard one complaint about being rushed or about not having a chance to pre-study those bills which deserve to be pre-studied.

I would like to make three comments on matters that were discussed in the report of the Banking, Trade and Commerce Committee. The first is in connection with the Alternative Minimum Tax to which Senator Flynn referred. The Senate committee, in its report, said:

> 3) There may be inequitable application of the AMT in some instances on the death of a taxpayer. There is provision for a three-year carryback provision that will allow the AMT on death to be applied to the excess, if any, of regular Part I tax or AMT for the three preceding years.

It goes on to say:

> . . . the three-year relief may be of little help to taxpayers who have never paid much regular Part I tax because of low income. This may impact on farmers in particular who have paid little Part I tax during their lifetimes and may incur a very large AMT when they die, owing to the inclusion of the untaxed capital gain net of the capital gain exemption claimed on the deemed disposition of their farms at death. This is of concern to the committee and the Department of Finance officials have indicated that they are studying means of providing relief.

I was supplied with a briefing kit by the Research Bureau of the national Liberal caucus, which contains the following comment:

> In the February 1986 budget, the minister announced an important change with respect to the original proposal. He announced that capital gains and the gross-up on taxable dividends will be excluded from the computation of the minimum tax. In other words, only the actual amount of taxable dividends are to be included in income.
>
> This is an important change because the amount of tax that the government expected to collect, as well as the number of tax-filers affected, will be greatly reduced compared to the initial proposal. When it was first announced, the Minister of Finance estimated that approximately 100,000 tax-filers would be required to complete two tax returns; that 54,000 would be required to pay a minimum tax, and that the measure would generate approximately $300 million. What this single change does is cut the figures in half: 50,000 tax-filers will be required to complete two returns, 25,000 tax-filers will in fact be required to pay a minimum tax and the tax will bring in $150 million.

The $150 million in question is probably refundable. Although I attended the meetings, I was not present at the drafting of the report; nor was I present when this question was being discussed. I wish to say that what is in that briefing kit does not really gibe with what is in the Senate committee's report, because the briefing kit says that the capital gains tax is not included. I would therefore ask Senator Flynn whether he could possibly get some information from the department to clarify what may seem to be a contradiction, but which may very well not be.

My next point concerns registered retirement savings plans, referred to in the committee's report. The report says:

> Both the CLHIA—

That is, the Canadian Life and Health Insurance Association.

> —and the Life Underwriters Association of Canada (LUAC) object to the proposal that individuals be entitled to commute their RRSP annuities and RRIFs. They argue that members of private pension plans and the Canada and Quebec pension plans are not allowed to withdraw their savings.

At that point I should read in one other paragraph of a letter which the association sent to the committee, in which it said:

> We believe that allowing owners of registered retired savings plans to cash out their incomes after retirement removes from all RRSPs the last vestige of obligations that are imposed on pension plans. It turns them into simply tax shelters for personal savings and away from the original intent that they be personal pension plans.

I can well recall that when RRSPs were first introduced I had a personal interest because I was mixed up with the mutual fund business. We thought this was a great opportunity to sell mutual funds through the use of registered retirement savings plans. It was very simple. Previously, if you were a lawyer, a doctor or a chartered accountant, you could not get a pension plan, and this was put in to permit this for the self-employed.

So I fail to see the distinction. The original purpose was to permit pension plans for self-employed people.

The report of the committee says:

> The Committee notes that there are some fundamental differences between RRSPs and company sponsored pension plans. RRSPs are plans entered into voluntarily by individuals with voluntary contributions up to maximum limits. Company sponsored pension plans are usually compulsory as a condition of employment.

Further on the report says:

> Having made contributions to a voluntary plan, individuals would be entitled to commute should their circumstances change . . . The purpose of the legislation is to give people the right to make their own decisions rather than being forced by legislation to remain committed to receive annuity payments in circumstances which may not be appropriate.

Personally I cannot see the relevance, and I expressed that view in committee. Although I was not present at the drafting of the report, the committee knew my views; but I was overridden. I do not really see the relevance, that just because RRSPs are voluntary, people should be allowed to draw money out, when one cannot do that so far as pension plans are concerned. That may be a little paternalistic. Someone who holds an RRSP—I certainly had one myself—would quite naturally like to be able to do this; but the government, in its wisdom, has said, "You cannot do it with regard to pension plans," and I cannot see why people should be permitted to do it with regard to registered retirement savings plans.

The report refers to the "Surtax on Individuals and Corporations". I should like to point out for the record the cumulative effect, so far as individuals are concerned, on increased taxes, and I would like to give some figures with respect to a one-earner couple with two children. If the income is $15,000 per year, they pay $255 extra tax because of this. If the income is $30,000 per year, they pay $630 extra tax; and if the income is $50,000 per year, they pay only $575 extra tax. It seems to be a very curious anomaly, that persons who make $50,000 per year have less of an increase than those making $30,000 per year.

I wish also to refer to the Refundable Federal Sales Tax Credit, to which Senator Flynn also referred. In the briefing kit it says:

> The level of income about which the credit is no longer refundable is too low. The $15,000 level is below the poverty line, which, for a family of four living in a city is approximately $21,000. According to estimates, if the government decided to raise the income limit to $21,000—

Which is the poverty line.

> —(instead of $15,000), the measure would cost $150 million more in 1986 (raising the cost from $330 million to $480 million).
>
> The amount of the credit is insufficient to compensate fully for the federal sales tax. A family of four is estimated to pay an average of $445 per year in federal sales tax alone. According to the government's proposal, the same family would receive $150 credit ($50 per adult and $25 per child). Hence the credit would have to be three times as large as what the government proposes to fully compensate families for the sales tax. The federal sales tax rate now stands at 12% and the government has increased it by three percentage points since taking power.

I suppose that, in fact, the refundable sales tax credit is intended to take care of the increase rather than the whole.

My final point concerns the dividend tax credit. The bill proposes that the dividend gross-up be reduced from 50 per cent to 33 1/3 per cent, and the dividend tax credit be reduced from 22 2/3 per cent of taxable income to 16 2/3 per cent. These changes will increase the taxes paid by individuals, as far as their owning of common shares securities are concerned.

I find that a little contradictory, the fact that they are discouraging by reducing the investment in common shares when a year and a half ago they were trying to encourage investment by eliminating capital gains tax for the first $500,000.

Those are all of the comments that I wish to make. I agree with Senator Flynn that there is no point in sending this back to committee.

**Senator Flynn:** Honourable senators—

**The Hon. the Acting Speaker:** May I inform honourable senators that if Senator Flynn speaks now, his speech will have the effect of closing the debate on the motion for second reading.

**Senator Flynn:** Honourable senators, I wish to thank Senator Godfrey for his comments and contributions.

• (1650)

I may say that absolute equity in matters of taxation is an impossible goal, but we have to try and try again. I do not suggest there is absolute logic in all fiscal decisions that are made by governments from time to time. If the government does not get a result by a given measure, sometimes it has to try something else. It may be that this happened to the Minister of Finance. I do not think he achieved the exact results he had hoped for in his first budget and he therefore had to realign his forces and his objectives.

With regard to the points made by Senator Godfrey concerning the Alternative Minimum Tax, the report of the committee states:

> There may be inequitable application of the AMT in some instances on the death of a taxpayer.

That may be the problem. We are not certain that that will be the situation, and I do not think that the information the committee received is erroneous, on the contrary, but it may be in the case of the death of a taxpayer because of the deemed realization of all of the assets in the taxpayer's estate. But for the ordinary taxpayer the Alternative Minimum Tax is calculated, as the report states:

> by readjusting taxable income to add back various tax preferences—

It may be that when we speak of "various tax preferences" we do not speak of capital gains. However, I will undertake to obtain an official reply on this for Senator Godfrey.

Senator Godfrey gave his opinion on the changes brought to the RRSP contributions. To my way of thinking, they are not the same. I think the committee was right in saying they were not the same. They may be partly the same in the sense that they would say to a taxpayer who is not forced to contribute to a registered pension plan, "You can put aside some money, and you can put aside more if you are not contributing to a pension plan." But Senator Godfrey will acknowledge that a taxpayer may be contributing to a registered pension plan, as we do in the Senate, and then be permitted to make contributions to an RRSP.

Therefore, in this case it is voluntary. That you have more flexible rules as to the use of these funds when you reach the age of 71 is not necessarily a bad thing. The life insurance companies, of course, would rather force everybody to buy an annuity, and I can understand that. However, the official reasons given for the changes are still valid.

That is all I will put on the record at this time. I will try to obtain an official reply on the question of the Alternative Minimum Tax versus capital gains exemptions.

Motion agreed to and bill read second time.

[*Translation*]

On motion of Senator Flynn, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## CANADAIR LIMITED DIVESTITURE AUTHORIZATION BILL

### SECOND READING

**Hon. Martial Asselin** moved second reading of Bill C-25, to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith.

He said: Honourable senators, in the early eighties, after having owned the company for more than five years, the government decided to proceed with the financial restructuring of the corporation. It invested substantial sums of money in the company in order to bolster its weak finances and try to save a considerable number of jobs. Honourable senators will remember this was done at considerable cost to the Canadian taxpayer, but it only treated the symptoms. Much more was needed to deal with all the problems besetting the company. It was far from making a profit. However, the government's investments helped to bolster the company's failing finances and thus saved quite a few jobs. More was needed, however.

When this government decided to sell Canadair to Bombardier, it was acting on the principle of maximizing the socio-economic benefits to the entire country and not simply maximizing the selling price. Those were the terms used by the minister, the Honourable Barbara McDougall, in her speech to the House when she introduced this bill.

The government's objective is to obtain maximum economic benefits for the country and to do so, it was not just a matter of maximizing the selling price, as the minister said, because it had become impossible to recover the billions of dollars invested previously in Canadair. It was necessary to select a company that was in the best position to give this enterprise the economic boost that would make it competitive on international markets, in a steadily expanding aerospace industry. As we all know, the sale of Canadair was entrusted to the Canada Development Investment Corporation, which co-ordinated the marketing and financial analysis necessary before recommending to the government a prospective purchaser for Canadair. The search for appropriate buyers was based on sound business principles. The criteria for evaluation apparently included the following characteristics: proven managerial, technological, marketing and manufacturing capabilities; established financial depth; and industry experience.

The minister added the following:

> The CDIC's objective was to select buyers who would develop the assets of a competitive aerospace enterprise with a view to the export market, further develop aerospace technology in Canada, maintain employment prospects in Canada and support regional development priorities.

The last step in the privatization process took place early in 1986, and on February 6, there were six corporations interested in buying Canadair. They included Bombardier Inc., Canadian Aerospace Corporation, Canadian Aerospace Technologies Ltd., a consortium led by Fleet Aerospace Corporation, IMP Ltd. and Magna International Inc. Bids were invited from these parties. A team of financial advisers retained by the

CDIC examined the various bids from the companies that had been asked to send in bids, and after a lengthy, difficult and detailed examination, the CDIC recommended that the government accept Bombardier's offer.

On August 18, together with her colleagues, the minister, accompanied by Minister Michel Côté, Robert de Cotret of Treasury Board and Marcel Masse of Energy, Mines and Resources, announced the signing of the letter of intent to sell Canadair to Bombardier.

● (1700)

[*English*]

TERMS OF SALE TO BOMBARDIER

A. Consideration and payment

Cash - $120 million payable at closing.

Shares - $100 million of special "A" shares issued to Bombardier to ensure that Canadair's existing working capital will be used solely for the business purposes of Canadair. Bombardier can redeem these shares by making expenditures in permitted investments related to Canadair's operations.

- $50 million of special "B" shares which can be 'earned out' by Canadair if it achieves specified increases in exports, import replacement, sales of new products, and spending on R & D.

Royalties - $173 million estimated nominal value of royalties over the next twenty years in consideration of the exclusive use of the Challenger technology. CDIC will retain responsibility for existing royalty commitments relating to the Challenger technology. Taking these into account reduces estimated net royalties to $107 million. In the first two years following closing, the Crown shall have the option of receiving a lump sum payment of $20 million in lieu of royalties.

- 1% of Canadair's share of the program revenues from the CF-18 systems engineering support contract.

Additional payments - $3 million in dividends at closing.

- $6.5 million for purchase of the Cartierville airport.

B. Other provisions

Canadair shall remain in Quebec and maintain capacity to design, develop and produce existing Canadair products. Production outside Canada will be allowed only with the prior approval of the Minister of Regional Industrial Expansion.

The government shall warrant that the Canadair pension plans will be fully funded at closing. Amounts in these plans will be for the sole benefit of the Canadair employees.

CDIC will retain ownership of the Challenger technology, but will licence it exclusively to Canadair. This arrangement will make royalty payments tax deductible.

The government shall undertake to provide the necessary financing through the Export Development Corporation to enable Canadair to make Challenger sales in export markets. This commitment is contingent on Canadair's undertaking to reach the Canadian content requirements of EDC "over a specified period of time so far as it is practicable to do so".

If at any time for fifteen years after closing insurance coverage for product related injury is unavailable or is "economically impracticable to procure", then the government will share the risks of claims against Canadair to the extent of 90% during the first five years, 60% over the following five years, and 30% in the final five years.

The government shall indemnify Bombardier and Canadair for any net losses from claims against Canadair outstanding at closing or that may arise within five years of closing with respect to events that occurred prior to closing. In addition, the government shall pay for any claims exceeding insurance incurred within four years from closing and attributable to defects in a Canadair product or design made prior to closing.

[*Translation*]

It is to be noted that the terms of the sale refer to certain matters concerning mainly the employees. In fact, it was agreed that all Canadair employees would be offered participation in the share purchasing scheme already in place for the Bombardier employees. The government therefore is pleased to see that the employees want to share in the ownership of the company through share purchases, and that they want to be involved in the decisions concerning Canadair's future. Bombardier is committed to keeping in Quebec Canadair's manufacturing operations and its headquarters. Bombardier has also agreed to propose a plan to increase the Canadian content of the program for new technology production. In short, as indicated by the minister, the purchase of Canadair by Bombardier allows the merger of Canadian technology, a qualified work force, supported by Bombardier's managerial expertise and its experience of international markets.

When Laurent Beaudoin, Chairman of the Board and Chief Executive Officer of Bombardier Inc., appeared before the Senate committee, he briefly described Bombardier's operations by saying in part:

> As you know, Bombardier is a Canadian-owned company established in Quebec more than 50 years ago. Although it is Canadian, Bombardier is a company with an international vocation. Its design, development and manufacturing operations involve a broad range of products, all related to transportation, and are carried out mainly in Canada but also in the United States, Austria and Belgium. We market our products and equipment, which are often complex, to an international clientele that is very sophisticated and very demanding.
>
> Bombardier today is recognized as one of the leading world manufacturers of rapid transit equipment and also ranks among the main North-American manufacturers of diesel engines, while maintaining its position as the leader in the snowmobile industry, and assuming an increasingly

greater role as a supplier of logistic vehicles to the military.

Bombardier now employs some 8,000 people and operates 14 plants. Its total turnover exceeds $850 million and its products are exported to 50 countries, over five continents.

In short, honourable senators, the sale of Canadair to Bombardier will allow the merging of a Canadian technology with a qualified labour force, supported by the administrative expertise of Bombardier and its knowledge of international markets. We believe that the privatization of Canadair will benefit, not only the aerospace industry itself, but also the development of new modern technologies which will serve the best interests of Canadians. It has been said many times that Canada is made up of various regions with diverse economies and economic outlooks; it is not possible, when deals of this dimension are made, to please all the regions of this country which aspire to participate in the economic development of Canada.

In such difficult contexts, when governments must make a choice, it is recognized that it is not possible in a country as widely diversified as Canada to reach unanimity. Governments must clearly base their decisions on a reasonable consensus, and that is what the government thinks it has achieved by deciding to sell Canadair to Bombardier.

Honourable senators, this bill has already been seriously considered in committee. We obtained the report this afternoon. I therefore recommend that we should accept the principle of this bill.

[*English*]

**Hon. Sidney L. Buckwold:** Honourable senators, first of all, I want to congratulate Senator Asselin for handling that Canadair Challenger jet in such a nice manner. He took off safely, flew high and smoothly and he landed with just a few bumps. So that overall, I think that this side of the chamber is quite pleased with the presentation that he has made; we are ready to give him his pilot's licence. Most of us who have studied this in some detail think that, for a change, the government has come up with not a bad deal. So, you will not hear too much from me at this late hour—I am sorry that I have to keep you for a few more minutes.

• (1710)

Interestingly enough, I read a column by Don McGillivray, who is a columnist with the Montreal *Gazette*. He said that:

> By deciding, at least conditionally, to sell Canadair to Bombardier, the Mulroney government seems at last to have done something sensible without messing it up.

Senator Flynn, did you hear that? I thought I might get a response from you.

**Senator Flynn:** No; I did not.

**An Hon. Senator:** Repeat it. Read it again.

**Senator Frith:** It is not the kind of thing that usually gets by you, Senator Flynn.

**Senator Buckwold:** In any case, since we now have a "Minister of Privatization", which I think is certainly a new one—first we had a minister of privies, privates—I really do not know—but when we get into "privatization," I do not know of a country in the world that has a Minister of State for Privatization. It does say something of what may be yet to come.

Some of the deals have been not so good; some of them haven't quite materialized. In giving you some compliments on this deal, I think the minister has to take credit for doing her homework, for thoroughly preparing the kind of study that goes on, the negotiations, and, finally, picking a very good company to take over this very important industry, Canadair—one that means a great deal to the Canadian community, and one that keeps our image high in the aerospace industry—an industry that we really cannot let die. This is one of the reasons that on both sides of the house we feel some relief that at least a first-class company with that great reputation of Bombardier is taking over this very important industry.

I have to qualify all of this by saying that I do not think the Minister of Privatization should become too enthusiastic. She will not get such a warm response if she starts in on CBC, Air Canada and some of these other plans that we keep reading of in the paper—or even Petro-Canada.

**Senator Phillips:** Or privatization of the Senate!

**Senator Buckwold:** Or privatizing the Senate, which has already been privatized in the eyes of many.

**Senator Flynn:** There are a lot of privates.

**Senator Buckwold:** In looking over the deal—certainly Senator Sinclair, the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, has done a very good job—the committee's report contains very little that we could complain about.

In reading the debates in the other place, it is interesting to note that the debates and the criticism were mostly concerned with political philosophy; that is, should we have a significant role in this country for state-owned enterprises, or should we be moving in the direction of private ownership? As I read those debates, it seemed that almost all of the speakers—especially those from the NDP—felt that we should be having more and more state ownership. I was interested to read that they gave us the Saskatchewan experience of all the great success that went on in the government of the day and the fact that the NDP government owned a variety of things. I must admit that living there I have not found them very successful, but I will go back and take another look. Certainly many of them have been abject failures. I do not know if they have a minister of privatization in Saskatchewan, but certainly they are looking at divesting as well.

There is a role, all of us would say—even those on the other side who were very proud that the Conservative government had started CBC and even some of the other major publicly-owned enterprises—for a state in maintaining essential industries and, perhaps especially, in moving to protect regional

interests and maintaining in that direction the kind of economic stability that we need in the country. I think most of us are agreed, generally, that there is a role for public-controlled enterprise.

In this particular deal with Canadair, the financing is rather interesting, as we listen to the ministers. The debt has been written off—$1.2 billion. Now, our side of the chamber cannot take very much pride in the fact that there was a very substantial debt. The fact is, I think we would agree, that it was in the national interest that we could not let that industry disappear. That debt has just been moved over to the national debt. So, the interesting thing is that when the Government of Canada receives payment of well over $100 million—or $120 million in cash—it will end up being added to the surplus that might occur, or as a reduction of the deficit of the Government of Canada. Such is the wonder of government accounting. All I know is that the debt will be $1.2 billion higher and eventually, hopefully, will be paid by our great-great-great-grandchildren.

**Senator Frith:** We should have stayed closed on weekends.

**Senator Buckwold:** There was an interesting point raised in the committee, and that is the influence of the royalty that was agreed to be paid by Bombardier on the repair maintenance contract for the CF-18s—a very controversial decision of the government—which went to Canadair. The Bombardier people agreed that they would pay a 1 per cent royalty on the net proceeds of that particular contract. We were unable in the committee to determine whether that was a significant factor in the ultimate decision which took a contract which by every sense of proportion should have gone to Manitoba, to Bristol Aerospace, and gave it to Canadair. Deep down I have this feeling that it did have some influence. It added a few million dollars to the total return to the government, and I have this feeling that the government, to a degree, used the fact that there was an additional form of revenue coming in from Bombardier, through the Canadair contract on CF-18s, that would help in achieving some additional return on this particular contract. I hasten to add that none of the witnesses agreed with that, nor did it come out in concrete evidence; it is just that there is the feeling that it might have been part of the influence that decided the final contract and where it went. I may be prejudiced, coming from western Canada, in that particular regard, but I think you can understand why.

Having said these things, I am not sure whether there is anything more that I could add. I can indicate—because I seem to be giving almost a speech on behalf of the government—the labour unions of Canadair were quite content with the new ownership. I think they were relieved that there would be a continuing operation of a company that at the present time is quite profitable, but which two years down the road, when present contracts expire, may have some difficulty.

● (1720)

However, I think it is well understood that an aggressive, respected company like Bombardier will have the know-how to be able to keep the plants operating in the hope that they will be even more successful than they are today.

[Senator Buckwold.]

Honourable senators, having said that and indicating the general support of this side of the chamber, I have nothing more to add. I have no reason to request that this bill be sent to committee because of the excellent review its subject matter has had by the Standing Senate Committee on Banking, Trade and Commerce already and, as far as I am concerned, the bill should proceed to third reading at the convenience of the Senate.

**Hon. Senators:** Hear, hear!

**Senator Asselin:** Honourable senators—

**The Hon. the Acting Speaker:** Honourable senators, I wish to inform the Senate that if the Honourable Senator Asselin speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Asselin:** —I would like to congratulate Senator Buckwold on his contribution. I think he understands very well the principle of Bill C-25, and I am sure the minister will be very happy to read his notes once he has a chance to do so.

Motion agreed to and bill read second time.

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Asselin, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## APPROPRIATION BILL NO. 4, 1986-87

SECOND READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved the second reading of Bill C-35, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1987.

He said: Honourable senators, I have very little to say about this particular bill, since everyone in the chamber is well aware of the content of and the necessity for the bill.

It is the Appropriation Act No. 4, 1986-87 and provides for the release of the supplementary estimates (B) amounting to some $300 million.

The entire spending authority is sought to provide for the Special Canadian Grains Program and represents the first instalment of the $1 billion program relating to the 1986 crop.

These estimates were tabled in the Senate on December 17 and immediately referred to the Standing Senate Committee on National Finance. The estimates were discussed by the Finance Committee and with department officials on December 17, 1986. The committee presented its report on that day.

Honourable senators, the urgency of the bill, as I have said, is an obvious one. We urge speedy passage so that the payments to the farmers can be made early in the new year.

**Hon. Royce Frith (Deputy Leader of the Opposition):** With the usual assurances, of course.

**Senator Doody:** Of course, I am prepared to give the usual assurances that the bill is in the standard form and that there are no surprises or unpleasantries contained therein.

**Senator Frith:** Honourable senators, as we know from what Senator Doody has said, from the report of the committee and from some debate on that report today, the purpose of these supplementary estimates—and the appropriation bill is built upon them—is to pay the $1 billion promised—in this case, the first $300 million thereof.

We were told, as the report indicates, that it is to assist Canadian grain and oilseed growers as a result of falling world prices brought on by the action of the United States and the European Economic Community.

The report points out that a number of policy issues were raised regarding the Special Canadian Grains Program. Witnesses agreed to provide information to the committee explaining the methods used to arrive at the formula to be used.

The committee also questioned the impact of low grain prices on the market price of red meat.

I would underline that it was the opinion of the committee that the policy matters raised should be referred to the Standing Senate Committee on Agriculture. Indeed, this bill does raise a number of policy questions, and in briefing notes that we received for the committee certain policy questions were raised. I mention them here to put them on the record and I will explain why I am doing so.

The first question relates to the fact that the program is expected to run to two years and whether there is any significance in the two years. It also relates to whether the government expects a resolution to the subsidy problem brought on by the actions of the EEC and the United States or whether this is a continuing problem, as Senator Argue has suggested both in the committee and here in the chamber. Obviously that problem will not be solved unless the subsidy problem itself is solved. In other words, we are dealing with a symptom rather than a cause of the disease.

The second question is whether the program of grain subsidies is consistent with the efforts of the government to shift inefficient farmers off the land. This program might encourage less efficient grain producers to stay on the land for at least another year. That is a possible consequence.

The third question is whether the 48 person-years which are covered in the supplementary estimates represents the total number of person-years needed or whether some person-years will be relocated from other areas of the department. That question may have been answered after I had to leave the committee to attend another meeting.

The last question was one which we did deal with and it relates to the amounts shown for the administration of this program. Of the $300 million, some $4 million is allocated to administration and $1,540,000 for professional and special services. There is also an additional $450,000 for information. We were told that there would be a great deal of advertising necessary to advise those farmers who are not operating under the Wheat Board of their rights. This is to be sure that they fill out applications and that the information gets to the Department of Agriculture.

It is my understanding that 60 per cent of the total number of farmers who hold permit books with the Wheat Board fall into a category which does not require advertising, because we were told that the Wheat Board has all the information required to administer the program.

It seemed to me that the administration costs were high and were not fully justified by the evidence given to the committee.

However, I would point out the situation is front-end loaded to a certain extent, so some of these costs will be spread over the $1 billion and are not related only to the $300 million.

Honourable senators, I would be concerned about passing this appropriation bill without further explanation were it not for the fact that my questions all relate to ongoing policy considerations. If these considerations are going to be referred to our Agriculture Committee, they can be dealt with there—and the program is an on-going one in any event.

• (1730)

With those comments, I intend to support this bill at second reading.

**Hon. Hazen Argue:** I think honourable senators would agree that almost everything that might be said on this particular measure has probably already been said. Senator Frith has raised a number of administrative points and I think they are all pertinent. I am a little disturbed at hearing that only 60 per cent of the producers are covered by the Canadian Wheat Board permit book system because I would have believed that figure to be a lot higher. There are 140,000 permit book holders in western Canada, by which I mean the four western provinces. I believe we were told that they expect that only about 10,000 producers might fall outside the Wheat Board system, producers such as cattle feeders, ranchers and so on. Well, every grain farmer would have a permit book; it is almost automatic. Almost every livestock producer would also have a permit book because they are almost always sellers of grain off their livestock farms. That is just the way it is. Therefore, I would think that they are looking for farmers who are basically outside the area of western Canada.

I believe that an expenditure of $450,000 upon advertising just to let people know that there might be something for them is really not necessary. I hope that this advertising program does not turn out to be a propaganda effort. I hope that the ads will not promote this measure as a great step forward. If we just think about it, it is not a great step forward at all.

The National Finance Committee was told this morning that the average total payout will be $5,000 per producer. I suppose that since $300 million is 30 per cent of $1 billion, the first proportional payment is $1,500. That will be paid to a producer whose income may have dropped anywhere from $10,000 to $40,000, depending on the size of his operation. The $1,500 will come to that farm leader that I referred to yesterday—and the figures that were given in *Hansard* were not accurate; the $110,000 debt load was against his land, which a few years prior was worth $400,000 rather than the $40,000 quoted yesterday. Now the banks are getting ready to foreclose and he does not think he has enough equity in his

land to prevent the foreclosure. There is no legislation in place that can necessarily prevent that foreclosure, and $1,500 to a person in such great financial difficulty just won't do the job.

I could repeat my line, honourable senators, and I would think my line should ring a bell with people who are conservative-minded: The proposition that you can take large chunks of money and throw them at a problem hoping to solve it just won't work. We have to have a system in place that targets the problem. With great respect to whoever might have drafted the questions that have been put on the record, I question whether this measure might have an effect upon inefficient farmers. It is not the inefficient farmers, sometimes, who are in trouble—it is those who tried very hard to be exceptionally efficient. Such farmers expand, leverage their debt and equity positions and so on. By and large, it is often the young farmer, the university graduate, the technically most capable farmer who finds himself in financial trouble. These are people who decide that they can do enough research and that, in light of the expert's view that this is a good investment, they can go forward and prove their efficiency to make some money. These farmers were efficient; their input costs were the highest of all and their debt load was also the highest of all. This has all come crashing down as much on the so-called efficient farmers as, perhaps, on those who somebody in a high place has said are inefficient farmers, who may simply have been conservative-minded people who operated with care and remembered the admonitions of their fathers and grandfathers not to get too far into debt if they wanted to succeed as farmers. Those people who were less efficient by way of production, who perhaps produced three quarters as much per acre as the efficient farmers, probably find themselves in less serious financial difficulty today. So let us not go down that road.

Honourable senators, the great danger in what is happening here is that we are in the process of destroying the rural life of Canada. I think we should be able to address this problem collectively in such a way that government expenditures, while they may necessarily need to be increased, will not necessarily constitute the only way to deal with the problem.

The Deputy Minister of Agriculture, Jean-Jacques Noreau, appeared before the National Finance Committee today. He is a prominent and well known civil servant. During my stay in the cabinet, he was a member of the secretariat of Treasury Board, so his training, I suppose, has been to be careful with money, to be cautious with money. Maybe that is all right, but I was disturbed at one of his answers to a question of mine this morning. I asked him whether he felt any pressure within the system to reduce the initial prices for grain next year. My understanding of his answer, and I am paraphrasing him, was that there is pressure within the system to reduce the government's commitment to grain stabilization. Of course, honourable senators, that is the western grain stabilization. If nothing is done to reduce the government's obligation, there may be as much as $1 billion paid out under that act next year, so we need to be cautious, as agricultural producers and as members of Parliament.

[Senator Argue.]

With respect to the administration of this measure, I will acknowledge that the government discussed with farm leaders the methods and the formula to be used. But considering the part of western Canada that I come from, which is the same general type of area as that which Senator Olson comes from, I think there is built into the formula a certain amount of discrimination against those people in the drier areas of the country. The whole payment is based on seeded acres. In the northern parts of the province where rainfall is higher, the pattern is to seed virtually every acre to crop. In our country the pattern is to seed 50 per cent of the land to crop; that is not the total pattern, but it is one used by a great many producers. What this measure is saying is that if you have a greater number of acres, then with the district averaging method that is being used for yield you will get a much larger payment under this act. I recognize that it is difficult to bring forward a formula that is fair to everybody. Sometimes I think those of us who farmed in the south and had in the past a marketing system based on so many bushels per acre perhaps had some advantage over those in the more moist, high production areas where quotas are also established on acres. I repeat, however, that I think there is built into this formula a certain amount of discrimination against people in the drier areas of western Canada. If that kind of discrimination, or if you want to put it the other way, that kind of bonus to those who have seeded all their acres is maintained in one program after another, it will be a signal to farmers to seed all their land, even though that may not be the wisest method of operating.

• (1740)

Honourable senators, along with all other honourable senators, I am pleased to support this measure, because an average of $1,500 for each producer in the next few weeks is worth $1,500 and there will be, on average, another $3,500. It is of some help, but it is only, according to the United Grain Growers who have asked for $4 billion for Western Canada, 25 per cent of what they feel is necessary to compensate producers for the very adverse economic conditions currently prevailing.

**Senator Doody:** Honourable senators—

**The Hon. the Acting Speaker:** Honourable senators, I wish to inform you that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading.

**Senator Doody:** I have nothing to add. I simply thank honourable senators for their participation in the debate.

Motion agreed to and bill read second time.

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Fifth Report of the Standing Committee on Internal Economy, Budgets and Administration (supplementary budget of Social Affairs, Science and Technology), presented in the Senate on 16th December, 1986.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I move that the report be adopted.

**The Hon. the Acting Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

SIXTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Sixth Report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Regulations and other Statutory Instruments), presented in the Senate on 16th December, 1986.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I move that the report be adopted.

**The Hon. the Acting Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

[*English*]

## FOREIGN AFFAIRS

SECOND REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideraton of the Second Report of the Standing Senate Committee on Foreign Affairs (Budget regarding examination of Canada's participation in the international financial system), presented in the Senate on December 16, 1986.

**Hon. Heath Macquarrie:** Honourable senators, as Senator van Roggen has had to leave, I move the adoption of the report.

Motion agreed to and report adopted.

## FISHERIES

THIRD REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Third Report of the Standing Senate Committee on Fisheries (budget regarding examination of marketing of fish in Canada), presented in the Senate on December 16, 1986.

**Hon. Jack Marshall:** Honourable senators, I move that the report be adopted.

Motion agreed to and report adopted.

## THE SENATE

DELAY IN PRODUCTION OF *DEBATES* and *MINUTES*—MOTION TO CALL PRINTING BUREAU OFFICIALS BEFORE THE SENATE—DEBATE ADJOURNED

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I move:

> That Officials from the Canadian Government Printing Bureau be called before the Bar of the Senate to explain the delay in the publishing of the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate.*

**The Hon. the Acting Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have been in contact with officials of the Printing Bureau and of the department. I understand that a letter is being prepared, and I had hoped to receive it this afternoon. The letter has not arrived, but I shall certainly have it tomorrow morning. As to whether or not it will be satisfactory, perhaps we could determine that tomorrow. In the meantime and if the Senate so agrees, perhaps this motion could stand.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I think that what Senator Doody has suggested is a satisfactory temporary solution. I hope that it is understood that if we do not find the explanation satisfactory it may be necessary for the responsible official to appear before the Senate. If that condition is understood, then I think that we have a sensible solution to the problem, and on that basis I move the adjournment of the debate.

On motion of Senator Frith, debate adjourned.

## BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

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

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Friday, 19th December, 1986, at one o'clock in the afternoon.

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

**Hon. Senators:** Agreed.

**Senator Doody:** Honourable senators, perhaps I can give a word of explanation, at least on two bills that are due tomorrow. There may be one other. Bill C-16 deals with amendments to the Unemployment Insurance Act and Bill C-17 deals with the PGRT. I understand that the other place will

begin to deal with these bills at midday tomorrow. We hope to have the first of them by one o'clock tomorrow afternoon, and it is hoped that the second one will follow shortly thereafter. In order to expedite the progress of business, it seems to be appropriate to meet an hour earlier than our normal time. Perhaps it will move us closer to Royal Assent, which we hope to obtain tomorrow afternoon.

Motion agreed to.

The Senate adjourned until tomorrow at 1 p.m.

## APPENDIX "A"

(*See p. 364*)

## CANADAIR LIMITED
## DIVESTITURE AUTHORIZATION

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-25

THURSDAY, December 18, 1986

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

### NINTH REPORT

Your Committee, to which was referred the subject-matter of the Bill C-25, intituled: "An Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith", in advance of the said Bill coming before the Senate, or any matter relating thereto, has, in obedience to the Order of Reference of Thursday, 27th November, 1986, examined the subject-matter of the said Bill and now reports as follows:

In connection with this reference, your Committee heard testimony from the Canada Development Investment Corporation (CDIC), Bombardier Inc., Canadair Limited and the Minister of State for Privatization, the Honourable Barbara McDougall. We also received a brief from the International Association of Machinists and Aerospace Workers, representing the Canadair production and maintenance employees.

**Object of the Bill**

This Bill would authorize the sale of Canadair Limited to Bombardier Inc. of Montreal pursuant to terms specified in a letter of intent signed by the Government and Bombardier on 18th August, 1986, and subsequently refined in a final agreement which will come into effect following passage of this legislation.

**Background to the Sale**

The Government's intent to sell Canadair was announced in October 1984. Canadair's parent, the CDIC, hired a consortium of Burns Fry Limited, Merrill Lynch Capital Markets (of New York) and S.G. Warburg & Co. Ltd. (London, England) to act as financial advisors in the sale.

In February 1985, the financial advisors began developing a marketing strategy for contacting all significant aerospace firms in the world. Between 135-150 potential buyers were canvassed worldwide. By early 1986, six serious bidders emerged from this process. Following discussions with each of these bidders and assessment of their submissions, CDIC concluded that only the bids from Bombardier Inc. and from Canadian Aerospace Technologies (CAT) offered the potential for a "financially acceptable transaction". Additional negotiations were conducted with these two companies as a result of which the two submissions were improved substantially. These submissions were then presented to the CDIC board in June 1986. Upon consideration, the board determined that, although the two bids were quite close, the Bombardier bid was superior from an economic point of view and recommended it to the Government. The Government accepted that recommendation, and Bill C-25 provides for its implementation.

**Terms of Sale to Bombardier by CDIC**

A. Consideration and Payment

Cash

- $120 million payable at closing

Shares

- $100 million of special "A" shares issued by Bombardier to ensure that Canadair's existing working capital will be used solely for the business purposes of Canadair. Bombardier can redeem these shares by making expenditures in permitted investments related to Canadair's operations.
- $50 million of special "B" shares which can be "earned out" by Canadair if it achieves specified increases in exports, import replacement, sales of new products, and spending on R & D

Royalties

- $173 million estimated nominal value of royalties over the next 20 years in consideration of the exclusive use of the Challenger technology. CDIC will retain liability for existing royalty commitments relating to the Challenger technology. Taking these into account reduces estimated net royalties to $107 million. In the first two years following closing, the Crown shall have the option of receiving a lump sum payment of $20 million in lieu of royalties.
- 1% of Canadair's share of the program revenues from the CF-18 systems engineering support contract

Additional Payments

- $3 million in dividends at closing
- $6.5 million for purchase of the Cartierville airport. Bombardier will pay an additional $5 million into a joint account of the Government and Canadair. Over the next four years, draws against this account will be solely for the purpose of upgrading the airport. Any funds remaining at the end of the four year period shall be remitted to the Government.

B. Other Provisions

- Canadair shall remain in Quebec and maintain capacity to design, develop, and produce existing Canadair products. Production outside Canada will be allowed only with the prior approval of the Minister of Regional Industrial Expansion.
- The Government shall warrant that the Canadair pension plans will be fully funded at closing. Amounts in these plans will be for the sole benefit of the Canadair employees.
- CDIC will retain ownership of the Challenger technology, but will license it exclusively to Canadair.
- The Government shall undertake to provide the necessary financing through the Export Development Corporation (EDC) to enable Canadair to make Challenger sales in export markets. This commitment is contingent on Canadair's undertaking to reach the Canadian content requirements of EDC "over a specified time period so far as it is practicable to do so."
- If at any time for 15 years after closing, insurance coverage for product-related liability is unavailable or is "economically impracticable to procure", then the Government will share the risks of claims against Canadair to the extent of 90% during the first five years, 60% over the following five years, and 30% in the final five years.
- The Government shall indemnify Bombardier and Canadair for any net losses from claims against Canadair outstanding at closing or that may arise within five years of closing with respect to events that occurred prior to closing. In addition, the Government shall pay for any claims exceeding insurance incurred within four years from closing and attributable to defects in a Canadair product or design made prior to closing.

**Considerations Behind the Transaction**

The sale was negotiated and completed on a going-concern basis, and was preferable to other alternatives.

The alternatives to selling Canadair were liquidation of the company or continuation under government ownership. The Government commissioned studies to evaluate both of these options. A study by Peat Marwick concluded that liquidation of Canadair would cost the Government a sum in excess of $300 million. A separate study, done by the Department of Regional Industrial Expansion with the advice of Burns Fry Limited, estimated the present cash value of continued government ownership of Canadair at $70 million. The sale to Bombardier was therefore judged financially superior to either of those alternatives.

The 1986 operating results of Canadair have been good. CDIC Chairman Mr. Paul Marshall told the Committee that Canadair was expected to remain successful for about two more years but would run into difficulties after that, should it continue as a Crown corporation. He attributed Canadair's current success primarily to orders placed by the Government of Canada and the Government of West Germany. Except for these contracts, Canadair's order book "is very thin", Mr. Marshall said, and Canadair lacks the marketing expertise that would enable it to improve this situation significantly.

On the other hand, according to the testimony that the Committee received, Bombardier has been very successful in developing new export markets, and its strength in this area is well recognized. This is therefore one area in which Canadair should profit considerably from its integration in the Bombardier group. Both the Chairman and Chief Executive Officer of Bombardier, Mr. Laurent Beaudoin, and the President and Chief Executive Officer of Canadair, Mr. Donald Lowe, stressed the importance of this factor to the future success of Canadair. Another potential source of benefit for Canadair is the experience of Bombardier in acquiring technology through licensing and adapting it to new areas. In the words of Mr. Lowe, "it should be possible to achieve some exciting technological synergies by licensing specialized technology developed by others in the aerospace industry, while at the same time exploiting Canadair's own achievements more effectively."

Bombardier's benefits in the acquisition of Canadair will derive in part from an expanded opportunity to exploit more fully its existing strengths in engineering and marketing. In addition, Mr. Beaudoin indicated that some of the technology developed in Canadair is applicable to Bombardier's other product lines. In their submission to the Committee, the International Association of Machinists expressed satisfaction with the proposed transaction.

In sum, the managements of both Bombardier and Canadair expressed confidence in the future of Canadair within the Bombardier group.

Your Committee has reviewed the subject-matter of Bill C-25 in accordance with the Order of Reference and recommends that the said Bill, when examined by the Senate, be favourably considered.

## APPENDIX A TO THE REPORT

### LIST OF WITNESSES

**Thursday, December 11, 1986: (Issue No. 9)**

From the Canada Development Investment Corporation:
Mr. Paul Marshall, President.

From Burns Fry Limited:
Mr. John McNaughton, Vice President;
Mr. Ian H. Noble, Corporate Services.

From Bombardier Inc.:
Mr. Laurent Beaudoin, Chairman and Chief Executive Officer;
Mr. Jean Rivard, Vice President, Legal;
Mr. Paul Larose, Advisor to the Chairman;
Mr. Barry Olivella, Advisor to Bombardier Inc.;
Mr. Yvon Turcot, Communications Consultant.

**Tuesday, December 16, 1986: (Issue No. 10)**

From Canadair Limited:
Mr. Donald C. Lowe, President;
Mr. Alan B. Marquis, Corporate Vice President, Finance;
Mr. Robert A. Wohl, Corporate Vice President, Administration and Legal.

**Appearing:**
The Honourable Barbara McDougall, P.C., M.P.
Minister of State (Privatization)

From the Department of Regional and Industrial Expansion:
Mr. Peter J. Sagar, Aerospace Directorate, Electronics and Aerospace Branch.

From the Canada Development Investment Corporation:
Mr. Michael F.K. Carter, Executive Vice President.

From Burns Fry Limited:
Mr. John McNaughton, Vice President.

## APPENDIX B TO THE REPORT

### SUBMISSIONS

The Committee received a submission from the following group:

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS
Montreal, Quebec

The Committee is indebted to the Office of Privatization and Regulatory Affairs for providing extensive background information on the Bill.

Respectfully submitted,

IAN SINCLAIR,
*Chairman.*

## APPENDIX "B"

(*See p. 364*)

## STANDING SENATE COMMITTEE ON NATIONAL FINANCE

## FOURTH REPORT

REPORT ON SUPPLEMENTARY ESTIMATES (B) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1987

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THURSDAY, December 18, 1986

The Standing Senate Committee on National Finance has the honour to present its

### FOURTH REPORT

Your Committee, to which Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1987, were referred, in obedience to the Order of Reference of Wednesday, December 17, 1986 submits its report as follows:

The Committee heard evidence from the following witnesses:

*From Agriculture Canada*

Mr. Jean-Jacques Noreau, Deputy Minister;
Mr. Frank R. Claydon, Assistant Deputy Minister, Policy;
Mr. Gilles Lavoie, Director General, Farm Financial Protection Programs.

*From the Treasury Board:*

Mr. R. Bilodeau, Assistant Secretary, Program Branch.

Supplementary Estimates (B) totalling $300.0 million is the second Supplementary Estimate for the 1986-87 year, all of which is being requested as new spending authority by Agriculture Canada for its Special Canadian Grains Program.

This program, which was first announced in the debate following the Speech from the Throne, is intended to assist Canadian grain and oilseed growers as a result of falling world prices brought on by the action of the United States and the European Economic Community (EEC). Canadian grain and oilseed growers receive a subsidy dependent upon the crop they grow, their 1986 acreage, the variability in yield per acre in the different regions of Canada, and the extent to which they are affected by the U.S. and EEC actions. The program is expected to run for two years costing approximately one billion dollars. The anticipated need for this fiscal year is $300 million, the amount of the request in these Supplementary Estimates B; the remaining $700 million is to be requested in the Main Estimates, 1987-88.

During the course of the hearing, a number of policy issues were raised regarding the Special Canadian Grains Program such as the amount of the subsidy under the program and the elements of the formula used to calculate this subsidy. Witnesses agreed to provide information to the Committee explaining the method used to arrive at this formula. The Committee also questioned the impact of low grain prices on the market price of red meat. It was the opinion of the Committee that the policy matters raised should be referred to the Standing Senate Committee on Agriculture.

The Committee was of the opinion that there was no need for this Supplementary Estimate since Vote 5 - Contingency Fund of the Treasury Board could have been used to initiate this program. This reveals the implications of conferring on the government the wide discretionary powers provided in Vote 5 of the Treasury Board which this Committee raised in its Third Report.

Respectfully submitted,

FERNAND-E. LEBLANC,
*Chairman.*

# THE SENATE

**Friday, December 19, 1986**

The Senate met at 1 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

## FINANCE

### DOCUMENT ENTITLED "NEW DIRECTIONS FOR THE FINANCIAL SECTOR"

On tabling of documents:

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, the Deputy Leader of the Government has tabled in the house today a very important document or series of documents which were tabled in the House of Commons yesterday afternoon by the Minister of State for Finance, the Honourable Thomas Hockin. These documents pertain to regulatory reform in the financial sector. My purpose in rising on this occasion is to underline the importance of these documents and, particularly, to express the wish that the legislation which is to follow these documents will come forward as early as possible in 1987. The documents and the statement of the minister contain proposals for change in a number of important areas pertaining to the financial sector in Canada. Because they are proposals cast in very general terms, it is not possible to reach detailed conclusions about the acceptability of the particular proposals. Undoubtedly, the proposals will be fleshed out in the legislation and in the regulations following the legislation. I note that the minister stated in the house yesterday that:

> All Hon. Members know that Canada is fortunate to possess one of the finest financial systems in the world. It is composed of sound world class institutions. It employs hundreds of thousands of Canadians and serves millions. It is one of Canada's leading export industries, which is something we ought not to forget.

I am pleased that the minister has taken the occasion to point out the extent and efficacy of the Canadian financial system. It is one legacy which the present government inherited which it is not, presumably, prepared to disown. Indeed, it is prepared to commend the system as it exists, subject to the important changes which are recommended and which we will be considering later.

There is one further point, honourable senators, that I want to make. It has to do with an additional comment of the minister, which reads as follows:

> In putting this policy forward, we have been very much helped by the fine work done by the House Standing Committee and to a large measure we have followed it both philosophically and in detail.

It is an ironic point that the Standing Senate Committee on Banking, Trade and Commerce, in its sixteenth report, issued in May 1986, entitled "Towards a More Competitive Financial Environment", produced an extremely comprehensive, carefully reasoned and valuable report. I cannot say with absolute certainty the extent to which the minister in his proposals has drawn upon the report of the standing Senate committee, but I believe that it can be argued that the minister drew upon this Senate committee report more than he did upon the report of the standing committee of the House of Commons.

**Senator Flynn:** Agreed.

**Hon. Senators:** Hear, hear!

**Senator MacEachen:** I do not want to be too picky about this, but I think it is important—

**Senator Flynn:** That kind of thing has existed for years.

**Senator MacEachen:** Quite aside from the comment made by Senator Flynn, I will say that again yesterday in the House of Commons there was a debate on a resolution calling for the abolition of the Senate. I think that when the Senate, which is so frequently under attack, does produce such valuable reports, it is important that it be brought to the attention of all those who believe in a bicameral system in Canada and that due credit should be given to the work of the Senate.

**Hon. Senators:** Hear, hear!

**Senator MacEachen:** I think this is one occasion when the Senate did work very hard through its Banking, Trade and Commerce Committee, under the chairmanship of the present Leader of the Government in the Senate. In some way we ought to convey to the minister our disappointment that he has not acknowledged the source of these sound proposals in his statement yesterday.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I certainly congratulate the Leader of the Opposition on putting on the public record the amazing coincidence between the report presented by the minister yesterday and the report prepared by the standing Senate committee. If, indeed, the committee's work has not been drawn upon, then it has to be one of the major miracles of all time that the two reports should have such an amazing similarity. I have no hesitation at all in bringing to the attention of the minister the comments that have been made in this place and I am sure there must have been some terrible misunderstanding somewhere along the line. Due credit will eventually come, I am sure, to those in the Senate who prepared that Senate report.

**Hon. Philippe Deane Gigantès:** Honourable senators, in the spirit of Christmas and good health, I suggest we do not hold our breath until credit is given.

[*Translation*]

## UNEMPLOYMENT INSURANCE ACT, 1971

REPORT OF COMMITTEE ON SUBJECT MATTER OF BILL C-16 TABLED AND PRINTED AS APPENDIX

**Hon. Arthur Tremblay:** Honourable senators, I have the honour to table the Third Report of the Standing Senate Committee on Social Affairs, Science and Technology respecting the subject matter of Bill C-16, an Act to amend the Unemployment Insurance Act, 1971. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix, page 416.*)

[*English*]

## NATIONAL FILM BOARD

REFERRAL BACK TO SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE OF REPORT ON FILM ENTITLED: "THE KID WHO COULDN'T MISS"—NOTICE OF INQUIRY

**Hon. Jack Marshall:** Honourable senators, I give notice that on Tuesday, January 20, 1987 I will call the attention of the Senate to the motion adopted by the Senate on May 28, 1986, and passed by a vote of 28 for and 17 against, that the Report of the Standing Senate Committee on Social Affairs, Science and Technology entitled: Production and Distribution of the National Film Board Production "The Kid Who Couldn't Miss", tabled in the Senate on April 15, 1986, be referred back to the committee with instructions to consider and report upon the following:

Strike out page 20 and substitute

RECOMMENDATIONS

1. That after the titles of the film, the following disclaimer be added: "This film is a docu-drama and combines elements of both reality and fiction. It does not pretend to be an even-handed or chronological biography of Billy Bishop.

Although a Walter Bourne did serve as Bishop's mechanic, the film director has used this character to express his own doubts and reservations about Bishop's exploits. There is no evidence that these were shared by the real Walter Bourne."

2. That the National Film Board be requested to take action to eliminate from the film the unproven allegations, charges and innuendoes against the integrity of Billy Bishop; and

further, that consideration be given to the apparent disregard by National Film Board officials of their commitments to the Senate Sub-committee on Veterans Affairs arising out of evidence before the sub-committee.



## THE SENATE

*OTTAWA CITIZEN* ARTICLE OF NOVEMBER 18, 1986—NOTICE OF INQUIRY

**Hon. Jack Marshall:** Honourable senators, I give notice that on Tuesday, February 3, 1987, I will call the attention of the Senate to an article dated November 18, 1986 in the *Ottawa Citizen*, which in its imputations holds in contempt not only an institution of Parliament but by extension all of its members and goes beyond the guarantees of freedom of expression under the Canadian Charter of Rights and Freedoms.

## ILLITERACY IN CANADA

NOTICE OF INQUIRY

**Hon. Joyce Fairbairn:** Honourable senators, I give notice that on Tuesday, January 27, 1987 I will call the attention of the Senate to the question of illiteracy in Canada.

## FINANCE

DOCUMENT ENTITLED "NEW DIRECTIONS FOR THE FINANCIAL SECTOR"—NOTICE OF INQUIRY

**Hon. Ian Sinclair:** Honourable senators, with leave of the Senate and notwithstanding rule 44(1) and 44(2), I give notice that later this day I will call the attention of the Senate to the document entitled: "New Directions for the Financial Sector", tabled in the Senate on December 19, 1986 (Sessional Paper No. 332-169).

**The Hon. the Speaker** *pro tempore:* Honourable senators, is leave granted?

**Hon. Senators:** Agreed.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Under Inquiries, I would presume?

**Senator Sinclair:** Yes, under Inquiries.

## LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO STUDY FIRST REPORT OF FRENCH CONSTITUTIONAL DRAFTING COMMITTEE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the First Report of the French Constitutional Drafting Committee, tabled in the Senate on 17th December, 1986 (Sessional Paper No. 332-159).

Motion agreed to.

## THE SENATE

DELAY IN DISTRIBUTION OF *DEBATES*—QUESTION OF PRIVILEGE

**Hon. Jean Le Moyne:** Honourable senators, on a question of privilege, I would like to point out that we do not yet have

yesterday's *Debates of the Senate*. It is getting to be a bad habit.

• (1310)

**Hon. Royce Frith (Deputy Leader of the Opposition):** I have my copy.

**Hon. C. William Doody (Deputy Leader of the Government):** Yesterday's *Hansard* has been circulated.

**Hon. Eymard G. Corbin:** If it has been circulated, it ought to have been circulated to everyone. This block of seats does not have it. We have to beg continuously for documents. What is going on?

**Hon. Gildas L. Molgat:** If it is here, it has not been delivered to my desk.

**Senator Doody:** Honourable senators, I ask the Table to please see that documents are circulated to senators. This is getting to be a bit of a farce.

**The Hon. the Speaker** *pro tempore:* I ask that the Table order the pages to distribute copies of *Hansard* right away.

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## QUESTION PERIOD

[*English*]

### THE SENATE

ABSENCE OF GOVERNMENT LEADER FROM CHAMBER

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I must inform the Senate that the Honourable Senator Murray is not present today. If there are any questions honourable senators wish me to take as notice, I will be happy to do so. In the meantime, I do have some delayed answers which I should like to present.

### BUSINESS OF THE SENATE

ANTICIPATED LEGISLATION

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, would the Deputy Leader of the Government, under the heading of "Question Period", be able to tell us what additional legislation we can expect this afternoon from the House of Commons?

**Hon. C. William Doody (Deputy Leader of the Government):** I can handle that. As of this moment, I understand that Bill C-17, respecting the Petroleum and Gas Revenue Tax Act, is now being debated in the other place. I am told that it will be before the Senate shortly.

Following that, we can expect to see Bill C-16 which deals with amendments to the Unemployment Insurance Act.

There are two other bills which I am told will be processed in the House of Commons this afternoon, a bill to amend the Salaries Act, which deals with the Lieutenant Governors' salaries. The industrial aggregate on which the formula is based for increases is no longer used, and the new measure that is used by Statistics Canada has to be substituted. The wording in the act has to be changed to allow them to compute the 7 per cent increase that Lieutenant Governors are due.

The final bill which we are told will probably come before the Senate today is one dealing with the Immigration Loan Fund. Moneys from that fund are made available to new Canadians. The money in that fund is exhausted and additional funding is needed to carry on in the new year. I have been told that that bill will be before the Senate this afternoon.

Those are the four bills.

**Senator MacEachen:** I thank the Deputy Leader of the Government. I can see no personal difficulty with respect to the first two bills mentioned by the Deputy Leader, and possibly the third, which I understand has to do with an alteration in the indexation for the Lieutenant Governors' salaries. However, I do ask whether it is appropriate to ask us to deal with all the stages of a bill which we have not seen and which has not even, to my knowledge, been unveiled in the House of Commons. If the situation is as has been suggested, namely, that the provisions of that immigration loan authority expire at the end of December, one wonders why—-

**Senator Doody:** The fund will be exhausted.

**Senator MacEachen:** —if the fund will be exhausted—why has there been a delay to the point where the bill is introduced by the government on the last day of the session prior to Christmas. I think at a certain point we have to draw a line and say that there is a limit to the extent to which Parliament can be asked to deal with measures without proper consideration. One wishes to be as accommodating as possible—and I believe we have been—but now to have a fourth bill brought in on the very last day is, in my opinion, a bit much. I ask the Deputy Leader of the Government whether he can exercise some influence not to have this bill pushed forward.

**Senator Phillips:** Much like the previous government.

**Senator Doody:** I can only answer the question that was asked by the Leader of the Opposition. The answer was that these four bills, I am told, are to be introduced in the other place today and they will be sent up. Whether the Senate wishes to deal with or pass the immigration bill, of course, is entirely within the authority of the Senate. I can simply commend it to the Senate for its attention, and the Senate will decide how it wants to dispose of the particular bill.

As for my using my influence in the other place, I will certainly try to do that, but I will not guarantee any startling results this afternoon.

### INDIAN AFFAIRS

SELF-GOVERNMENT—GOVERNMENT POLICY

**Hon. Paul Lucier:** Honourable senators, I also have a question for the Deputy Leader of the Government in the

Senate. I want to assure him that it has nothing to do with icebreakers.

I would like to state that I have read the Minister of Indian Affairs and Northern Development's comprehensive claims policy which he tabled yesterday in the other place. First of all, I want to say that I commend both the government and the minister for the efforts that they are making to solve very difficult problems.

My question deals with Indian self-government. I want to state right now, honourable senators, that I do not see Indian self-government and the comprehensive claims policy as a partisan issue. I see it as an issue that all parliamentarians have to deal with in a very serious manner. Could the deputy leader get me some information from the minister concerning the minister's statement that the new government policy will be consistent with the government policies on Indian-Inuit community-based self-government?

I have always been one of the people who have opposed Indian self-government based on what the Indian leaders themselves described as Indian self-government, which was a government that would be within the provinces but would have more power than even the provinces. The minister's new direction seems to be community-based self-government, which is totally opposed to what the Indian leaders themselves see as Indian self-government. I wonder if I could get the Deputy Leader of the Government to take that back to the minister and get me some clarification on exactly what we mean by "community-based Indian self-government."

● (1320)

**Hon. C. William Doody (Deputy Leader of the Government):** I would be pleased to make representations on behalf of the senator.

## INDUSTRY

### SYDNEY STEEL CORPORATION—FUTURE RAIL MARKET PROSPECTS—STATUS OF REPORT

**Hon. B. Alasdair Graham:** Honourable senators, my question is for the Deputy Leader of the Government in the Senate. I am sure he and other honourable senators are aware of the great concern that has been expressed about the future of Sydney Steel Corporation.

He may also be aware that there is a delegation from Sydney Steel Corporation and from the general Cape Breton community in Ottawa today meeting with several cabinet ministers. Their concern relates to the future of rail orders from Canadian National for Sysco as well as the financing of phase two of the Sydney Steel Corporation modernization plan.

Awaited with great interest is the report by A.D. Little of Canada Ltd. on future market prospects in respect of rails. We understand that that report was to be submitted to the government some time this week.

I wonder if the Deputy Leader of the Government has any knowledge he would share with us as to whether or not that study has, indeed, been received by the government.

[Senator Lucier.]

**Hon. C. William Doody (Deputy Leader of the Government):** I am afraid I have no knowledge of that situation to pass on, but I will make inquiries for the honourable senator.

**Senator Graham:** Before the business of the Senate is completed today, I wonder if the Deputy Leader of the Government, on that particular point, might ask officials whether or not the report has been received and, if not, when it might be expected. Would he also ask when, indeed, we may have a decision?

**Senator Doody:** I will make an inquiry, but how quickly the results will materialize, of course, is out of my hands. However, I will certainly make the inquiry.

## FEDERAL-PROVINCIAL RELATIONS

### EQUALIZATION PAYMENTS TO POORER PROVINCES—GOVERNMENT POLICY

**Hon. Eymard G. Corbin:** Honourable senators, I should like to put a question to the honourable Deputy Leader of the Government, which he may want to take as notice.

My question concerns the controversial statements made by the New Brunswick Minister of Finance with respect to the presumed promise by the federal Minister of Finance that the poorer provinces were to expect an additional $175 million in equalization payments next year.

Comments from the New Brunswick Minister of Finance, as reported in the press, and comments from other sources involved in the deliberations where the federal minister, presumably, made that offer seem to indicate there was a universal understanding that the payment would be made in one block, in one year and not spread out over two years. Is there anything new with respect to that situation today?

I do not want to confront the deputy leader with the suggestion that someone is saying less than the truth. I would presume, though, that this could be the result of a basic misunderstanding. But it appears to be very clear in the minds of provincial representatives and provincial ministers that there was a commitment made for that transfer over a period of one year, contrary to what the federal Minister of Finance says. What is the situation?

**Hon. C. William Doody (Deputy Leader of the Government):** I can only say that the allegation is, as the senator says, that some of the ministers of finance in the provinces seem to feel that the commitment was made for a one-year payment. The federal Minister of Finance says that the commitment was made and it would be spaced over two years. Other than that, I have no other information. However, I will make inquiries on behalf of the honourable senator. Obviously, there is a very serious difference of opinion.

**Senator Corbin:** Honourable senators, I think the New Brunswick Minister of Finance must be in a total state of shock over what has been happening recently. They have been asked to carry a greater load of the fiscal burden. Because of the state of the economy, they are faced with diminishing revenue, and they are asked by the central government to take

up an even greater share of the financial responsibility for administering the well-being of the citizens of New Brunswick. Just recently they were asked to pay radio licence fees for radios used by the RCMP, highway patrols, and what-have-you. The story goes on and on. The concern is over this important matter and sometimes over other picayune matters, and I do not see the climate of cooperation improving at all, contrary to what some sources in Ottawa say, in federal-provincial relations.

I would point out that it bothers me, too, as a New Brunswicker, that we are being treated like that. It bothers me, too, that the great, big, rich Province of Ontario is quoted as saying that it may not have been listening as it ought, not being one of the "poorer provinces."

What is going on in this country? Does the government not care any more about the outlying areas, the not-so-well-off areas? Where is this great agenda for national reconciliation? Back in New Brunswick people think that it has probably gone to the birds.

**Senator Doody:** Honourable senators, I can sympathize with the honourable senator. As a former provincial minister of finance, I know exactly what he is talking about. I dealt with the federal government, admittedly a different government, for a great many years and there was always a different set of priorities; the subject was approached from an entirely different angle. There were some serious differences of opinion, and I must say that our expectations from the central government were, to phrase it mildly, not always fully realized.

I would suspect that the situation, to one degree or another, will always remain the same. I do believe that cooperation is attempted and tried. There are differences of opinion. Particularly in this case there is a very serious difference of opinion. But I am really not in a position—nor does my honourable colleague expect me to be in a position—to be able to resolve them at this time and place.

**Senator Corbin:** I would like to thank the Deputy Leader of the Government for his frankness. I always appreciate that.

## INDIAN AFFAIRS

### TOBIQUE INDIAN BAND LAND CLAIM—REQUEST FOR APPOINTMENT OF IMPARTIAL NEGOTIATORS

**Hon. Eymard G. Corbin:** Honourable senators, I would like to return to a question I raised yesterday with the Leader of the Government concerning the Tobique Indian Band land claim. In response to the concern that I raised yesterday, the Leader of the Government referred to the new policy laid down by the Minister of Indian Affairs and Northern Development with respect to "comprehensive land claims." I should perhaps have been more specific yesterday. The item I was raising was one which is referred to in Indian Affairs as "a specific land claim". It does not come under the umbrella of the comprehensive or global Indian claims.

At issue was a profound difference of opinion over the qualifications of the negotiator or negotiators provided by the Department of Indian Affairs to come to an understanding with the Tobique band on their 14-year-old claim with respect to alienated lands which happened in the last century and early in this century. I would not say that the matter has been put on the back burner repeatedly, but the bureaucrats have always come back to square one and have told the Indians to go back home, do their homework, reconsider it and come back with another proposition when the issue is rather clear. So the band has come to the conclusion that there is ill-will on the part of the functionaries, and that is why they have pleaded with successive ministers to change the negotiating team.

That item is not covered by the comprehensive policy laid down by the minister yesterday, which is an entirely different matter. So I would like the Leader of the Government to take this comment as notice and perhaps provide me with a comprehensive response when we come back in the new year.

● (1330)

**Hon. C. William Doody (Deputy Leader of the Government):** I will certainly make representations to the minister in that respect.

## TRANSPORT

### DISALLOWANCE OF INCREASE IN CN FREIGHT RATES

**Hon. Joyce Fairbairn:** Honourable senators, earlier this week I asked the Government Leader in the Senate whether he could facilitate the release of a Canadian Transport Commission ruling on freight increases that had been levied against western Canadian wood pulp. Obligingly, he has done that, and the CTC has since handed down its ruling, which I received this morning. It stated that the 4 per cent increase levied in January of this year should be disallowed as well as the 4 per cent increase proposed for next year. I wonder whether the deputy leader could indicate to me whether or not there has been any indication from Canadian National that they will abide by this ruling and, second, will the money expended in the past several months as a result of the 4 per cent increase be refunded?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I regret to say that I have no information on that matter. However, I shall certainly make inquiries for the honourable senator.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a number of delayed answers.

## IMMIGRATION

### ALLEGED ABUSE OF MINISTERIAL DISCRETION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a response to a question

raised in the Senate on November 6, 1986 by the Honourable John B. Stewart, regarding Immigration—Alledged Abuse of Ministerial Discretion.

(*The answer follows:*)

The Minister of State for Immigration has full responsibility for the development and implementation of policy and the overall management of the immigration program. This includes also a relationship with the Refugee Status Advisory Committee. The Minister of Employment and Immigration maintains an overall co-ordinating role for immigration policy. The Immigration Act requires the Minister of Employment and Immigration to retain authority for certain functions such as those relating to security matters.

## GRAIN

### CANADIAN WHEAT BOARD—FINAL PAYMENTS FOR GRADES 1 AND 2 SPRING WHEAT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have the delayed answer to a question raised in the Senate on December 16, 1986, by the Honourable Hazen Argue, regarding Grain—Canadian Wheat Board—Final Payments for Grades 1 and 2 Spring Wheat.

(*The answer follows:*)

The current system for pooling is legislated under the Canadian Wheat Board Act. It would be difficult to change the Act so as to deal with the crop year just past or the current crop year. Once prices are set, and the spread between accounts is established—once wheat is delivered into the system—it is difficult to make a retroactive change.

No announcement has been made as to whether or not there will be a 1985-1986 final payment for Canadian Red Spring Wheat Number 1 and 2. At this point it is not useful to speculate what they might be.

The Minister of State for the Canadian Wheat Board, the Minister of Agriculture and several members of Parliament have met with the Western Canadian Growers Association. Both sides have agreed to meet again and consider changes for the next crop year.

## ILLITERACY

### REMEDIAL MEASURES—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question raised in the Senate on December 16 by the Honourable Joyce Fairbairn with regard to Illiteracy—Remedial Measures—Government Policy.

**Hon. Joyce Fairbairn:** May I have that answer read, please?

**Senator Doody:** Certainly.

Through his visits to institutions and discussions with various officials in Corrections and related services, the Solicitor General became increasingly concerned about the large number of inmates who lack a basic education and the diminishing ability of this group to compete effectively in the labour market upon release. Mr. Kelleher is anxious to bring some immediate improvement to what he considers this untenable situation and has directed the Correctional Service to expand its efforts immediately to increase significantly the number of inmates leaving prison who can read and write sufficiently to meet the needs of everyday life. This objective will be met through increased attention to the identification of illiterates upon arrival at penitentiary and measures to increase the participation rate in literacy programs through improved program quality and attractiveness.

The Solicitor General is confident that this enhanced response on the part of the Correctional Service will meet more effectively the urgent needs of this disadvantaged group.

The Minister is planning to implement this initiative sometime early in the new year.

**Senator Fairbairn:** Honourable senators, I thank the deputy leader for the answer, and I applaud the Solicitor General. However, my question was: Would the government follow the excellent example of the Solicitor General in dealing with this problem within the prisons and deal with the question of illiteracy on a national basis? I wonder whether I can get an answer to that question.

**Senator Doody:** I shall certainly pass that revised question on to the appropriate department.

## TRANSPORT

### PROHIBITION OF SMOKING ON COMMERCIAL FLIGHTS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 17 last by the Honourable Senator Lucier regarding Transport—Prohibition of Smoking on Commercial Flights.

**Hon. Paul Lucier:** May I have that answer read?

**Senator Doody:** Certainly.

The Minister of Transport has recommended to the Governor in Council that a new air regulation be proposed to ban smoking on Canadian aircraft for both domestic and transborder flights of two hours or less. This new regulation will be published in Part I of the Canada *Gazette* to solicit public comment before a final decision is taken early in 1987.

## RESEARCH AND DEVELOPMENT

### SCIENTIFIC MEETING IN STOCKHOLM—CANADIAN REPRESENTATION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 17 last by the Honourable Senator Marsden regarding Research

and Development—Scientific Meeting in Stockholm—Canadian Representation.

(*The answer follows:*)

There was no Canadian representation at the recent meeting of the Eureka Program in Stockholm because Eureka is strictly a European endeavour. However, the government is very interested in pursuing matters dealing with research and development in co-operation with the Eureka Council.

## ENERGY

MONITORING OF OIL AND GAS COMPANIES FOLLOWING TERMINATION OF PETROLEUM AND GAS REVENUE TAX

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 18 last by the Honourable Senator Olson regarding Energy—Monitoring of Oil and Gas Companies Following Termination of Petroleum and Gas Revenue Tax.

(*The answer follows:*)

The recent report of the Petroleum Monitoring Agency dealt with the energy sector up to and including June 1986.

Following the removal of the PGRT in October of this year, the PMA agreed to produce a special report on PGRT re-investment. The PMA has almost completed its interviews with the industry and expects to report before the end of January.

The Minister has been made aware of the concerns of Senator Olson and will be communicating directly with the senator as soon as more information is available.

## ABORIGINAL PEOPLES

POST-SECONDARY EDUCATION—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 18 last by the Honourable Senator Marchand regarding Aboriginal Peoples—Post-Secondary Education—Government Policy.

(*The answer follows:*)

The question raised by the Honourable Senator Marchand on post-secondary education for Indians of the Okanagan Indian Band in British Columbia, raised in the Senate yesterday, has been brought to the attention of the Minister of Indian Affairs and Northern Development. The Minister will respond in writing directly to the honourable senator on this important matter at the earliest possible date.

## EMPLOYMENT

SUMMER YOUTH EMPLOYMENT PROGRAM

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 18 last by the Honourable Senator Marsden regarding Employment—Summer Youth Employment Program.

(*The answer follows:*)

The final details on the Challenge Summer Program are now being worked out.

The Minister of State for Youth has met with groups affected by the program to seek their input and he will be making an announcement on the program early in the New Year.

## INDIAN AFFAIRS

ALLEGED MISUSE OF MANITOBA INDIAN BAND FUNDS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 18 last by the Honourable Senator Molgat regarding Indian Affairs—Alleged Misuse of Manitoba Indian Band Funds.

**Hon. Gildas L. Molgat:** Honourable senators, I believe that that answer is a very short one. I wonder if the deputy leader could give us the information.

**Senator Doody:** Certainly.

The RCMP investigation into allegations made by the former Director of Finance in the Manitoba region is ongoing.

The office of the Comptroller General review of the financial and management processes of the Manitoba region is expected to be completed in early summer 1987.

## EXPRESSION OF APPRECIATION

**Hon. Royce Frith (Deputy Leader of the Opposition):** I think it would be mean spirited not to thank and congratulate the Leader of the Government and the Deputy Leader of the Government on the improvement in the way they are handling the answering of questions. Senator Doody has just referred to several questions that were asked just yesterday. May I ask how many questions are left?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I am afraid that I do not have the answer to that question, but I can take it as notice!

**Senator Frith:** Anyway, well done.

## GOVERNMENT HOUSE

GUEST LIST AT HISTORIC PLAQUE CEREMONY

Question No. 3 on the Order Paper—**By Hon. Jack Marshall**

28th October, 1986—What are the names of those Canadians who were invited to the commemoration of two historic plaques at a special ceremony at Government House on 2 July, 1986?

*Reply by the Minister of the Environment:*

The attached guest list for the ceremony on July 2, 1986, to commemorate two historic plaques at Government House was prepared in cooperation with Government House officials.

THEIR EXCELLENCIES

The Right Honourable Jeanne Sauvé, Governor General of Canada and Mr. Sauvé

FORMER GOVERNORS GENERAL AND OR SPOUSES

The Right Honourable Roland Michener, PC, CC, CMM, CD, QC

The Right Honourable Edward Schreyer, PC, CC, CMM, CD, Canadian High Commissioner to Australia and Mrs. Schreyer, CC

Mrs. Jules Léger, CC

FEDERAL GOVERNMENT REPRESENTATIVES

The Honourable Roch LaSalle, PC, MP, Minister of State

The Honourable Tom McMillan, PC, MP, Minister of the Environment

The Honourable Marcel Masse, PC, MP, Minister of Energy, Mines and Resources and Mrs. Masse

Mr. Jean-Pierre Wallot, Dominion Archivist, Public Archives of Canada and Mrs. Wallot

Ms. Marianne F. Scott, National Librarian, National Library of Canada

Mrs. Jean E. Pigott, President, National Capital Commission and Mr. Pigott

Mr. James D. Collinson, Assistant Deputy Minister, Environment Canada, Parks and Mrs. Collinson

Mr. H. Têtu, Director General, National Historic Parks and Sites Branch, Environment Canada, Parks and Mrs. Têtu

Dr. Christina Cameron, Chief, Canadian Inventory of Historic Building Section, Environment Canada, Parks and Guest

Mr. Julian Smith, Head, Period Architecture Section, Restoration Services Division, Environment Canada, Parks and Guest

Mr. Patrice Dionne, Chief, Operations, Environment Canada, Parks and Mrs. Dionne

Mr. Robert Monteith, Director, Ottawa Services Branch, National Film Board and Mrs. Monteith

Mr. Maurice A.J. Lafontaine, Deputy Minister, Public Works Canada, and Mrs. Lafontaine

Mr. J.C. Christakos, Director General, Ontario Region, Environment Canada, Parks and Mrs. Christakos

[Senator Doody.]

Mr. Dave Day, Superintendent, Rideau Canal and Mrs. Day

Mr. Dave Ballinger, Area Manager, Northern Area, Rideau Canal

Mr. Art Youmans, Maintenance Supervisor, Northern Area, Rideau Canal

Mr. Bill Milliken, Public Affairs, Ontario Region, Environment Canada, Parks

Mr. Robert McGee, Special Programs Officer, Ontario Region, Environment Canada, Parks

GOVERNMENT OF ONTARIO REPRESENTATIVES

Their Honours, the Lieutenant Governor of Ontario and Mrs. Alexander

The Honourable John Eakins, M.L.A., Minister of Tourism and Recreation of Ontario and Mrs. Eakins

The Honourable Lily Munro, M.L.A., Minister of Citizenship and Culture of Ontario and Mr. Munro

Mr. J.T. Johnson, Regional Director, Eastern Ontario, Ministry of Tourism and Recreation of Ontario and Guest

Mr. W.G. Ormsby, Archivist, The Archives of Ontario and Guest

Mr. Randalph Norberg, Acting Assistant Deputy Minister, Culture Division, Ministry of Citizenship and Culture of Ontario and Guest

GOVERNMENT OF QUEBEC REPRESENTATIVES

Their Honours, The Lieutenant Governor of Québec and Mrs. Lamontagne

The Honourable Lise Bacon, M.N.A., Minister of Cultural Affairs of Québec

Mr. Robert Garon, Chief Curator, National Archives of Québec and Guest

Mr. Jean-Rémi Brault, Chief Librarian, National Library of Québec and Guest

Mrs. Marie Lavigne, Director (Ottawa), Regional Operations, Department of Cultural Affairs of Québec

RECIPIENTS OF THE JULES AND GABRIELLE LÉGER AWARD

Reverend Jacques Monet, President, Régis College, University of Toronto

Dr. James A. Gibson, President Emeritus of Brock University

Dr. Robert H. Hubbard, OC

Dr. Phillip A. Buckner, History Department, University of New Brunswick

Dr. Claude T. Bissell, Massey College, University of Toronto

Mr. Douglas Verney, Department of Political Science, York University

Dr. Janet Ajzenstat

RECIPIENTS OF THE GABRIELLE LÉGER AWARD

Mr. Hartland M. MacDougall, C.M., Vice Chairman, Bank of Montreal and Mrs. MacDougall

Ms. Jeanne Minhinnick and Guest

Mr. John I. Rempel and Guest

Mr. Colin J.G. Molson, C.M. and Mrs. Molson

Mr. Stan White, Chief, Heritage Structures, Environmental Design Directorate, Public Works Canada and Guest

REPRESENTATIVES OF SOCIETIES, ORGANIZATIONS, AND INSTITUTIONS

Mr. René Durocher, President, Canadian Historical Society and Mrs. Durocher

Mr. J.P.S. Mackenzie, Chairman, Heritage Canada Foundation and Guest

Dr. Léo Dorais, Member of the Board, Heritage Canada Foundation, and Mrs. Dorais

Mr. Ivan W. Mackenzie, Member of the Board, Heritage Canada Foundation, Chief of Staff to the Minister of the Environment and Guest

Mr. R. Nicholas Hill, President, the Architectural Conservancy of Ontario Inc. and Guest

Mrs. Phyllis Lambert, C.M., President, the Canadian Centre for Architecture and Guest

Mr. Rudy P. Friesen, President, The Royal Architectural Institute of Canada and Mrs. Friesen

Mr. Jacques Dalibard, Director General, Heritage Canada Foundation and Mrs. Dalibard

Dr. Matthew Bray, President, Ontario Historical Society and Mrs. Bray

Mrs. Dorothy Duncan, Executive Director, Ontario Historical Society and Guest

Mr. James Langford, Chancellor of College and Fellows, Royal Architectural Institute of Canada and Guest

Mr. Jack Moody, President, Historical Society of Ottawa and Guest

Mr. Marc Denhez, President, Heritage Ottawa and Guest

Mr. Douglas Franklin, President, Society for the Study of Architecture in Canada and Guest

Dr. Pierre Berton, Q.C., Former Chairman, Heritage Canada Foundation and Mrs. Berton

Mr. Pierre Savard, Director, History Department, University of Ottawa and Mrs. Savard

Mr. R.C. Elwood, Chairman, History Department Carleton University and Mrs. Elwood

Dr. Alberto Perez-Gomez, Director, School of Architecture and Mrs. Perez-Gomez

Mr. Peter Waite, Department of History, Dalhousie University and Guest

Mr. Carman Miller, Department of History, McGill University and Guest

Mr. Marcel Hamelin, Department of History, University of Ottawa and Mrs. Hamelin

Professor Douglas Richardson, University College, University of Toronto and Guest

Mr. Luc Noppen, Laval University and Guest

The Venerable William R. Wright, St. Bartholomew's Rectory and Mrs. Wright

Professor Thomas H.B. Symons, Chairman and Member of the Historic Sites and Monuments Board of Canada and Mrs. Symons

Dr. Eward Storey, Member, Historic Sites and Monuments Board of Canada and Mrs. Storey

Mr. G.H.U. Bayly, Chairman, Ontario Heritage Foundation and Mrs. Bayly

MEMBERS OF THE HOUSEHOLD STAFF

Mr. Léopold Amyot

Mr. Jean Sévigny

Mr. A.P. Smith

Mr. Roger de C. Nantel, L.V.O., C.D.

Mr. Guy Brunet

Mr. Jean-Noel Tremblay

Major Colin Sangster, O.M.M., C.D.

Mrs. Marie Bender

Miss Floralove Katz

Miss Liane Benoit

Mrs. Lola D'Ascanio

Mr. Lucien Lemieux

Miss Renée Langevin

Lieutenant (N) Paul Madison

Captain Luc Maurice

Captain Mark Phillips

OTHERS

Mr. Paul Rysavy and Mrs. Rysavy, Rysavy & Rysavy, Architects and Planning Consultants

The Right Reverend Roger Morin, Chaplain, Rideau Hall

Dr. Norman Hillmer, Senior Historian, Directorate of History, Department of National Defence and Guest

Mr. David Husband, President, Association of New Edinburgh and Guest

Mr. R.A.J. Phillips and Mrs. Phillips

Mr. Ian Barry, Chief, Media and Public Relations, National Capital Commission and Guest

Mrs. Agnes Jaouick, Director, Realty Operations, National Capital Commission and Mr. Jaouick

Dr. G.F. MacDonald, Director, National Museum of Civilizations and Mrs. MacDonald

Dr. Maurice Careless and Mrs. Careless

Dr. Sydney F. Wise, Dean of Graduate Studies and Research, Carleton University and Mrs. Wise

## EXCISE TAX ACT
## EXCISE ACT

BILL TO AMEND—THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved the third reading of Bill C-14, to amend the Excise Tax Act and the Excise Act.

Motion agreed to and bill read third time and passed.

[*Translation*]

## INCOME TAX ACT AND RELATED ACT

BILL TO AMEND—THIRD READING

**Hon. Jacques Flynn** moved the third reading of the Bill C-23, to amend the Income Tax Act and a related Act.

He said: I promised Senator Godfrey I would give him a reply on the question of the alternative minimum tax versus capital gains exemptions.

I will simply read the official reply I have here:

[*English*]

> The minimum tax was designed to prevent high income Canadians from using one or more tax incentives to pay little or no tax in any one year. However, the government recognizes that existing tax incentives were put in place for valid economic and social reasons. The lifetime capital gains exemption is one such preference. It was introduced to provide an incentive for investment, risk taking and jobs creation. The minimum tax will not remove this incentive. Although for minimum tax purposes, the full amount of any capital gain is included in taxable income, the individual will still receive the benefit of the lifetime capital gains exemption.
>
> For example, on a total capital gain of $50,000 included in income for minimum tax, an individual can deduct the capital gains exemption for this year of $25,000. In addition, the individual is entitled to deduct his normal personal exemptions and the minimum tax deduction of $40,000. For the majority of Canadians realizing capital gains this year, minimum tax will have no impact.

I would say that generally speaking capital gains is available, but from the last sentence I have just read, it would seem we are sure for this year, but not absolutely sure for following years.

[Senator Doody.]

• (1340)

Motion agreed to and bill read third time and passed.

## CANADAIR LIMITED DIVESTITURE AUTHORIZATION BILL

THIRD READING

**Hon. Jacques Flynn**, for Senator Asselin, moved the third reading of the Bill C-25, An Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith.

**Hon. Gildas L. Molgat:** Honourable senators, before the bill receives third reading, I would like to say a few words about it. There are some aspects of it that touch upon my particular region.

I recognize that the matter of the CF-18 contract is not by any means an essential part of this bill. It only arises because the successful bidder did include a royalty on that contract as part of the bid. It is not my intention today to debate the award of that contract. There will be another opportunity to do that at a later date when the inquiry proposed by Senator De Bané comes forward for discussion. I do not want this occasion to pass, however, without making some comments on the general principle.

The minister assured us in committee that the awarding of the contract had nothing to do with the decision to sell Canadair to Bombardier, and I accept that statement. Those are two entirely separate matters. When questioned, the minister stated that the possibility of extra money going to the government was not a factor in the decision, in that the eventual awarding of the CF-18 contract was unrelated to the sale of Canadair to Bombardier. I think it is important, however, that those facts be stated, because when we come to a discussion of the eventual award of the contract, those pertinent facts must be kept in mind.

I have to say that I find it somewhat difficult to understand how a contract that will eventually, over its 20-year period, be worth somewhere between $1 billion and $1.4 billion does not have any material benefit to the company that received it. I find that an extremely difficult proposition to accept and it still escapes me, but we will eventually be able to discuss that as well.

I wanted to make those points now so that there can be no question when we come to the more in-depth debate on this subject as to the facts that were given to us at this time by the minister.

**Senator Flynn:** I think the point was discussed in committee and the report shows that the committee accepted the word of the minister. At the time the decision was made to sell Canadair to Bombardier, no decision had been made regarding the CF-18 contract. The honourable senator is free to draw whatever conclusion he wishes from these facts, but there is no doubt that the divestiture of Canadair to Bombardier does not include the CF-18 contract.

Motion agreed to and bill read third time and passed.

## APPROPRIATION BILL NO. 4, 1986-87

THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved the third reading of Bill C-35, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1987.

Motion agreed to and bill read third time and passed.

[*Translation*]

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SEVENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Seventh Report of the Standing Committee on Internal Economy, Budgets and Administration (Estimates of the Senate, 1987-88), tabled in the Senate on 18th December, 1986.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I move that the report be adopted.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

[*English*]

## THE SENATE

DELAY IN PRODUCTION OF *DEBATES* AND *MINUTES*—MOTION TO CALL PRINTING BUREAU OFFICIALS BEFORE THE SENATE—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the motion of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:
>
> That officials from the Canadian Government Printing Bureau be called before the Bar of the Senate to explain the delay in the publishing of the Minutes of the Proceedings of the Senate and the Debates of the Senate:—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, this motion was adjourned yesterday on the basis that we would give the bureau an opportunity to explain what we consider to be a serious breach of our privilege, in the pure sense of the word "privilege"; namely, our inability to do our work because of the absence of the previous day's *Debates* and *Minutes*.

● (1350)

Under date of December 18—and that is important, because in the course of it the letter refers to "today" and "yesterday", so we will know what is meant by those words—a letter was sent to Mr. Greene, the Clerk Assistant of the Senate, on the letterhead of Supply and Services Canada, Communications Services. It is signed for Norman Manchevsky, Director General, Communications Services Directorate and Queen's Printer for Canada, and I quote:

> The following is in response to your inquiry relating to delays in the delivery of Senate printing requirements on December 17 and 18, 1986.
>
> The final copy of the Senate Debates for Tuesday December 16, was received at 7:25 a.m. on Wednesday December 17. This particular edition contained an unusually large number of appendices which were not of a standard format.
>
> Based on our normal six (6) hour turn around time, this work should have been completed and delivered to you by 1:25 p.m. yesterday afternoon. However, the non-standard appendices created technical problems in the composing of the text which caused unusual delays.
>
> As a result, photocomposition which normally consumes three (3) of the six (6) hours built into the turn around time, took in excess of six and one-half (6 1/2) hours to complete. As in the usual procedure in such circumstances, the Parliamentary Distribution Centre was kept up to date on this matter as the day went on. When it became apparent that the job would not be finished until later in the afternoon, we were advised to withhold delivery until early today.
>
> I want to assure you that all of the available resources in Composition worked on this particular job throughout yesterday, on a top priority basis. As soon as it became apparent during the night that this was going to be a difficult job to process, several of our key daytime employees were called in early. Night time personnel were also kept on into the afternoon, until the work was completed.
>
> This problem of non-standard format is one that comes up from time to time particularly when, as the result of a Senate recess, many appendices appear in the first publication of the Debates when the House reconvenes. I have been advised that certain measures could be taken by the Printing Bureau in cooperation with members of the Senate administration staff to minimize these delays in the future. I would like to meet with you and your officials in the near future to discuss and seek acceptable solutions on this matter.
>
> Another problem was encountered today in our delivery of yesterday's Debates which, according to our normal delivery as specified above, should have been printed and received by the Parliamentary Distribution Centre by 1:05 p.m. this afternoon. This delay resulted from an instruction given to us by the Chief Legislative Counsel, Department of Justice, to print the proposed Environment Protection Act as a top priority.
>
> This work was not ready to go to press until 8:25 a.m. today. At that time, one of the two web presses dedicated to parliamentary work had been out of order since 2:00 a.m. Technicians had been working steadily trying to fix the problem, however, parts needed to repair the equipment were not available, and had to be manufactured in our machine shop. This downtime situation prevailed until

after 2:00 p.m. today. As a result, for the second day in a row, we were late in our delivery of the Senate Debates to you. Again, the Parliamentary Distribution Centre liaison staff were kept up to date on today's circumstances as information became available.

This series of unfortunate events regretably led to our failure to maintain our usual standard of service to you. I would like to apologize for the disruptions and embarrassments this may have caused you and members of the Senate.

I propose to meet with you and your staff at your earliest convenience to discuss the issue of non-standard format as well as other steps that may be taken to prevent such occurrences in the future.

Meanwhile, please accept my regrets for the delays which have occurred in the last two days and rest assured that we will continue to do our utmost to liaise with you and your staff to ensure the best possible service.

Honourable senators, in commenting on that response—and I speak only for myself, because the privilege of all honourable senators is involved here—in general, it is my opinion that the Queen's Printer has given a technical explanation and has given an explanation bringing to the fore an aspect of the problem that was not related to technical difficulties. He appears to me to be pertinently penitent about the results—

**Senator Doody:** Is he purged?

**Senator Frith:** —and I suppose, to use somewhat arcane parliamentary language, has purged his contempt.

**Senator Doody:** Not quite.

**Senator Frith:** However, let me come back to one of the paragraphs and read it again:

Another problem was encountered today in our delivery of yesterday's Debates which, according to our normal delivery as specified above, should have been printed and received by the Parliamentary Distribution Centre by 1:05 p.m. this afternoon. This delay resulted from an instruction given to us by the Chief Legislative Counsel, Department of Justice, to print the proposed Environment Protection Act as a top priority.

Honourable senators, the question that remains unanswered is: Is there any priority? In other words, looking at this from the point of view of the Queen's Printer himself, what priorities is he to follow? Further, is it acceptable to the Senate—and I suppose to the House of Commons—that their *Debates* can be pre-empted by an instruction from a government official? It may very well be that it would not be an exaggeration to say that the Queen's Printer could use some help from us in this process in insisting that we find out if that is the order of priority—in other words, can a government official pre-empt priority over the *Debates*? If it is not, then the order of priority should be one that does not permit such pre-emption.

My suggestion—and it is only a suggestion—is that we adjourn the motion and refer to our Speaker the questions that I have raised, asking him to deal with the Queen's Printer on our behalf; to ask any questions that might flow from the ones I have asked, and to ask any further questions that he wishes to add and any that other honourable senators might wish him to add. However, the two specific questions that I would like asked are: Is there a system of priority in place? If so, does such a system permit pre-emption of printing jobs by a government official, and the resultant priority for those instructions, over the printing of the *Debates of the Senate*?

If there is no such system, perhaps the Speaker should ask that such a system be established, one that would not permit such pre-emption.

**Hon. Gildas L. Molgat:** Would the Honourable Senator Frith permit a question?

**Senator Frith:** Yes.

**Senator Molgat:** In the letter which he has just read, was there any comment respecting the *Minutes of the Proceedings of the Senate* for Tuesday, which were not on our desks and, as far as I know, did not involve any tables or problems? Perhaps I missed the comment about that aspect.

**Senator Doody:** There is no mention of that.

**Senator Frith:** I just cannot find that answer.

• (1400)

**Hon. Eymard G. Corbin:** Honourable senators, I should like to put a question of clarification to Senator Frith. Did I understand him to suggest that we adjourn the debate and that in the meantime we refer the matter to the Speaker for examination, and following an eventual response from the Speaker that we then decide whether or not we will debate this matter further? Is that what Senator Frith has said?

**Senator Frith:** Yes, except that I did not say, "I move the adjournment of the debate." My suggestion was that I would do so after hearing comments from other senators, and that subject to the question being referred to the Speaker we adjourn the debate on the motion rather than disposing of it now.

**Senator Corbin:** You are not suggesting, Senator Frith, that we refer the matter to the Speaker for a ruling?

**Senator Frith:** No. I thought I made it quite clear that what I am asking the Speaker to do is find answers to the questions before we proceed with this debate. I suggested that because I want the answers to the questions about priorities and principles in place before we carry on with the debate.

**Senator Corbin:** I am curious as to why you would follow that course of action. First of all, there are two considerations that come to my mind when something is referred to the Speaker.

**Senator Frith:** I am not suggesting that this motion be referred to the Speaker. I am suggesting that we adjourn the debate on the motion, and that in the meantime the Speaker, on our behalf, contact the Queen's Printer and obtain answers to these questions. It is my suggestion that we proceed with the debate on the motion after we have received those answers.

**Senator Corbin:** Is Senator Frith addressing the Speaker in his capacity as Speaker of the Senate or as Chairman of the Standing Committee on Internal Economy, Budgets and Administration?

**Senator Frith:** As Speaker of the Senate.

**Senator Corbin:** Thank you for that clarification. Why would you not ask the Rules Committee to handle this matter instead of the Speaker?

**Senator Frith:** Because I do not treat the matter as one requiring an amendment to the rules. I do not think that the problem deals with the rules of the Senate, and I do not think the solution deals with the rules of the Senate. I think the problem resides with the administration of the Queen's Printer. I do not look at this matter as a rules question or as an administration question, at least the administration of the Senate. There is no indication that the Senate did not distribute the *Debates*. The problem was with the Queen's Printer. I see this as a matter of privilege for all honourable senators, and that is why I think the Speaker is the right person to deal with it.

**Hon. Jean Le Moyne:** Honourable senators, there is something very soft in the first part of the letter. We have been told that they will try to find an "acceptable" answer for the Senate. I do not think the Senate should accept an "acceptable" answer; it must be an obligatory answer that the Senate receives. It is their business to find the ways, and they should tell us the ways have been found.

As for the rest of it, I think we should be very harsh about our demands concerning the rights of the Senate and privileges of honourable senators.

**Senator Frith:** Honourable senators, I do not disagree at all with what Senator Le Moyne has said. Therefore, I repeat that the comments he has made are relevant to the motion. I think he should be free to repeat them when we receive the answers.

My suggestion is that before we proceed to debate the motion we obtain more facts so that we will have more material for our debate on the motion.

**Senator Le Moyne:** I hope that the Speaker will take that into account in his inquiries with the Queen's Printer.

**Hon. Heath Macquarrie:** Honourable senators, for further enlightenment only, I would ask Honourable Senator Frith whether, in his research so far concluded, he discovered if that pre-emptive development—there was reference to a high official of the Department of Justice—resulted in a delay of Senate *Hansard* only and not of Commons *Hansard*. I think there is a question of priority implicit there that might be important.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I asked Mr. Greene that question earlier on and, to the best of the knowledge of the staff, the documentation for the House of Commons was not interrupted.

**Senator Macquarrie:** That is what I thought.

**Hon. Robert Muir:** Honourable senators, I listened carefully to the Honourable Senator Frith and other honourable senators who have spoken. I tried to catch everything Senator Frith said, but not having a copy of the so-called explanation before us I was unable to follow what he said completely.

First, we had the apologies and regrets, then we were given a breakdown and an explanation regarding technical difficulties. Then, as I think I heard it, the Chief Legislative Counsel gave these orders.

What I should like to know is who gave such great authority to the Chief Legislative Counsel. I should like to know who in government gave that authority and what that authority actually was.

I am not a lawyer, regrettably, and I do not know the rules as well as I should, but if it is possible for government ministers to give instructions to the Queen's Printer that may affect the operations of the other place or this place, I ask is that proper and correct?

These are some of the questions I should like to have answered. I hope someone will make strenuous efforts to do that.

What was it, the environmental bill that was—

**Senator Lucier:** The draft bill.

**Senator Doody:** The proposed Environment Protection Act.

**Senator Muir:** All I can say about that is that the minister paid a visit to Halifax and commented that Sidney Harbour and Halifax were open sewers, but nobody mentioned anything about how many millions of dollars would be provided to clean up those open sewers. But that is another subject for debate at another time. I hope some of these things will be taken into consideration.

**Senator Frith:** Honourable senators, what Senator Muir has said is what I had hoped would be one of the results of my suggestion. In other words, before moving the adjournment of the debate, I wished to know if other senators had questions to add to those I had asked, and Senator Muir has, in fact, added a question.

**Senator Doody:** Honourable senators, would it not be helpful if copies of the letter which the Leader of the Opposition and I have been provided with were circulated? It is the alleged breach of the privileges of the Senate as a whole that we are talking about here. If that were done, over the next week or so honourable senators could have an opportunity to study the letter and make suggestions to the Speaker.

**Senator Flynn:** And cool down!

**Senator Doody:** Cool down? Never! But they could then make recommendations to the Speaker, if they so desired, and he, in turn, could examine them and use them as a base of reference for his discussions with the officials who are involved in this particular affair.

**Hon. Roméo LeBlanc:** Honourable senators, I recognize that one can have mechanical problems with the press in any operation; I doubt if we could ever have enough back up to

protect every eventuality. That being said, if it now turns out that deputy ministers of any department can establish the priorities of the Queen's Printer, especially when there is a mechanical problem, then I suggest that before we adopt the budget we should examine the possibility of doing our own printing inhouse if we cannot get either total guarantees from the Queen's Printer or satisfaction.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, strictly speaking, I moved this motion and, therefore, I am not entitled to speak.

**Senator Flynn:** You did not speak to it, so go ahead.

**Senator MacEachen:** Thank you.

I want to reinforce one point which was made originally by Senator Muir, and that is: What is the status of the Chief Legislative Counsel of the Department of Justice?

**Senator Flynn:** And of the Queen's Printer.

**Senator MacEachen:** And of the Queen's Printer, as Senator Flynn has added.

• (1410)

The letter, which has been circulated and read, is signed by an official of the Communications Services Directorate for the Director General of the Communications Services Directorate and Queen's Printer for Canada, and the letterhead is that of Supply and Services Canada. I ask myself: How is it that the Chief Legislative Counsel of the Department of Justice can call up and tell an official under another minister what his priorities are to be? That is the question which has been raised by Senator Muir and Senator Frith. Indeed, if one wanted to be perverse, one could ask to have the motion amended to substitute "the Chief Legislative Counsel" for "the officials from the Printing Bureau," so that we could ask the Chief Legislative Counsel of the Department of Justice why he has the authority to re-arrange the priorities of another department and to set aside the daily publication of the documents for the Senate of Canada.

I am quite agreeable to let this motion stand and have it adjourned pending further consideration, but I think it is a point that we have to follow so that this will be avoided in the future. I thank other members who have participated.

**Hon. Jacques Flynn:** Honourable senators, I think one should remember that the Queen's Printer is under the authority of the Minister of Supply and Services. The Queen's Printer acts for the Senate, given certain understandings; but I suppose the first department with authority over the Queen's Printer is the Ministry of Supply and Services. I think Senator LeBlanc is right: If we are not happy with the Queen's Printer, let us establish our own Senate printer.

**Senator Corbin:** Honourable senators, I have not spoken yet—I asked for clarification on comments made earlier by Senator Frith. We are talking about faceless people here; we are talking about people with titles.

I have in my hand the Government of Canada telephone directory of the National Capital Region for July 1986. I looked under "Justice Canada, Department of." Who is the Chief Legislative Counsel? I have his name and phone number. I am grieved by the fact that we would question the integrity of G. Bertrand, QC. That I take to be Gérard Bertrand. I know of no greater devoted public servant, no meeker individual, un type plus serviable que Gérard Bertrand. It is beyond my understanding that this individual, on his own initiative, would give the instructions which are quoted in the letter read to us earlier by Senator Frith. I think our inquiry must go all the way. I am not satisfied that we should limit ourselves to the fact that the orders, or the instructions, came from the Chief Legislative Counsel.

**Senator Frith:** There is no limit.

**Senator Corbin:** We know how the system works. A minister in the cabinet wants a set of documents printed in a hurry. He tells his deputy minister or his officials, "Get off the fence and get the documents printed. I do not care how you do it, I want them and I want them for a certain hour on a certain day." So, the order goes down the line and at one point in time it becomes an instruction from someone in a position of authority. In this case the person in authority—unless the information contained in the telephone directory is not up to date—is Gérard Bertrand. It would be beyond my comprehension that Gérard Bertrand on his own would give instructions to the effect that have been quoted by Senator Frith.

What is at stake here is not personalities or individuals, it is the chain of command. Who would dare set himself above Parliament in a way that the documents of Parliament would be unduly delayed? This is what is at stake and that is what has to be investigated.

**Senator Flynn:** There is a difference between government and Parliament.

**Senator Corbin:** And what is the relationship between government and Parliament? Who has priority? I thought Parliament was supreme.

[*Translation*]

**Hon. Philippe Deane Gigantès:** Honourable senators, I fully agree with everything that has been said up to now.

**Senator Flynn:** Impossible, with all those contradictions!

**Senator Gigantès:** Honourable senators, it's like religion. We are often dealing with very contradictory phenomena. I'm sure that if we got into a philosophic debate, we could talk for hours about paradoxes like the Trinity, for instance.

It is also a matter of courtesy and good business practice. If we had a business agreement with a private printer who would deliver a specific order every day, and there came a time that he would be unable to do so, he would certainly call and try to accommodate us and explain what was going to happen. But that was not the case.

When the officials were ordered by one of the ministers to hurry up and get something printed, even if it meant displacing the job for the Senate, they should have advised their minister to call the Senate, to avoid creating a difficult situation. Officials are supposed to give that kind of advice to their

ministers. It is not a matter of politics. Governments have allways been prone to this kind of thing.

I don't think we should let the matter pass without making all this clear. Thank you, honourable senators.

[*English*]

**The Hon. the Speaker** *pro tempore:* It is moved by Honourable Senator Frith, seconded by Honourable Senator MacEachen, that further debate on the motion be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

**Senator Frith:** I do not know whether it is proper to add the words "pending the investigation by the Speaker and the report," but as long as that is clear.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators, that this is to be taken up after investigation of all the facts as reported today in the Senate?

**Hon. Senators:** Agreed.

On motion of Senator Frith, debate adjourned.

## PETROLEUM AND GAS REVENUE TAX ACT INCOME TAX ACT

BILL TO AMEND AND TO REPEAL—FIRST READING

**The Hon. the Speaker** *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-17, to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act and to repeal the Petroleum and Gas Revenue Tax Act.

Bill read first time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Nurgitz, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

• (1420)

## FINANCE

DOCUMENT ENTITLED "NEW DIRECTIONS FOR THE FINANCIAL SECTOR"—DEBATE ADJOURNED

**Hon. Ian Sinclair** rose pursuant to notice of earlier this day:

> That he will call the attention of the Senate to the document entitled: "New Directions for the Financial Sector", tabled in the Senate on 19th December, 1986 (Sessional Paper No. 332-169).

He said: Honourable senators, the document "New Directions for the Financial Sector," tabled in the Senate today, deals with a part of the business community in our country that has a very wide spectrum, is extremely complex and is in the process of rapid change.

Reference has been made to the report of the Standing Senate Committee on Banking, Trade and Commerce and its impact on the work of the minister. I would only suggest, honourable senators, that in that report there was reserved the question of concentration.

I would also draw to the attention of honourable senators that a market change has taken place in regard to the position of investment dealers which, as honourable senators will recall, is a matter of provincial jurisdiction, but concerning which, because of action being indicated in Ontario, action that has been taken in Quebec, and the concurrent action which is proposed here, some additional matters have to be considered.

I would expect, honourable senators, that in view of the importance of this matter, a number of senators would wish to comment on the documents that have been tabled and, indeed, further action may have to be taken.

Therefore, I adjourn the debate in my name to the next sitting of the Senate.

On motion of Senator Sinclair, debate adjourned.

## PETROLEUM AND GAS REVENUE TAX ACT INCOME TAX ACT

BILL TO AMEND AND TO REPEAL—SECOND READING

**Hon. Nathan Nurgitz** moved the second reading of Bill C-17, an Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act and to repeal the Petroleum and Gas Revenue Tax Act.

He said: Honourable senators, so many of our colleagues in this chamber start off their comments by saying, as though it were a badge of honour, that they are not lawyers, I gave my undertaking to Senator Flynn that I would start off by saying, regretfully, I am a lawyer.

Honourable senators, the effect of Bill C-17 is to eliminate the Petroleum and Gas Revenue Tax effective October 1, 1986. The tax is commonly referred to as the PGRT.

Honourable senators will recall that the Petroleum and Gas Revenue Tax was originally announced in October 1980 as part of the previous administration's National Energy Program. It came into effect in 1981. It has been a controversial and much criticized tax in western Canada and did considerable damage, I believe, to federal-provincial relations.

Major changes were made to the Petroleum and Gas Revenue Tax when the Western Accord was signed with the producing provinces in March 1985. The most important change was the introduction of a phase-out schedule which terminated the PGRT at the end of 1988. The PGRT was eliminated for production from all wells drilled after March 31, 1985 and new enhanced oil recovery projects.

Economic conditions in the domestic oil industry today are much different from when the Western Accord was signed in 1985, and the government has concluded that the oil industry should no longer be subject to a discriminatory tax on its drastically reduced revenues.

The bill before you proposes to eliminate the tax effective October 1, 1986. It also proposes to do several other things, and I will highlight some of them.

It proposes to increase the annual small producer credit from $500,000 to $2 million effective May 1, 1986.

It proposes to exempt from PGRT all revenues attributable to synthetic oil production effective May 1, 1986.

It will provide retroactive relief effective January 1, 1986 for individuals and corporations. For corporations this relief will allow up to $1.5 million to be included in the income eligible for the small producer credit. For individuals this deduction replaces the existing $10,000 deduction.

It will introduce other changes to terminate the Petroleum and Gas Revenue Tax Act, including a sunset provision for the use of the cumulative offset account against income taxes.

Honourable senators, a few moments ago in the other place third reading was given to Bill C-17. When the bill was called for third reading, no objection was recorded, not even by way of division. I therefore would assume it was passed unanimously.

Honourable senators, this bill has received pre-study by the Standing Senate Committee on Banking, Trade and Commerce which reported it without amendment. I therefore urge the Senate to give expeditious consideration to this legislation.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I want to say a word or two about this bill in the context of its important policy dimensions.

The PGRT was announced, as we know, with the original National Energy Program of 1980. That program, I think, can be mildly described as a controversial one. The PGRT was a tax on the net operating revenue, after operating costs had been deducted, of oil and gas producers. Through this wellhead tax, the federal government sought an equitable share of oil and gas revenues. In a period of large oil price increases, the NEP projected that the world oil prices would rise to $56.50 per barrel by 1986, and most industry spokesmen and institutions did not quarrel with that projection.

• (1430)

The PGRT was also designed as a windfall gains tax. Against that backdrop, the NEP established a schedule of regulated domestic prices. The PGRT was instrumental in the NEP goals of Canadianization and energy security. It was a part of that program and, therefore, joined hands with those worthy objectives.

The PGRT collected large sums of money for the federal treasury. For example, in 1983-85 it was $6 billion. For 1985 the figure was $2.5 billion—and that is recent. Those funds were utilized for such programs as energy conservation, oil substitution, renewable energy, alternative fuels and construction of natural gas pipelines—initiatives designed to reduce Canada's dependence on oil.

In a recent speech to the Association Québecoise Pour La Maitrise de L'Energie, the Energy Minister, Mr. Masse, praised the benefits of those conservation programs, and even noted:

[Senator Nurgitz.]

> The amount of insulation installed in Canada over the last six years, has given rise in 1986 to energy savings equal to approximately 17 million barrels of oil.

Of course, the Conservative government has cancelled those programs. In addition, funds were also used to stimulate exploration for new energy supplies in the frontier regions. Under the Petroleum Incentives Program, PIP, Canadian-owned companies were encouraged to participate in and acquire expertise in energy exploration and development. The PIP payments played a very significant role in frontier activity. In the offshore areas payments jumped from $468 million in 1981 to $986 million in 1982, and to $1.36 billion in 1983. In 1984 the incentives were $1.59 billion. The government has since cancelled that program.

In November 1983 the present Prime Minister described all of that progress as "nothing more than a holdup at the corner gas station at 3 a.m." Remember, part of that "progress" to which I have just referred was described by his own present Minister of Energy. In the 1984 election, a former minister, the Honourable Pat Carney, called the PGRT "one of the most devastating financial hijacks that has ever happened to any region in Canada." Despite an agreement between federal and provincial Conservatives to keep the energy issue out of the election campaign, it did eventually come into the campaign, as we know, and the leader of the party, now the Prime Minister, promised to eliminate the PGRT.

However, under the terms of the Western Accord signed on March 28, 1985, under the present government, the PGRT was to be phased out gradually and totally eliminated by the end of 1988. For the first period, from January to December 1986, the tax rate was to be 10. It then reduced to 8 the next year, to 6 the following year and to zero on January 1, 1989.

Based on oil prices at that time, the Department of Finance estimated that the gradual removal of the PGRT would amount to a total transfer to the corporate treasuries of $5.6 billion by 1990-91. Of course, the value of those transfers have declined markedly due to the drastic fall in oil prices. Since January of this year the price has fallen by over 50 per cent. For the petroleum industry, whose cash flow is projected to fall by $5 billion, the elimination of the PGRT had become a matter of tremendous significance. Both the Canadian Petroleum Association and the Independent Petroleum Association of Canada, of course, had called for its total elimination.

Mr. Masse was expected to announce such a decision in Calgary on August 14. However, he stated that the removal of the PGRT would depend on royalty reductions by oil-producing provinces, principally Alberta—and honourable senators will remember the reaction of the Premier of Alberta to that suggestion. In fact, ten days later Mr. Mazankowski called Mr. Masse's comments "regrettable" and predicted an agreement to end the PGRT by early September. At the time the Pembina by-election was at stake, and Mr. Masse returned and purged his "regrettability," or what Mr. Mazankowski found "regrettable," and on September 8 he announced the

cancellation of the PGRT, some 28 months before its scheduled expiration.

It is estimated that falling oil prices, combined with the introduction earlier this year of a $2 million small-producer credit, the PGRT exemption, and the elimination of the PGRT on production from the Suncor and Syncrude oil sands plants, had reduced Ottawa's take to about $600 million for this year. Its removal will cost Ottawa some $150 million this year and an additional $500 million over the next two years. The industry's estimate of $1.5 billion in savings is slightly optimistic.

Mark Twain once remarked that "It ain't the things that people know that bothers me as much as the things that people know that ain't so." He may have had in mind the present government's theology or policy of market pricing for oil. On the international scene, Saudi Arabia's determination to regain its share of the world market has caused hopeless confusion. That, I suppose, is the free market activity. But to permit a cartel to decide Canada's future energy policies is crazy. The government abandoned the goals of Canadianization and self-sufficiency when it abandoned the NEP and dismantled it.

Of course, the consequences are well known. Big oil, the big boys, win again. The removal of the PGRT will not resolve the industry's problems, particularly the dilemma confronting the small predominantly Canadian-owned companies. Most of the benefits from the PGRT decision will flow to the from 10 to 15 largest companies, the big boys, such multinationals as Shell, Texaco and Imperial Oil—multinationals, not Canadian owned. To ensure that the corporate savings are reinvested, Mr. Masse has asked the Petroleum Monitoring Agency to review the industry's reinvestment over the next two years. In fact, it is a regular function of the PMA, anyway. So the question is still: What will the minister do if reinvestment is not sufficient? The multinationals must be shaking in their towers—but I doubt it.

Senator Nurgitz will, no doubt, point out that during the 1984 election campaign Mr. Turner described the PGRT as "a tax against production" and suggested that there were fairer ways of taxing the industry. He also stated that:

> . . . the measures cannot be viewed in isolation but such items as PIP, PGRT and the Crown share have to be considered together and in the context of the overall objectives of an energy policy for Canada.

To address the plight of the small producers, Mr. Turner proposed on September 11 a price stabilization program which would provide a price of $20 U.S. per barrel for the first 15,000 barrels of production per month. At their conference in July, western Liberals endorsed the report of the Standing Senate Committee on Energy and Natural Resources which had recommended a cash flow stabilization program. In fact, the Alberta government has recently invited Ottawa to join a federal-provincial stabilization program. The Alberta Energy Minister wants a federal decision by mid-October. It is apparent that Alberta may have to finance such a program itself. By removing the PGRT, as it does in this bill, the federal government seems to believe that it has done its share. I doubt that Alberta would agree.

Honourable senators, it is in that context that the bill is presented to us. It is in that context that we have reservations about it—namely, that it has not been replaced by an energy program which has the worthwhile objectives that the National Energy Program had.

**Hon. Paul Lucier:** Honourable senators, I have a few comments to make on Bill C-17. Those comments will be focused in one area, namely, on the effect of Bill C-17, and other measures relating to the new energy policy of this government, on those people who live north of the sixtieth parallel.

The Prime Minister at one time stated in western Canada that as soon as the Conservative Party was in government, and introduced its new policy, it would create 300,000 jobs in the industry in western Canada and in other areas. I wonder if he would care to go back to Calgary and Edmonton and make those statements today. Though the people of Calgary and Edmonton may be suffering, they have many spokesmen to make representations on their behalf. They have cabinet ministers and members of Parliament on the back benches, so I have no reason to take up their cause. They can do that themselves.

● (1440)

I would like to speak about the effect of the energy policy not only of this government but of the previous government on native people in the north. We decided that we should explore the north to see how much gas and oil was there, how we could get it out and how we could help the people of the north. We went in and said, "This is not your way of living, but trust us. We are going to show you a new way to live with a lot of money. You will go to work on the oil rigs where you will make that money. No longer will you have to trap white foxes and other animals. We are going to show you how to live a different way. You can buy skidoos every year—the whole bit." I want to make it clear that I am not talking about one particular government, but about Ottawa in general. Regardless of whether we are Liberal or Conservative—what the Liberals do will be criticized by the other side and we will criticize what the Conservatives do—we have the habit of thinking that we know what is best for the people north of the sixtieth parallel. The people there are not accustomed to doing things the way we do. They have been living there for thousands of years and, as was eloquently pointed out by my colleague from the Northwest Territories, Senator Adams, a couple of weeks ago, they have been very successful at doing things their way. However, we think we can show them a better way. So we develop our energy policy and tell the oil companies, "Get up north, spend your money there, and we will let you write the whole thing off. All we ask is that you make sure that the native people are involved." To the credit of the oil companies, they have done that. They have helped educate native people and teach them technology that was required to make the people a part of the industries of developing, producing and finding oil and gas north of the sixtieth parallel. Here we go. They are now in the transition of

changing their lifestyle, albeit reluctantly, but we told them that it was a good idea, so they are going ahead and doing it.

Then what do we do? Just as they get nicely into this transition and have abandoned the other activities they had been carrying on, we suddenly pull the rug right out from under them. That is exactly what we have done. We have totally devastated that area. We have pulled the rug completely out from under them. There is not one oil rig working north of the sixtieth parallel right now. Areas like Tuktoyaktuk are dead. There is nothing going on.

I do not wish to use this occasion to say that the PGRT should have been replaced or not replaced. All I want to say is that in dealing with this type of issue, surely we are intelligent enough and considerate enough to put something else in place. Surely we can take a look at the very people we are dealing with and say to them, "Trust us. Try this and we will take you along with us." If we change our minds, why can we not at least treat them decently and do something else for them? I do not think that now we are doing anything else for the north. I think we should, and I think that I had better stop now because I have said enough on the subject.

**Senator Nurgitz:** Honourable senators—

**The Hon. the Acting Speaker:** Honourable senators, may I inform the Senate that if the Honourable Senator Nurgitz speaks now, his speech will have the effect of closing the debate on the motion for second reading.

**Senator Nurgitz:** Honourable senators, I have nothing further to add to the comments of Senator Frith and Senator Lucier. I urge the passage of this bill. As I indicated in my comments, it has received pre-study and been reported without amendment.

Motion agreed to and bill read second time.

THIRD READING

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

**Hon. Nathan Nurgitz:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

[*Translation*]

## UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND—FIRST READING

**The Hon. the Acting Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-16, to amend the Unemployment Insurance Act, 1971.

Bill read first time.

[Senator Lucier.]

SECOND READING

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. Arthur Tremblay:** Honourable senators, with leave of the Senate and notwithstanding rule 44(f), I move that the bill be now read the second time.

**The Hon. the Acting Speaker:** Honourable senators, is leave granted?

**Hon. Senators:** Agreed.

**Senator Tremblay:** Honourable senators, Bill C-16 is very brief. It contains only three clauses, including the clause designating the effective date, so that as far as the substance of the bill is concerned there are only two clauses.

The purpose of the first clause is to extend for one year the application of the provision by which the minimum number of weeks of insurable employment required to be eligible for unemployment insurance benefits may vary from ten to fourteen weeks, depending on regional conditions. Without this extension, the minimum period would automatically be set at 14 weeks for all regions throughout the country, as of January 4, 1987. The result would be that 200,000 recipients would be deprived of their benefits in the coming year.

Actually, this particular provision, which allows for regional conditions by providing for a variable entrance minimum from ten to fourteen weeks, has already been in effect for nine years, and I believe 1987 will make that ten. It would seem that the reasons for introducing this provision are still valid and, I think, justify extending for one more year a provision that, I repeat, takes into consideration the unemployment situations in various regions across the country.

So much for clause 1 of the bill.

The purpose of clause 2 is to freeze the employee's premium rate at its present level of $2.35 per $100 of insurable earnings for 1987. Similarly, the employer's premium rate will be maintained at $3.29 per $100 for 1987. This provision is intended to remove the financial burden on employers, and especially small businesses, a burden that would otherwise slow down job creation and the current economic renewal process.

I may add that in any case, these premium levels provide the government with a surplus that is sufficient to reduce substantially the present cumulative deficit, which was also one of the effects of previous legislation.

That was the substance of the two clauses and, in fact, of the entire bill. Basically, as far as these aspects are concerned, the bill extends the status quo in 1986 for another year.

This does not prejudge in any way what may transpire from the study and reports submitted recently to the government, including the Forget report.

In fact, when tabling the report, the Minister of Employment and Immigration announced that the government would make its position known sometime in May 1987. This is another reason, I should think, to extend for another year the

system now in place concerning the two points raised in the bill.

To conclude, honourable senators, I would add that the Senate referred the subject-matter of this bill to the Committee on Social Affairs, Science and Technology. Earlier today I tabled the report of the committee which, as a result of explanations by Employment and Immigration Commission senior officials, recommends that the Senate favourably consider this bill once it has been reported. The time has come to make a decision on the recommendation of the committee. I hope we will proceed expeditiously to adopt this bill.

**Hon. Yvette Rousseau:** Honourable senators, Bill C-16 now under consideration has to do with one of our most important social programs, unemployment insurance.

The question of unemployment insurance therefore calls for utmost prudence in our approach, if only because Canadian workers consider that it is really important. When it introduced Bill C-16, the government wanted to reassure the Canadian public by extending for one year the variable eligibility standard and maintaining the present rates of unemployment insurance premiums. Even though the government does not seem prepared to endorse the more radical recommendations of the Forget report, the opposition parties and pressure groups do not intend to be less vigilant and be taken in by these pacifying gestures. Older workers who have been denied unemployment insurance benefits since January 5, 1986 know only too well that the Prime Minister, referring to the Forget report in the House of Commons last October 15, again repeated that "we are not undertaking the review with an objective of reducing federal contributions to the unemployed".

In that sense, if history repeats itself, Canadians can only be wary of a government which is going to wait until May 1987 before announcing its position on the contents of the Forget report and which, since September 1984, did not hesitate one moment before attempting to dismantle our social programs. First and foremost the legislators and the government should remember that, however commendable an unemployment insurance reform might be from certain viewpoints, it must not be considered solely in a context of impersonal statistics. We must always keep in mind that some individuals depend directly on the amendments which will be made to the unemployment insurance system, and that such decisions must not be prompted only by a desire to increase the administrative efficiency of such a basic program.

This is why it seems to me that, despite its positive points, the Forget report and the government approach to the unemployment insurance system lack compassion for Canadians and cause them worry.

Honourable senators, I take this opportunity to draw your attention to one of the negative chapters of the Forget report entitled "Annualization".

Should the government decide to implement the Forget report as it relates to part-time workers, to maternity and sick leave, and with respect to older workers, it should completely ignore the unemployment insurance benefit annualization system as proposed in the Forget report.

Right now unemployment insurance benefits are calculated on the basis of earnings during the preceding 10 to 20 weeks. The worker involved is also entitled to get benefits earlier if the unemployment rate in the region where he works is particularly high. If annualization were to become a fact, the unemployed worker would receive weekly benefits based on earnings in the preceding 52 weeks.

A person who became unemployed during those 52 weeks would therefore be entitled to lower average benefits than someone who had worked all year. One can easily imagine the tragic consequences of such a system for seasonal and part-time workers. Fishermen in the Maritimes and construction workers, for instance, would be especially affected.

This makes it easier to understand the reservations expressed by Minister Crosbie, who realized what would happen in Newfoundland under annualization. Women would also be affected by the report, since they hold 72 per cent of part-time jobs across the country, according to the statistics for October 1986.

By adopting this system, the government would save about $3 billion annually. On average, recipients would receive 30 per cent less in benefits per week. The Forget report recommends that the money thus saved should be used by the federal and provincial governments to set up social programs for people who are seeking employment.

The effect of annualization would be mainly to help people who work on a more regular basis, instead of helping those who are having trouble entering the labour market. The considerable negative impact that annualization would have on the labour force explains the dissent that arose within the Forget Commission. It also explains Minister Bouchard's restraint, when he stated upon tabling the report that the government was not endorsing any recommendations and that the document would be used as reference for future reform.

It is therefore to be hoped that the government will consider the points I raised earlier, when it announces its intentions to the Canadian people, so as to avoid doing irreparable harm by dismantling the social benefits of workers and people on low incomes generally, who have so often been made to suffer the consequences of budgetary cutbacks.

**Hon. Eymard G. Corbin:** Will honourable senators allow me to put a question to Senator Tremblay?

**Senator Tremblay:** Very well.

**Senator Corbin:** Could Senator Tremblay tell me whether this bill was adopted unanimously in the House of Commons?

**Senator Tremblay:** Honourable senators, I watched the proceedings on television, and I think the bill was adopted unanimously on third reading, to the extent that apparently no objections were formulated.

To answer the speaker's question, the bill was not adopted by a majority, from what I heard on television. I'm not

absolutely sure, since we do not always know what is happening from what we see on the screen.

**Senator Corbin:** Honourable senators, what Senator Tremblay has said confirms the difficulty in which some of us find ourselves. This bill has come to us in some haste.

For my part, I am very interested in this subject since, during my 16 years in the House of Commons, I spent a lot of time defending our unemployment insurance system with several of my colleagues from the poorer provinces.

I would have liked to look at all that has been said in the other place before making up my mind about this bill.

In any case, I do not plan to delay its adoption unduly. I know that the government has said in the past few weeks that it wanted some time to examine all the implications and positive impact of the Forget report on the unemployment insurance system.

What I basically want to say is that I shall not oppose passage of this bill. I support the comments made a short while ago by our colleague, Senator Rousseau. I shall also set aside my doubts until the government makes a definite announcement of the direction it will be giving to the Unemployment Insurance Plan beginning next May or June.

I repeat that the Forget report in itself and the intentions of the government can have a lot of impact on the workers of the eastern provinces. It is mostly on their behalf that I am concerned. Other senators can defend their own regions if they wish to do so.

I have often spoken up for the system in the past, and the most important thing to remember in my opinion is that, if the system is not as generous as it has been in the past in the case of seasonal workers in the non-industrialized regions of the country, this will impose an unacceptably heavy burden on provincial treasuries which are already hardly pressed by the shortfall of provincial taxes.

Having said that, I will add nothing. I will undoubtedly have comments to make later on, when we know definitely the government's intention concerning this.

**The Hon. the Acting Speaker:** Honourable senators, I wish to inform you that if Senator Tremblay speaks now, his speech will have the effect of closing the debate on the motion for second reading.

**Senator Tremblay:** Honourable senators, I will be brief. I fully appreciate the concerns expressed by Senator Rousseau and Senator Corbin with respect to the importance and complexity of the whole unemployment insurance program. As far as that is concerned, I think we all share the same sentiment.

As a result of the publication of the Forget report, it is precisely because we are dealing, among other things, with a question which has to be fully explored that the government had decided to take the time required—as you have pointed out, Senator Corbin, I believe—to look into the problems as raised by the Forget report and as we might also imagine they present themselves.

[Senator Tremblay.]

The purpose of this bill is to maintain the *status quo* for another year on the two points it deals with. If we do not take specific action to maintain, for example, the principle whereby the time required to be eligible for unemployment insurance may vary from one region to the next, we will automatically end up with a situation where the period will be the same all across Canada, 14 weeks. When we suggest 10 weeks in certain regions, particularly the Atlantic region where unemployment is higher, we are helping a considerable number of recipients. Again I refer to the figures I mentioned earlier which came from data supplied by Employment and Immigration Commission senior officials. Those are impressive figures; they said 200,000 recipients would be affected if we failed to act on the point I have just raised.

I wish Senator Rousseau and Senator Corbin had also mentioned the point I just raised because their analysis does seem to support the government position, which is to maintain the *status quo* for another year to have time to reflect upon this matter. Their comments will undoubtedly be cause for reflection, and it is with respect to the Forget report that they will be most valid.

About the bill, I think their remarks went beyond the scope of the measure.

Motion agreed to and bill read second time.

THIRD READING

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Tremblay:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

• (1510)

[*English*]

## BUSINESS OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, we have nothing else before us at the moment. The Immigration Bill which I talked about a little while ago is currently being processed in the other place. I expect we will have it shortly. Rather than sit and wait, perhaps we should adjourn for half an hour and then we could deal with the two bills we are expecting at the same time. If that is agreeable to the Senate, that is what I would suggest.

**The Hon. the Acting Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

The Senate adjourned during pleasure.

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• (1600)

At 4 p.m. the sitting of the Senate was resumed.

## IMMIGRATION ACT, 1976

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-34, to amend the Immigration Act, 1976.

Bill read first time.

SECOND READING

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that the bill be read the second time now.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Doody:** Honourable senators, this is a bill which is designed to provide funding for a revolving fund which government has made available for some time to finance travel and transportation for new Canadians, for people who are coming to this country. Apparently it has been a very useful program. It was established many years ago, in 1951, and at that time the loan had a total funding of about $3 million. The amount of money has been increased many times since then and at present it is a $60 million fund, but it is not adequate to provide for the ongoing immigration transportation program. A shortfall has resulted from the large amount lent to the 60,000 Vietnamese refugees admitted in the early 1980s. A large percentage of this money remains due because a huge sum is being repaid at a very slow rate, due mainly to the employment difficulties encountered by this group of refugees.

Since 1951 the Canadian government has lent $177.5 million to immigrants and refugees. Of this amount, the government has had to write off only $4.4 million, or 2.48 per cent—which is an astoundingly small amount of money to have outstanding. The loans are subject to recovery at a rate of interest established each January 1 by the Minister of Finance. The 1986 rate is 9.175 per cent. Refugees and members of designated classes are exempt from the interest charges. The transportation loan is established to aid in the reunification of families, spouses and dependent children, displaced persons and persons whose occupational skills are in demand in Canada.

If we do not pass this bill today, I am told that it will affect many Canadian immigrant service organizations who have been preparing for the arrival of refugees. A great number of the organizations are involved with the successful settlement of refugees in Canada and they have committed personnel and funds based on our projected refugee flow. If the bill is not passed before the end of the calendar year, it may be necessary to cut back on the refugee flow to Canada. This will make it difficult for us to meet our 1987 refugee target of 12,000. It was also agreed with the United Nations High Commissioner for Refugees and the Intergovernmental Committee for Migration that commencing in January Canada would take in 1,200 refugees per month. These plans will be disrupted and we will be required to curtail this orderly movement of refugees if this legislation is not passed. This will mean that refugees who are preparing to move into Canada will remain in a refugee camp for several months.

Honourable senators, that is a very simple explanation of the fund and why extra funding is needed. I am pleased to say that the Minister of State for Immigration, Mr. Gerry Weiner, is available and will join us in Committee of the Whole to answer any questions that honourable senators might have on this particular piece of legislation.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, it is apparent that we are being asked to waive all the customary notices and deal with this bill in one sitting. In fact, the bill itself was introduced yesterday in the House of Commons—the day before the last day of the sitting before the Christmas break. I will come back to that point later.

With respect to the substance of the bill, there certainly is no difficulty, as far as I am concerned, in increasing the aggregate limit of the loans which are made available to the classes of immigrants who require this particular assistance. As the deputy leader has said, the program has worked well. It has facilitated family reunification and it has assisted in the movement of refugees to Canada.

The bill itself seeks to increase the aggregate limit on loans to immigrants from $60 million to $90 million. The deputy leader has told us that unless the bill is passed and Royal Assent given before the end of the calendar year, before the end of December, the orderly flow of refugees will be impeded and that, indeed, refugees will be forced to spend several additional months in refugee camps. Of course no one wants that to happen. We all want Canada to live up to its commitment of admitting 12,000 refugees a year, and we want it undertaken on an orderly basis, which means the admission of 1,200 per month. All of that is acceptable. What is not so acceptable is the late realization on the part of the government that urgent action was necessary. Why is it that only on December 18 was it realized that it was urgent to have this bill passed and made law before the end of December? That certainly is not good public administration and it is certainly not good parliamentary practice. Maybe in a case of this kind, when the merits are so obvious, one ought not to raise these questions, but I think they must be raised, because one is left wondering who was asleep at the switch. Were the officials unaware until a few days ago that unless additional funds were made available the refugee flow would be halted and that

refugees would be left in the refugee camps? Why did they wait that long? Or was the minister informed and did not take the action to bring the bill forward? Was it stalled in the legislative committee of the cabinet, or did the Deputy Prime Minister, as Leader of the Government in the House of Commons, just not bother? The result is that the bill was passed through all stages in the House of Commons after very little debate and, presumably, the line of argument would be: Why should the Senate bother examining the bill if it has received quick passage by the House of Commons?

• (1610)

Honourable senators, I do not intend to extend my remarks much longer except to say that we will be asking some of these questions of the minister. We will also be asking how much money is in the fund. If the aggregate limit is being raised from $60 million to $90 million, one would assume that the fund is empty and that there is nothing in it to finance a flow of refugees for a month or two or to help the refugees, in the number of 1,200, for the month of January 1987.

With these misgivings and reservations, we certainly will give passage to the bill. We do not want to be haunted over the Christmas recess or have our consciences irked by the knowledge that we have forced several thousands of refugees to stay in camps longer than necessary. I think that would be undesirable, but I hope that the minister will have some good explanations. Perhaps he should not try to defend the indefensible. If there has been a goof, perhaps it should be admitted and we will get out of here much faster.

**Hon. Senators:** Hear, hear!

**Senator Doody:** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Doody:** —it is pleasant, indeed, to have touched that mainstream of kindness and generosity that the honourable Leader of the Opposition is so well known for. I know only too well that there was no question of his denying the refugees their opportunity to get to Canada as quickly as possible.

With regard to the suddenness of the arrival of the bill, I am told that this bill was part of a major restructuring of the Immigration Act and they had hoped to have the entire bill ready for this session, but that was not possible. Therefore, they had to proceed with this particular amendment because of its urgency.

In any event, I will not elaborate on that. I will leave the minister to answer Senator MacEachen's concerns when we go into Committee of the Whole.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

[Senator MacEachen.]

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I move that the bill be referred to Committee of the Whole, and that the Senate do now resolve itself into a Committee of the Whole for that purpose.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Phillips, that this bill be now referred to Committee of the Whole.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

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CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Senator Rhéal Bélisle in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Gerry Weiner, Minister of State (Immigration), was escorted to a seat in the Senate Chamber.

**The Chairman:** Honourable senators, Mr. Minister, the Senate is now in Committee of the Whole on Bill C-34, an act to amend the Immigration Act.

Do you have an opening statement to make, Mr. Minister?

**The Honourable Gerry Weiner, Minister of State (Immigration):** Thank you, Mr. Chairman. Comments have been clearly set forth on how useful and important a process it is to continue to be helpful to refugees and their families and to immigrants.

The fund will be almost depleted—it is now in the process of being depleted—by the end of this calendar year. If we did not put the additional $30 million into the fund, it would mean that there might be a one-, two- or three-month delay in having refugees who have fear of persecution and fear for their lives come to this country. We would not want them to be delayed by a lack of funds for the trip here. We would certainly want to unite families as quickly as possible.

I am delighted to have an opportunity to meet with you this afternoon to be able, I hope, to clarify some of the matters on your minds.

**Senator MacEachen:** Honourable senators, I wish to welcome the minister to the Committee of the Whole in the Senate and tell him that we appreciate his willingness to appear and to explain to us some of the concerns which we have about the late arrival of this bill.

None of us wishes to oppose the substance of the bill. We understand the good work that has been accomplished by making available the funds for the movement of refugees and for the unification of families. But the bill was introduced for the first time in the House of Commons yesterday. It arrived here only a few minutes ago. We have been asked to waive all the normal parliamentary rules of notice and to give the bill first, second and third readings and Royal Assent in an hour.

We are prepared to do that, because none of us wishes to have on his conscience the spectre of 1,200 refugees kept a moment longer than necessary in refugee camps.

We have been told that the objective is to bring 1,200 refugees into Canada in the month of January 1987, and if we do not provide the money they will not be able to come. The minister has mentioned one month, two months or perhaps three months. My simple question is: Why the late realization? Was it a goof in the public service? Did they wake up on Tuesday of this week to the fact that they had run out of money and rush to the minister saying that they needed a bill? Did the minister know about it and bring in a bill weeks ago to the cabinet only to have it sit there? I would like to know what happened.

I would be much happier to have someone admit that it was a goof rather than go into the intricate explanations which will not be convincing in light of the fact that this bill arrived in the House of Commons yesterday. This bill is a serious matter and we are asked to pass it within a few moments.

I should like to move to a second point which relates to the amount in the fund at the present time. The bill increases the aggregate limit from $60 million to $90 million, an additional $30 million. So, presumably the fund must be virtually empty. I would like to know how much there is in the fund and how much you estimate you will spend in January and February. Those are my questions, honourable senators.

• (1620)

**Mr. Weiner:** As at November 30 we had used some $57 million of the $60 million. I was not apprised of the situation as early as I might have wished. However, there were some important reasons for this. First, amendments to the Immigration Act involve important processes and are not undertaken lightly. In fact, we have not opened the act for many years. We are in the process of studying a new refugee determination process, and we had hoped that the Transportation Loan Fund could be put through at the same time. However, senators are no doubt aware that the cabinet decision is now undergoing some review, and the refugee determination process will now be brought forward in the very near future. Therefore, there is need to bring this forward immediately.

Why the delay in payment? A good deal of the fund was expended, particularly to look after the boat people during the period between 1979 and 1982. They have been a little slower in repayment than one might have expected, but they have been faced with some higher levels of unemployment. We are quite generous in the payment schedule that we allow refugees. We know that the payments come back to us at the rate of almost 98 per cent. We recognize that one of the most joyous events for a refugee or an immigrant—the status symbol, the showing that he has succeeded—is to be able to repay the payment from the Transportation Loan Fund.

So while we admit that the $60 million has almost gone and that we have to add another $30 million in order that that very effective program can continue, I would indicate that certainly the officials should have been able to bring the bill forward somewhat earlier this month. However, knowing the desperate need and the importance of putting it through before the end of this calendar year, I would ask your forbearance and allow the fund to continue so that the program in January will be as active as it has been throughout the rest of 1986.

**Senator MacEachen:** Honourable senators, I understand what the minister has said, but I would like to ask one or two further questions. The first is: When did the government decide that it could not bring in the immigration bill—the total package? Presumably the intention had been to include this additional provision in an overall bill. It seems to me that any government would have realized at the end of November that it would be impossible to put through Parliament before Christmas an overall immigration bill. That is one of the most difficult bills. Anyone who has tackled, or observed, immigration bills going through the House of Commons will know that they take a long time. So even the most sanguine minister could never hope to have completed the bill in two or three weeks. I would say it would take two or three months. At the end of November $56 million had already been spent. Did the officials at that time not ring the alarm bells and say, "We are in trouble; let us get a bill forward."?

At the end of November there was $4 million left in the fund. It is now December 19. Is it down to $2 million or $3 million? What is the cost of a month's refugee movement? We have been asked on a sympathetic basis to give speed to this bill or 1,200 refugees will languish in refugee camps for an additional month. That is pretty heavy stuff to lay upon Parliament at the last minute. Therefore, I think it is reasonable to ask how much money you have now and how much you expect to spend in the month of January.

**Mr. Weiner:** The program runs about $2 million a month. If one looks at my figure of $57 million at the end of November, one can further estimate further expenditure to the end of December of an initial $2 million. So the $6 million would be almost completely depleted. Those are averages. We must also reflect on the increased cost of bringing people here. We have had increases due to rates of inflation, which we know about. We can operate, on the average, on approximately $2 million per month.

You asked me about the refugee determination process and what we felt might have been taking place. You are well aware that on June 30 I was named Minister of State for Immigration, and at that time I was given the opportunity, with my staff and officials, to begin a review of a process which had been approved by cabinet in the spring of this year. We went in not knowing that it might be difficult; but that process has continued very successfully and, as I have indicated, we kept hoping that the complete bill could be brought forward sooner. There were some difficulties in the drafting phase, and apparently those have now almost been overcome. We look forward in the very near future, when the House resumes, to being able to bring forward a package which will include the refugee determination process and the amendments to the Immigration Act.

**Senator Frith:** Mr. Minister, I thank you for the answers you have given. We wish to be sure that you understand, as I am sure you do—but we would like to know that your officials also understand—that we have a second-sober-thought function under our Constitution. We are to review bills and study them—and, as you know, we study them rather thoroughly in our committees. Normally, had this bill been presented to us, there would have been a second reading debate, and at that stage, as Senator MacEachen has said, it would have been quite clear that the bill has a great deal of merit. Many of the questions which we are now asking would have been raised in committee, to which the bill would have been referred after second reading. We want to be sure that you realize that you are asking us not to do those things which we consider to be our constitutional duty to do. We would rather that you did not do that to us in the future, and we want to be sure that you understand why we are asking for an explanation for the legislation being brought to us at the very last minute.

**Mr. Weiner:** I fully realize and sincerely appreciate what you are about to do—not only for myself and the process but for all of the refugees and immigrants who look forward hopefully to being able to come to our shores over the next few months. So I do appreciate it. The message will be sent very clearly to my officials. As I have indicated, I was not apprised of the situation as soon as I would have wished. It has been a rather interesting period. As Senator MacEachen has indicated, amendments to the Immigration Act are serious concerns and obviously the whole refugee determination process has occupied a lot of time and energy. We certainly understand and welcome your helpful remarks and we will make use of them in the future.

**Senator MacEachen:** Honourable senators, I do not intend to proceed further. I thank the minister for his accommodating attitude. I do not want to prolong his presence or to try to punish him in any way; but it is quite clear that at some point the system broke down. It is not a sudden emergency. If it were an event which arose very quickly, then one could understand. But this is a matter that has been within the knowledge of officials of the government and the government itself for some time and, therefore, it is a clear example of the system's having broken down. I do not think it is too harsh to say that somebody has been asleep at the switch. If that slumber had not taken place, neither we nor the House of Commons would be asked to pass this bill in all its stages. It is not that we are, in a sense, inconvenienced or pained by what has happened. What is painful is the realization that such inefficiency exists within the apparatus of government. I hope that it will not occur too frequently in the future.

With those comments, honourable senators, I wish the refugees quick entry into Canada and a Merry Christmas to the minister.

**Mr. Weiner:** Thank you. In the spirit of the season, may I add my best wishes for a Merry Christmas and happy holiday season to the members of this house.

**The Chairman:** The Senate is in Committee of the Whole on Bill C-34, an Act to amend the Immigration Act, 1976.

[Senator Weiner.]

Shall discussion on the title of the bill be postponed?

**Hon. Senators:** Agreed.

**The Chairman:** Shall clause 1 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall the title carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall I report the bill without amendment?

**Hon. Senators:** Agreed.

**The Chairman:** Honourable senators, on your behalf, I should like to thank the minister and his official for their attendance.

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**The Hon. the Acting Speaker:** Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

**Hon. Rhéal Bélisle:** Honourable senators, the Committee of the Whole, to which was referred Bill C-34, to amend the Immigration Act, 1976, has examined the said bill and has directed me to report the same without amendment.

THIRD READING

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## SALARIES ACT

BILL TO AMEND—FIRST READING

**The Hon. the Acting Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-36, to amend the Salaries Act.

Bill read first time.

SECOND READING

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and

notwithstanding rule 44(1)(*f*), I move that the bill be read the second time now.

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

**Hon. Senators:** Agreed.

**Senator Doody:** Honourable senators will recall that recently we had the somewhat unpleasant duty of passing Bill C-20, which dealt rather harshly with members of Parliament. One of the three items in that particular bill was an explanation of the formula and the percentage to be used for the indexing of salaries. This bill deals with the same thing, except that it deals with salaries of lieutenant governors. The Statistics Canada Industrial Composite Index is no longer used and has not been used since 1984. To replace it, they began to publish an Industrial Aggregate Index. However, the Industrial Composite Index was published for the two subsequent years in order to allow adjustments such as the one involved in this bill to be made. The salaries of lieutenant governors are based on the lesser of the indexes used, or 7 per cent. In order to make an adjustment in their salaries effective January 1, the technical amendment must be made or no increase will take effect.

Honourable senators, before I conclude, may I say how pleasing it is to see Honourable Senator Lapointe sitting in the Chair again. I realize that she will not be with us for a great deal longer, but it is indeed a great pleasure to see her occupy once again the position of Speaker of this chamber.

**Hon. Senators:** Hear, hear!

**Senator Doody:** Honourable senators, I understand that this particular bill was passed in the other place with the consensus of all the parties so that the measures can take effect before the new year. I commend this bill to you for second reading.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, may I ask the deputy leader a question. Is the sole effect of the bill to change the indexing system? The deputy leader suggested that the bill was similar to the bill dealing with the salaries of members of Parliament and senators. I take it that it is not correct to say that lieutenant governors are being subjected to the same severity as members of Parliament and senators in the loss of income for 1986. Is it correct to say that their income is protected, but that the indexing system has changed?

While I am on my feet, I would like to ask one more question. Is it not true that the salaries of lieutenant governors are paid by the Government of Canada and not by provincial governments, as was suggested in the House of Commons a few moments ago by the Parliamentary Secretary to the President of the Privy Council?

**Senator Doody:** To answer the honourable senator's last question first, it is absolutely correct that the salaries of lieutenant governors are paid by the federal government or, perhaps more precisely, by the taxpayer. Despite the impression given in the other place earlier today, that fact is true, remains true and will continue to be true.

The cost of the establishment of the lieutenant governor is carried by the provinces. The size of the establishment and so on is pretty much in the domain of provincial governments. I am pleased to say that our provincial government provides very elegant and substantial quarters for the lieutenant governor, and a good colleague of ours, the Honourable James McGrath, occupies that post. I am pleased to say that the answer to the first question will please the Honourable James McGrath just as much as it will please members of this chamber. The salaries of lieutenant governors are protected. The only similarity—and I thought I had pointed this out in my opening remarks—between this bill and Bill C-20 is that the Industrial Aggregate is changed. There were three parts in Bill C-20; there is only one part in this bill. They are not being dealt with harshly. Quite honestly, I think they are being dealt with generously.

• (1640)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the intervention of the Deputy Leader of the Government, the questions posed by the Leader of the Opposition and the answers given by the Deputy Leader of the Government leave very little else to be said. When I first heard about this bill, I thought that it would be a step towards the principle that misery loves company, but as the debate has disclosed, the only similarity between this bill and Bill C-20 is that the name of the formula will be changed to "the Industrial Aggregate" from "the Industrial Composite," so the mechanism that gives Their Honours what I am sure we all agree is a well deserved increase will be effective.

We have to see that this mechanism is triggered or, of course, there will be no formula upon which it could operate. It would be mean and miserable of us, simply because of Bill C-20, not to do this for Their Honours, so I think we should send them this Christmas greeting.

**Senator Doody:** Honourable senators—

**The Hon. the Acting Speaker:** Honourable senators, I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Doody:** I just wanted to say thank you, honourable senators.

Motion agreed to and bill read second time.

THIRD READING

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, on third reading, may I ask the Deputy Leader of the Government whether the salaries for all lieuten-

ant governors, regardless of province, are the same or are there variations in them?

**Senator Doody:** It has been my understanding that they are the same. Certainly when I was working for the Treasury Board and the Department of Finance in Newfoundland they were all the same. I assume that no change has been made since that time.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## ROYAL ASSENT

NOTICE

**The Hon. the Acting Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL
19 December 1986

Sir,

I have the honour to inform you that the Honourable Gerald Eric LeDain, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 19th day of December, 1986, at 4.55 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

## INDUSTRY

SYDNEY STEEL CORPORATION—FUTURE RAIL MARKET PROSPECTS—STATUS OF REPORT—DELAYED ANSWER TABLED

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I undertook today to try to get a reply to a question asked by Senator Graham on the situation at the Sydney Steel Company. I would like to table that answer.

I also notified Senator Frith that there are six questions currently unanswered.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Well done!

[Senator MacEachen.]

**Senator Doody:** Three of them were asked this week. The other three must be lulus—I have no idea where they are, but they are out there somewhere.

**Senator Frith:** It is your undertaking, I gather, to look into the lulus.

**Senator Doody:** It is my hope that we will have plenty of time to do that.

## BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, when I put the adjournment motion today I intend to move that the Senate stand adjourned until Tuesday, February 3, 1987, at 2 o'clock in the afternoon. It seems that we have cleared up all of the legislation that has been sent to us. Three or four other bills are at the report stage in the other place, but I can detect no immediate urgency for the passage of those. If something else comes up, of course, we are subject to recall, and that is understood at all times.

Several committees have undertaken the pre-study of bills and others are working on reports and studies which they have undertaken. I know that the Foreign Affairs Committee is particularly concerned about establishing some time in which it could schedule meetings. There are witnesses to call from afar and the members of that committee need to be able to plan in advance. This will certainly give them an opportunity to do so.

I would like to take this opportunity to wish all of my colleagues in the Senate and, indeed, all of the staff and those people who have worked so well for us during this year a very Merry Christmas and a happy festive season. I hope they have a good year coming up, and I sincerely hope that I do, as well.

Having said that, I move, with leave of the Senate and notwithstanding rule 45(1)(*g*):

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 3rd February, 1987, at 2 o'clock in the afternoon.

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

**Hon. Senators:** Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

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At 5:45 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

## ROYAL ASSENT

The Honourable Gerald Eric LeDain, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Railway Act (*Bill C-4, Chapter 49, 1986*)

An Act to amend the Senate and House of Commons Act (*Bill C-20, Chapter 50, 1986*)

An Act to amend the Coastal Fisheries Protection Act (*Bill C-26, Chapter 51, 1986*)

An Act to amend the Farm Improvement Loans Act (*Bill C-31, Chapter 52, 1986*)

An Act to amend the Fisheries Improvement Loans Act (*Bill C-32, Chapter 53, 1986*)

An Act to amend the Excise Tax Act and the Excise Act (*Bill C-14, Chapter 54, 1986*)

An Act to amend the Income Tax Act and a related Act (*Bill C-23, Chapter 55, 1986*)

An Act to amend the Unemployment Insurance Act, 1971 (*Bill C-16, Chapter 56, 1986*)

An Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith (*Bill C-25, Chapter 57, 1986*)

An Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act and to repeal the Petroleum and Gas Revenue Tax Act (*Bill C-17, Chapter 58, 1986*)

An Act to amend the Immigration Act, 1976 (*Bill C-34, Chapter 59, 1986*)

An Act to amend the Salaries Act (*Bill C-36, Chapter 60, 1986*)

An Act to amend and repeal The Alliance Nationale Consolidated Act, 1945 (*Bill S-3*)

The Honourable Steven E. Paproski, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987 (*Bill C-29, Chapter 61, 1986*)

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987 (*Bill C-35, Chapter 62, 1986*)

To which bills I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

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• (1700)

The sitting of the Senate was resumed.

## CHRISTMAS GREETINGS
## TRIBUTES TO HON. RENAUDE LAPOINTE, P.C.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, just before the motion for adjournment, I should like to echo what Senator Doody said on two points. I would join him in wishing all of our colleagues a very merry Christmas and a nourishing and restful, if somewhat extended, holiday season.

I should also like to say how glad we are that Senator Lapointe presided over the end of this year's sittings. Senator Lapointe was Speaker when I was appointed to the Senate, so I share with everyone who has ever had anything to do with her a feeling of pride in having her as a colleague and as a friend.

**Hon. Senators:** Hear, hear!

**Hon. Orville H. Phillips:** Honourable senators, occasionally I find myself in agreement with Senator Frith, and this is one of those happy occasions.

We shall miss Senator Lapointe's presence. As one who often finds himself looking around for a quorum, I shall especially miss her because I always knew Senator Lapointe would be in her place, regardless of the hour.

Earlier today Senator Doody expressed the greetings of all of us on this side. I merely wish to say "Joyeux Noël" and move the adjournment of the Senate.

[*Translation*]

**Hon. Azellus Denis:** Just a word in French to wish everybody a Merry Christmas and a Very Happy New Year, and may you rejoice in Heaven after this land of sorrow. But, just the same, take your time.

The Senate adjourned until Tuesday, February 3, 1987, at 2:00 p.m.

## APPENDIX

(*See p. 390*)

## UNEMPLOYMENT INSURANCE ACT, 1971

REPORT OF SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE
ON SUBJECT MATTER OF BILL C-16

FRIDAY, December 19, 1986

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

### THIRD REPORT

Your Committee, to which was referred the subject-matter of the Bill C-16, intituled: "An Act to amend the Unemployment Insurance Act, 1971", has, in obedience to the Order of Reference of Tuesday, November 4, 1986, examined and considered the said subject-matter.

On Tuesday, November 25th, 1986 the Committee heard from senior officials from the Commission of Employment and Immigration.

Your Committee now reports that it recommends that the Bill C-16, when examined by the Senate, be favourably considered.

Respectfully submitted,

ARTHUR TREMBLAY
*Chairman*

# THE SENATE

**Tuesday, February 3, 1987**

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

Prayers.

[*Translation*]

## NEW SENATOR

**The Hon. the Speaker:** Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General showing that Jean Bazin has been summoned to the Senate.

### INTRODUCTION

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

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

**Hon. Jean Bazin,** of De la Durantaye, Québec, introduced between Hon. Lowell Murray, P.C., and Hon. Martial Asselin, P.C.

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

[*English*]

## THE LATE HONOURABLE LAZARUS PHILLIPS
## THE LATE HONOURABLE SALTER A. HAYDEN

### TRIBUTES

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, it is with deep regret that I rise to record the death, since last we met, of two former senators who were among the most eminent Canadians ever to serve in this chamber. The Honourable Lazarus Phillips died on December 30, 1986. The Honourable Salter Hayden died on January 5, 1987.

Lazarus Phillips was already 72 years of age when he came to this chamber in 1968 with an illustrious career of public service to Canada behind him, a career that went back 50 years. A veteran of World War I, awarded the Order of the British Empire in 1946, he was an expert in constitutional, corporate and tax law, and senior partner in the distinguished Montreal law firm of Phillips & Vineberg.

[*Translation*]

Widely known as a philanthropist, a leading member of the Jewish community in Montreal, and a respected lawyer, Lazarus Phillips, in the course of his all too brief career as a senator, became well known as a parliamentarian and earned the respect of all his colleagues.

[*English*]

Lazarus Phillips gave the Senate the full benefit of his wide experience, his superb intellect and his gift of oratory, and when he left this chamber in 1970, after a short career of less than three years, it was said of him, and by no less an authority than Paul Martin:

> . . . as I survey Parliament Hill, that at the present time there is no greater parliamentarian than Senator Phillips.

The short speech that Senator Phillips gave on the occasion of his departure from this chamber on October 7, 1970, was a masterful exposition of the responsibility of the Senate in our system.

Senator Hayden was named to the Senate by Prime Minister King on February 8, 1940, and he remained here for 43 years. For more than 30 years, he was chairman of the Standing Senate Committee on Banking, Trade and Commerce. Toward the end of his career, I had the honour of serving under his chairmanship on that committee. In his late eighties, he was still a formidable advocate, thorough, incisive and persuasive. I well recall during my first month in this chamber sitting with my then seat-mate, Robert de Cotret, the two of us marvelling at how Senator Hayden could speak in this chamber for 40 minutes, without a note, on the background and implications of a number of what seemed to us to be very complex provisions of Canadian tax law. I was to observe in the next few years that that was by no means an uncommon occurrence in this chamber with Senator Hayden.

One of the accomplishments of which Senator Hayden was proudest was the introduction of the pre-study procedure in this place. Under the so-called "Hayden formula," the Senate could now study House of Commons legislation when it was tabled in the other place instead of waiting until it passed the Commons. Some years ago members of the Senate commissioned a portrait of Senator Hayden, which now hangs in our Reading Room, a mark of the respect and admiration of his colleagues. After his retirement from the Senate, he continued as a senior partner in McCarthy & McCarthy, one of Canada's foremost law firms.

He was named an Officer of the Order of Canada in December of last year.

Senator Hayden served in this chamber for more than 43 years; Senator Phillips for less than three years. While it is with much sadness that we record their passing, it is also with great pride that we recall their considerable contributions to this place, to the parliamentary process and to our country.

**Hon. Senators:** Hear, hear!

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, like Senator Murray, I regret the necessity of rising on this occasion to mark the passing of two former distinguished members of this chamber. I certainly join with Senator Murray in paying deserved tribute to their memory. It is not my intention to cover the detailed ground covered by Senator Murray, as he has outlined for us the notable career of each of these persons.

I had the good fortune to know each of them and I can certainly concur with Senator Murray in his elaboration of the impacts they made on the parliamentary system in Canada.

When Senator Phillips left the Senate, as Senator Murray pointed out, a number of his colleagues paid tribute to his work, one of those being Senator Croll, who is present with us this afternoon. I want to quote briefly from what Senator Croll said at that time:

> No senator here . . . in so short a time has endeared himself so completely to his colleagues and made so great a contribution to the Senate and his beloved country as has Laz Phillips.

He went on to comment on Senator Phillips' "special knowledge of the law, constitutional, corporate and tax, and his personal qualities of loyalty, integrity and above all, compassion." I am sure that those words spoken at that time are still relevant today.

As Senator Murray pointed out, Senator Hayden had a very long career in the Canadian Senate, having been appointed many years ago by the late Mr. King. Obviously, Senator Hayden's work on the Standing Senate Committee on Banking, Trade and Commerce constitutes a notable landmark in parliamentary history. The committee, under his leadership, attracted a great deal of attention, was respected and, indeed, became the ornament, in a sense, of the Senate itself. That same tradition, so well entrenched by Senator Hayden, has been continued by his successors.

• (1410)

I had occasion, as a minister, to deal with Senator Hayden. I recall in particular while I was Minister of Finance observing how patiently Senator Hayden dealt with one of the most complicated tax bills that I am sure ever passed through his hands. He was patient on that occasion and patient on many other occasions, although his patience was not a substitute for clarity of mind and detailed knowledge which he possessed with respect to the intricacies of the matters on his legislative agenda.

So, honourable senators, I add in conclusion that the tributes paid by Senator Murray call to mind the careers of two former members of this chamber and serve as a reminder to us that there can be carried out in the Senate significant work by each of us, even though the exact significance of that work may not be realized at the moment.

**Hon. Senators:** Hear, hear!

[Senator Murray.]

**Hon. David A. Croll:** Honourable senators, I thoroughly agree and concur with what has been said about Senator Hayden and Senator Phillips.

Senator Lazarus Phillips was my friend for 56 years. He was a Talmudic student. He loved the Book. He was a descendant of a long line of eminent rabbis. His religion was very important to him.

His profession was law. But more than that, he was a lawyer's lawyer, a paragon of efficiency, a wizard in the tax and corporate law field.

He represented notable causes and important corporate interests, and had a profound influence on the economic growth of our country. He involved himself in charitable institutions, both Jewish and non-Jewish, and he always gave and gave well.

In the short time that he was here, he won our admiration, confidence and respect—and he won it on both sides of the chamber. He endeared himself completely.

I can say of him that he was a wise and just man. During his lifetime many honours came to him: from McGill University, B.C.L. 1918, honorary LL.D., 1965; honorary Fellow of the Society of Fellows of the Jewish Theological Seminary of America, 1972; honorary LL.D. of the Jewish Theological Seminary of America, 1978; honorary LL.D., Yeshiva University, New York, 1979; honorary Fellow and honorary LL.D., Bar-Ilan University, 1979.

He sat on the boards of many organizations: Inter-City Papers, Trizec Corporation, Steinberg's Ltd., Great Universal Stores of Canada Ltd. and Domco Ltd. He was a member of the Montreal Museum of Fine Arts and the Royal Empire Society. He was a former president of Jewish Parochial Schools in Montreal and an honorary vice-president of the Canadian Jewish Congress.

In his first speech in the Senate in 1968, he said:

> I come, honourable senators, from an ancient and proud race, and I practise a religion which has not been unconnected with the spread of civilization on this planet. I should like to feel that when the Right Honourable Lester Pearson recommended my appointment to this chamber he had in mind giving recognition to the ethnic group to which I belong. I hope honourable senators will agree with me that in the development of our beloved Canada this group has contributed its fair share to the country's communal, political, economic, cultural and intellectual activities.

Moreover, in that speech he pointed out the objectives to be attained. The first priority was to reduce poverty and bring about a higher standard of living. There are many other instances of his contributions, but I will not recount them here.

Not only was Laz Phillips a great lawyer, he was also an outstanding parliamentarian. As has been said, in his short two-year period, in a most remarkable way, he gathered to himself a reputation which has taken many men and women many years to acquire. He was a man who had a deep and

abiding dedication to Canada. He had a strong affection for and infatuation with the State of Israel. We shall miss him.

**Hon. Leo E. Kolber:** Honourable senators, I do not aspire to the eloquence of the preceding speakers, but I could not let the occasion pass without saying one or two words about my late dear friend, Lazarus Phillips. I knew him I think in a way in which the preceding speakers perhaps did not. He and I were associated for a little over 30 years as co-trustees of the Bronfman Trust, amongst other things, and I can say that he certainly was one of my mentors in life.

He was an honourable man, he was a very sage man, and those of us who worked with, beside and for him will certainly be the poorer for his passing.

[*Translation*]

## OFFICIAL LANGUAGES

REPORTS OF THE COMMISSIONER TABLED

**The Hon. the Speaker:** Honourable senators, I have the honour to table the following: reports of the Commissioner of Official languages submitted to the Governor in Council pursuant to section 34(2) of the Official Languages Act, Chapter O-2, R.S.C. 1970, concerning CN and VIA Rail, dated December 1986, National Defence, dated January 1987, and, finally, Anglophone Participation in the Federal Public Service in Québec, dated January 1987.—Sessional Paper No. 332-177.

## LEGISLATIVE COMMITTEES

MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that the following message had been received from the House of Commons:

Thursday, December 18,1986

ORDERED,—That a Message be sent to the Senate to acquaint Their Honours of the following order adopted by the House:

That, notwithstanding any Standing or Special Order of this House, and for the remainder of the present Session, when a bill has received second reading and has been referred to a legislative committee, the Striking Committee shall prepare and report, not later than the following Thursday, a list of members to compose the legislative committee which shall consist of not more than thirty (30) Members. Upon presentation of such a report of the Striking Committee, the same shall be deemed adopted and the Speaker shall appoint a Chairman to the said legislative committee, pursuant to Standing Order 93(2).

That, notwithstanding Standing Order 93(6), the Government House Leader shall, after consultation with the House Leaders of the other parties, establish the order in which the several legislative committees shall consider bills, on the basis that no legislative committee shall sit at the same time that another legislative committee is sitting on a bill emanating from or principally affecting the same department or agency;

That, notwithstanding Standing Orders 92(2) and 96(1), Standing and Standing Joint Committees shall not sit at the same time as a legislative committee on a bill emanating from or principally affecting the same department or agency;

That legislative committees sitting during periods coinciding with the hours of sitting of the House, shall have priority over Standing, Standing Joint and Special Committees; and

That priority shall be given to Standing, Standing Joint and Special Committees in periods when the House stands adjourned, according to the schedule of meetings as established, from time to time, by the Chief Government Whip, after consultation with the other parties.

ATTEST

MARY ANNE GRIFFITH

*for the Clerk of the House of Commons*

## OFFICIAL LANGUAGES

REPORTS OF COMMISSIONER—MESSAGE FROM COMMONS

**The Hon. the Speaker:** Honourable senators, I have the honour to inform the Senate that the following message has been received from the House of Commons:

Wednesday, January 21, 1987

ORDERED,—That a Message be sent to the Senate to acquaint Their Honours that the Reports of the Commissioner of Official Languages, as follows:

(1) submitted to the Governor in Council (CN and VIA RAIL) dated December 1986;

(2) submitted to the Governor in Council (National Defence) dated January 1987; and

(3) submitted to the Governor in Council (Anglophone Participation in the Federal Public Service in Quebec) dated January 1987

have been referred to the Standing Joint Committee on Official Languages.

ATTEST

MICHAEL B. KIRBY

*for the Clerk of the House of Commons*

## NATIONAL ARCHIVES OF CANADA BILL

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-7, respecting the National Archives of Canada.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

## AUDITOR GENERAL

NOTICE OF MOTION TO REFER REPORT TO NATIONAL FINANCE COMMITTEE

**Hon. Fernand E. Leblanc:** Honourable senators, I give notice that tomorrow, Wednesday, February 4, 1987, I will move:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of the Auditor General for the fiscal year ended March 31, 1986, tabled in the Senate on 28th October, 1986 (Sessional Paper No. 332-77).

[*English*]

## OFFICIAL LANGUAGES

REPORTS OF COMMISSIONER REFERRED TO JOINT COMMITTEE

**Hon. C. William Doody (Deputy Leader of the Government)**, with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the reports of the Commissioner of Official Languages, submitted to the Governor in Council concerning (1) CN and Via Rail dated December 1986, (2) National Defence dated January 1987 and (3) Anglophone participation in the federal public service in Quebec dated January 1987, tabled in the Senate on 3rd February 1987, be referred to the Standing Joint Committee on Official Languages and that a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

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• (1430)

# QUESTION PERIOD

[*English*]

## FISHERIES

CANADA-FRANCE AGREEMENT—FEDERAL-PROVINCIAL CONSULTATION—FISH ALLOCATIONS—GOVERNMENT POLICY

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I should like to ask questions respecting the recently concluded agreement between Canada and France on fisheries and boundaries.

Today the Premier of Newfoundland stated at a press conference that his government had rejected the agreement and that he was calling upon the Government of Canada to withdraw entirely from the agreement.

I should like to know what happened to the process of consultation which had been a characteristic of fisheries matters and which had been one of the principal objectives of the new, then fresh, government of two and a half years ago.

**Senator Perrault:** It isn't fresh any more!

**Senator MacEachen:** What happened to that spirit of consultation which, obviously, was not observed and which now finds the Premier of Newfoundland asking the Government of Canada to withdraw from the agreement, and finds the Premier of Nova Scotia almost equally explosive in his denunciation of this bad deal for the Atlantic provinces? What happened to federal-provincial consultation on this grave subject?

**Senator Perrault:** You forgot to telephone!

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, it is a fact, as the Leader of the Opposition has pointed out, that the Government of Newfoundland and, indeed, the industry and the union were fully and actively involved in this matter right up until the Paris meeting at which the agreement was reached to negotiate the boundary dispute and fish quotas in the future.

That has happened. The Prime Minister and the Deputy Prime Minister have expressed the government's regret to the Premier of Newfoundland, and it is the government's hope that when we resume negotiations with the French, the Government of Newfoundland, the industry and the union will see fit to resume the active role that they had played in this matter until now.

**Senator MacEachen:** Honourable senators, the Premier of Newfoundland has not only attacked the process which, presumably, has been remedied by the apology of the government and its resolve to do better in the future; he has equally attacked the substance and claims, among other things, that the new commitment for allocation of northern cod is without precedent and threatens the livelihood of Newfoundland fishermen.

I am really asking for some information, because I don't understand what led the Government of Canada to enter into this agreement. Perhaps the Leader of the Government can help me, because all the French have agreed to do is discuss an arbitration. That is all they have agreed to. They have agreed to come to the table to discuss the terms of reference and to allow a group of judges to handle the arbitration.

**Senator Perrault:** There is something fishy about the whole thing!

**Senator MacEachen:** The Canadian government, in return for that, has given, for the first time, a commitment that for the years 1988 onward there will be an allocation of northern cod. It has also given a fresh allocation of fish in northern Labrador, and it has increased the allocation of fish in the Gulf to the vessels from Saint Pierre and Miquelon.

**Senator Perrault:** Unbelievable!

**Senator MacEachen:** There are three big "sweeteners" there, and one of them is a jawbreaker for the Premier of Newfoundland, namely, the commitment to allocate northern cod.

Why did the government give so much for so little?

**Senator Murray:** Honourable senators, I disagree with the interpretation that is being placed on the agreement by the Leader of the Opposition. The agreement was to a process of

negotiation, and the reason for entering into that agreement must be clear to the honourable senator whose government negotiated the 1972 treaty with France. Unless some process was agreed to, we would have had to go back to the 1972 conditions, with all of the risks that they imply for the fishery in Atlantic Canada.

Officials from the Department of Fisheries and Oceans and officials from the Department of External Affairs will be meeting with Premier Peckford in the next day or so, as will the Minister of Transport, Newfoundland's representative in the federal cabinet. I hope that these discussions will lead to a better understanding of what is involved in this agreement and to a better understanding of the policy of the Government of Canada.

**Senator MacEachen:** I hope they will, because I have been trying to understand why the negotiators in Paris gave away a pre-commitment to allocate northern cod, why they gave a new, fresh allocation in northern Labrador and why they increased the allocation in Saint Pierre and Miquelon while the French are still, in the words of the Minister of Fisheries and Oceans, blatantly overfishing in the disputed area, taking, according to the minister, 20,000 tonnes of fish a year.

In light of all that we gave in the way of new allocations, why did we not secure from the French a commitment to desist from overfishing in the disputed area, which the Premier of Newfoundland has said is threatening the livelihood of the fishermen of that province?

Why did the Government of Canada turn a blind eye to overfishing in that huge amount, which will probably grow this year, and, at the same time, give this additional bonanza—well, I will not say "bonanza"; perhaps that is excessive—why did it give to the French these additional allocations and the pre-commitment to allocate northern cod for a five-year period?

Nobody in Newfoundland can understand that; I cannot understand that. Why has the Leader of the Government said, "Well, we had a fisheries agreement in 1972." There is nothing in any of the previous exchanges of notes that obligated the Government of Canada to do any of the things it did in the recent agreement. I say if there are to be discussions in Newfoundland with the Premier, that is fine, but can we get some light on what seems to be a give-away on the part of Canada with nothing in return except a commitment by the French to go to the table and walk away, if they wish—

• (1440)

**Senator Perrault:** And just talk.

**Senator MacEachen:** —and at the same time continue their flagrant overfishing in the disputed area.

**Senator Perrault:** Plundering; plundering.

**Senator MacEachen:** They have received everything.

**Senator Murray:** The honourable senator talks about pre-commitments on the part of Canada. What is a pre-commitment? The commitment that we have made is the commitment that the French have made. We have committed ourselves to a process of negotiation that we trust will lead to arbitration of the boundary dispute—

**Senator Perrault:** What did they give?

**Senator Murray:** —that is the commitment we have made.

The treaty in 1972, to which I referred earlier, gave the French unquantified but perpetual fishing rights in Canada's 200-mile zone. That treaty was signed by the government of which my honourable friend was a member. Canada has always taken the position that that means that the French can fish where we let them fish, but the French have taken the position that that means that they can fish anywhere within the 200-mile limit. If we fail to negotiate this boundary dispute and the related matters, we will find ourselves back with the 1972 treaty. The matter of the treaty, the 200-mile limit and the rights of the French within that 200-mile limit will go to international arbitration, which might then start setting quotas for the French in that area. This was an agreement to negotiate an end to a boundary dispute, a dispute which has to be ended in the interests of Canada and of the Atlantic fishery.

If the Leader of the Opposition wants to debate the matter, he can launch a debate or, indeed, he can have the whole matter go to the Fisheries Committee, if he wants, and we will have the appropriate officials and ministers there to discuss it in detail; but I am telling the honourable senator that this deal ended 12 rounds of negotiations that go back to 1967—

**Senator Frith:** Ended?

**Senator Murray:** —and up until now had produced nothing but failure.

**Senator Frith:** How could it have ended? You just agreed to start negotiating it.

**Senator MacEachen:** What have you produced?

**Senator Frith:** An agreement to negotiate.

**Senator MacEachen:** Nothing. The honourable leader referred to the history—and there is a fishing history—between Canada and France. France has had traditional fishing rights—they were protected by treaty and otherwise—and they have to be dealt with by any Canadian government; that is not in dispute. The minister took exception to the statement I made that there was a pre-commitment. There is a pre-commitment.

The minister in his statement, which was released on January 27, entitled "Canada and France Agree On Steps To Settle Maritime Boundary Dispute" states, in part: "Mr. Siddon also referred to an undertaking given by Canada to include some 2J+3KL cod,"— that is northern cod—"in the French quotas to be negotiated for 1988 to 1991."

The Government of Canada has agreed in advance that it will give some northern cod in that area to the French. That is a pre-commitment. That is what has infuriated the Government of Newfoundland, namely, that there has been a commitment by Canada to give an allocation for the northern cod and no commitment—

**Senator Murray:** If it goes to arbitration.

**Senator MacEachen:** It does not even make that qualification in the sentence; that may be the case. There has to be a fisheries agreement at some point, but it says "Mr. Siddon also referred to an undertaking given by Canada to include some 2J+3KL cod in the French quotas to be negotiated for 1988 to 1991."

If there are any quotas for those years for the French, there will have to be northern cod included in those quotas. That is what is killing this approach in Newfoundland. We have done that and we have said, "We will turn a blind eye to your blatant overfishing in the disputed area, which is threatening not only the stocks of fish but also the livelihood of Newfoundlanders," and France has made no commitment.

**Senator Perrault:** Shame!

**Senator MacEachen:** That is what it is. If I can be told that I am wrong in these conclusions, fine. I am looking for information. I am trying to read the papers—

**Senator Perrault:** So is the government.

**Senator MacEachen:** —to see what has happened. That is my interpretation; if I am wrong, let us hear it.

**Senator Murray:** What I am trying to tell the Leader of the Opposition is that all of the substantive issues remain to be negotiated.

**Senator Frith:** That's right.

**Senator Perrault:** Give away the fish.

**Senator Murray:** I am informed that without this agreement we would revert to the 1972 agreement, the implications of which would be that in the Gulf the French would demand—because the Gulf was part of the 1972 agreement—as a minimum, what they caught last year, namely, 3,500 tonnes; outside the disputed zone they would claim 17,000 tonnes of cod, mainly in the 2J+3KL area; second, they would act to protect their legal position in the disputed zone with unilateral enforcement measures—and we would be obliged to respond in kind; and third, if we do not move to negotiations and the French invoke the dispute settlement provisions of the 1972 treaty, as I mentioned a few minutes ago, it could well result in a tribunal awarding specific and quite substantial cod quotas to France in 2J+3KL. That is the reality of the situation and that is the position we were left with as a result of the history to which the honourable senator refers.

**Senator MacEachen:** I find it incredible that the minister is making the French case. We expect Canadian ministers to make the Canadian case.

**Some Hon. Senators:** Hear, hear!

**Senator Frith:** That is what he is saying.

**Senator Murray:** Honourable senators, the purpose of the agreement is to protect the fishery of Atlantic Canada and Newfoundland. Without the agreement, the consequences are as I have described them. If my honourable friend has any other information or, indeed, any other alternative to offer, let him do so; let him take advantage of some opportunity for debate to do so. Neither he nor any of the critics of this agreement have offered any alternative whatsoever.

**Senator MacEachen:** The Premier of Newfoundland has offered an alternative.

**Senator Perrault:** Yes; he certainly has.

**Senator MacEachen:** He has asked you to get out of the agreement because it is bad.

**Senator Murray:** He accepts what the consequences of that will be.

**Senator MacEachen:** The minister has said his objective is to protect the Canadian fishermen. If this is protection, let us have less of it!

## RESOLUTION OF WEST COAST BOUNDARY WATERS DISPUTE—GOVERNMENT POSITION

**Hon. Raymond J. Perrault:** Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. As all of us are aware, on a section of Canada's west coast we have a long-standing boundary waters dispute with the United States. Will the leader provide an assurance today that in the Conservative government's effort to entice or encourage the Americans to agree at some point in time to consider at least the possibility—however remote that possibility—of negotiating the issue, or in efforts to tempt them into taking into consideration or advisement the concept of negotiating or sitting down and submitting this dispute to a discussion or arbitration, that we will not turn over huge quantities of our west coast salmon stocks, as he has done with cod on the east coast? Will the leader also promise to have the Minister of Fisheries telephone Premier Vander Zalm when he, the Prime Minister, and Mr. Clark decide to make a deal with our American cousins?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the preface to the question and the basis of the question are entirely false.

## CANADA-FRANCE AGREEMENT—UNANIMITY OF CABINET DECISION

**Hon. M. Lorne Bonnell:** Honourable senators, I would like to ask a question concerning fish. I understand the Premier of Nova Scotia said that Nova Scotia will lose about $200 million because of this deal; the Province of Prince Edward Island will lose millions of dollars because of this deal; and Newfoundland, they tell me, will be almost bankrupt because of this deal. The federal Minister of Transport from Newfoundland says that he did not know too much about it; yet the federal Minister of Fisheries says it was unanimous in the cabinet. Can the Minister of State for Federal-Provincial Relations tell us if it was the unanimous decision of the cabinet and whether the minister from Newfoundland, the Minister of Transport, was talking through his hat?

• (1450)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The decisions

in question were taken by the government. As for the preface to the statement of the honourable senator about enormous losses, of provinces going bankrupt, and so on, such statements are simply nonsense.

CANADA-FRANCE AGREEMENT—FISH ALLOCATIONS—EFFECT ON NORTHERN COD STOCKS

**Hon. M. Lorne Bonnell:** I have a further question for the Leader of the Government. Why did we allow the federal government to license six freezer trawlers to come here from France and catch the fish before they got down to Prince Edward Island and the Gulf? Now we shall get no fish in Prince Edward Island. We had two Canadian freezer trawlers before, but now we have six French freezer trawlers coming in from continental France to catch our cod stocks.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I think the honourable senator should take advantage of some early occasion to raise these matters with the appropriate officials or ministers in committee. I do not think that the honourable senator understands the agreement.

**An Hon. Senator:** Nor do you.

**Senator Bonnell:** Let me say to my good friend, the Leader of the Government, that he is 100 per cent right. I do not understand it, the Canadian people do not understand it, Newfoundlanders do not understand it, the Premier of Nova Scotia does not understand it, the Premier of Newfoundland does not understand it—and, I repeat, I do not understand it. The fishermen in my province do not understand it, the fishermen of Newfoundland do not understand it, the industry does not understand it. For gosh sakes, someone should get up and tell us what is going on. You gave away our lumber to the United States, you gave away our fish to France, and the next thing you will give away is our water.

CANADA-FRANCE AGREEMENT—UNANIMITY OF CABINET DECISION

**Hon. Roméo LeBlanc:** Honourable senators, I have listened to the Leader of the Government in the Senate explain the rationale of this matter. I was tempted to say very little on this issue because I know that these boundary questions become very complex, particularly as lawyers endeavour to draw lines all over the place, which fish blithely ignore.

However, the fact is that he made the case for France, and, frankly, that worried me very much; and out of that worry comes one concern. Did the cabinet, wanting to buy peace with France and guarantee the success of the Francophonie summit, and so on, overrule the Minister of Fisheries—because there is one lesson that I learned as Minister of Fisheries over a number of years, and that is never to allow the linkage between your problem and problems which other ministers might have, including possibly the Secretary of State for External Affairs and the Prime Minister.

I should like the Leader of the Government to tell us whether, in fact, the Minister of Fisheries was overruled by his colleagues in the cabinet, who obviously were chasing other game.

**Senator Frith:** Or other fish.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have already made the statement. I repeat that the decisions in question were government decisions and were supported by all members of the government.

## AGRICULTURE

WHEAT—U.S. SUBSIDIZED EXPORTS TO CHINA—EFFECT ON CANADIAN FARMERS—GOVERNMENT ACTION

**Hon. Hazen Argue:** Honourable senators, last Monday my wife and I heard on the radio that there was likely to be a sale of American wheat to China in the amount of one million tonnes at subsidized prices.

That announcement represented such a danger for the very existence of western grain farmers that Jean, who is president of Farm Women's Action, and I decided to do an unusual thing, namely, to picket or demonstrate outside the United States Embassy.

Before going there, we phoned the American ambassador to ask whether he might see us. He said that he wished to see us before we undertook the demonstration. I said that we were going there to demonstrate and that we would be prepared to see him afterwards.

Mr. Thomas Niles, the United States Ambassador, met with Jean and me for three-quarters of an hour when we protested against United States policy. It became crystal clear that it was fully the intention of the United States administration to proceed with the sale. As a matter of fact, Mr. Niles said it was to be announced in Washington that same day.

The result of the American policy has been to put the Canadian Wheat Board in jeopardy to the amount of $200 million. The reason for that loss is because the United States Treasury subsidized international prices and we had to compete. The Canadian farmer has been robbed of his final payment on high grade wheats—the highest grade having a surplus of approximately 30 cents per bushel.

It seems to me that the policy of the President of the United States is to play Santa Claus in China by offering cheap grain.

**Senator Perrault:** And Scrooge in Canada!

**Senator Argue:** When the President looks to Canada, he envisions himself as the United States marshal leading a posse on Canadian farms to deliver orders of foreclosure and eviction. There is collapse in Canadian agricultural communities at this time, precisely because, and only because, of the aggressive, unfair and unconscionable attack of the United States on Canadian grain markets. They can use the excuse of the EEC, but they are attacking the Canadian markets. China was not the market of the EEC; it was the market of Canada.

When will this government stand up to President Reagan? When will the government make some critical statements to

them and ask them to cease and desist this kind of unfriendly action toward a country which has been an ally of the United States in many fights over many years? When is the government going to call on the President of the United States with strong representations that this sort of action should stop?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the government has been doing just that for some considerable time. There have been statements by various ministers, particularly the Minister of State for the Wheat Board, Mr. Mayer. But we have done even better than that. Because of the leadership of Mr. Clark, Ms. Carney and Mr. Hockin, who attended the preliminary discussions on GATT at Punta del Este, we have succeeded in getting these agricultural subsidy programs and related matters into a multilateral forum where they have not been for 40 years. That is what the Canadian government has done, and that, as the honourable senator must recognize, is the only road to a solution, not rhetoric from Ottawa.

**Senator Argue:** To my knowledge, there has been no strong statement issued by this government against the actions of the United States. When it comes to softwoods and other things, yes. I say this with great respect: When the minister in charge of the Canadian Wheat Board stands up to discuss the question, he says that the problem is with the EEC and the United States—and that is not the way it is. Before the United States took this aggressive position, our prices were holding up. I ask the Leader of the Government: Do you realize just how very serious this whole matter is?

• (1500)

On January 22 the Canadian Wheat Board asking price out of Vancouver for high quality wheat was $196 a tonne. A year ago January 21 the price was $257 a tonne, which means that the price has dropped $1.60 per bushel. At the St. Lawrence Seaway ports, last year the price was $260 per tonne; this year it is $176 per tonne, and that works out to a drop of $2 per bushel.

Honourable senators, it was hell last year, it will be double hell this year and many farmers will not be able to survive. This government is getting ready to drop the initial price for wheat and other grain. Simply putting the matter before another forum for another general discussion is not good enough.

**Senator Perrault:** Hear, hear!

**Senator Argue:** If the Prime Minister of this country has any influence with the United States, he should be able to get them to renounce this ruinous policy. It does not help the U.S. farmer; it does not affect him; he gets $6 per bushel out of the U.S. Treasury. Every time there is a drop in the world price, Canada suffers, Canadian farmers suffer.

**Senator Murray:** Surely the senator is not suggesting that the insane subsidy war between the United States and the European Economic Community is unrelated to the trends he has described in terms of prices. Surely he is not suggesting that the fact that the world demand for grains has been almost

[Senator Argue.]

stagnant since the early 1980s is not a factor. In addition, that countries that were once great importers of grain are becoming self-reliant. These are all conditions that the senator, as an experienced legislator and a former minister in charge of the Wheat Board, is well aware of.

We believe—and the international community that is affected believes—that our success in getting these issues into a multilateral forum for the first time since the Second World War is a very important step. It is the only way to achieve a solution. A solution will not come simply as a result of statements from the honourable senator or a minister of the Crown in Ottawa reminding the President of the United States or the ministers of the European Economic Community of the ruinous effects of their policies. They are speaking to their electors.

**Senator Argue:** I am greatly disappointed, if I may say so with respect, with the statement that has just been made. This shows the misconception of the government. Government ministers seem to think there is only a kind of fight between the United States and the EEC. That is not the position of the American authorities at all. They may be trying to make something of their attack against the EEC markets, but Canada's markets are the markets they attack. The Americans do not give any thought to whether the EEC is in a market or not. If they think they can get that market, they are going to try to get it through give-away prices, even if Canada is the main country involved. There are many examples of that.

If this were a sort of cozy little competition between the EEC and the United States, so be it. But the United States policy by subsidizing sales into our markets is closing down the agricultural industry in this country, and this government is doing nothing about it.

**Senator Perrault:** Hear, hear!

## ENERGY

### FEDERAL-PROVINCIAL CONFERENCE—SECURITY OF SUPPLY—GOVERNMENT POLICY

**Hon. H.A. Olson:** Honourable senators, I have a question for the Minister of State for Federal-Provincial Relations regarding the federal-provincial conference on energy that was held last week. I have to say in advance that I have read as many of the press releases and, indeed, the press comments on that meeting as I could, and I find it difficult to comprehend from them exactly what is the position of the federal government; that is, whether or not it has a policy with respect to, at least, one important element of the energy sector, and that is security of supply. I also received a little pamphlet that was prepared by the Department of Energy, Mines and Resources, but from that, too, it is difficult to discern the position of the federal government with respect to security of supply.

What seems to have happened is that it was agreed that a task force be set up to come forward, three or four months down the road, with some proposals for doing a number of things. One of them is to reduce still further the reserves of energy, particularly natural gas, in Canada so as to shorten the

supply. It was not a proposal, as I could see it, to add to the reserves that are there and to provide a policy framework within which that could happen.

Therefore, I ask the minister if he can tell us whether security of supply and something close to self-sufficiency is the policy of this government.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have read the same communiqués from the federal-provincial conference that the honourable senator has read. I will not, therefore, read them or place them on the record now. The working group has been appointed with a July 1 deadline. There is an agreement to continue with a cooperative approach to problem solving. They have taken the position, of course, that the reference should in no way impede or delay the conclusion of negotiations on various specific projects which will contribute to security of supply.

**Senator Olson:** Honourable senators, that is not very comforting in view of the answer that I got from the minister just before we adjourned for Christmas on December 18. I asked him, for example, what assurance we have that the reduction in the PGRT was going to be used for further development, which was an undertaking that the government gave when it announced the relief in that tax area. All the reply stated is that the matter will be studied for another month or six weeks.

The problem with that is that the winter season is now over. It is too late to make any plans to do a lot of work out in the field in much of the area which requires that the ground be frozen when the machinery is put on it. I still do not have a reply and I asked that question back in October.

In addition, there was a flurry of activity because the Government of Alberta had in place a subsidized program for some work in the field, but that ended on December 31 of last year. Now the whole industry is slowing down. I believe that the number of rigs operating in the field today is 50 per cent of the number that were operating at the end of December.

Does the government not have a policy that will deal with this serious problem of additional work in the field that will add to the reserves of natural gas, light crude oil and whatever else Canada will need? Even this paper admits that before the end of the 1980s Canada will again be a net importer of light crude oil.

I suppose I could also ask the minister to tell us what the Government of Canada may be planning to do with plants such as Syncrude. I asked him about that, too, on December 18, and he did not give any reply as to whether or not there was going to be a response to Premier Getty. Since then, of course, the Alberta government—in frustration, I guess—has decided to go alone. I ask him now: Does the government have a policy to bring on additional supplies of crude oil, whether it be synthetic crude or light crude, from the conventional fields or even from the frontier areas, or will all of that wait for another report that is not due until July 1?

**Senator Murray:** Honourable senators, I thought I had made it clear that the federal and provincial ministers had agreed that the work of the working group that has been appointed would in no way impede the negotiations on some of these specific projects that the honourable senator mentioned; for example, the new grade upgrader, the Husky upgrader, the Wolf Lake expansion, Hibernia and, in the field of nuclear power, Lepreau II.

The honourable senator also mentioned the question he asked me before Christmas about the monitoring of the revenues that go back to the industry as a result of the cancellation of the PGRT. I told him at that time that the report of the monitoring group would be available in late January and that the Minister of Energy, Mines and Resources would be in touch with my friend directly. I am now advised that the report has been delayed until the first quarter of this year and that, in fact, there is a letter to that effect on its way to the honourable senator.

• (1510)

**Senator Olson:** Honourable senators, I am sure that you all realize that those are very discomforting answers to the people who are involved in and get their living from this industry that is now very quiet, almost at a standstill, because of the lack of policy announcements by this government.

I ask the leader again: When will we get an announcement about the federal government's policy with respect to increasing supplies of synthetic crude from Syncrude or from other plants out of those known deposits, or from further activity in the conventional oil fields, or, indeed, even from the frontier areas? Or is it a situation where the government does not have a policy and does not intend to give any date as to when one will be announced?

**Senator Murray:** Honourable senators, I have already indicated that negotiations on some of those projects are continuing. As for the rest of it, there will not be an announcement today.

## CANADA POST CORPORATION

### CLOSING OF RURAL POST OFFICES—GOVERNMENT POLICY

**Hon. M. Lorne Bonnell:** Honourable senators, I have another question for the Leader of the Government in the Senate concerning rural post offices. I read an article in the *Globe and Mail* of today, February 3, that says that 188 postmasters will retire this year; and that last November the government took the decision that these 188 postmasters would not be replaced. The article also says that another 1,700 smaller post offices in rural Canada will be closed out and that yet another 1,500 will be given out to private operators. I understand that the minister responsible for the Post Office has said that no post offices will be contracted out to private operators without consultation with the Member of Parliament for the area or with the community. First, I wonder if the minister includes among "Members of Parliament" senators, who are also members of Parliament, because Parliament consists of members of the House of Commons, members of the Senate and the Governor General. Second, will the consultation process be the same process as the government carried

out with the Government of Newfoundland with regard to fish? That is, it talks to them, but pays no attention to what they have to say and goes ahead and signs an agreement anyway! In other words, will the government say, "I have consulted" and then close out the post offices? Because then, of course, it can say, "We have consulted." Third, will the Leader of the Government dig out for me the information on how many of these post offices will be closed or contracted out this year and over the next ten years in Atlantic Canada? I know that the honourable senator does not have that information in his head, so he may consider this as notice, and I hope he will be able to provide the answer tomorrow or the next day.

## ENERGY

### COST OF TRANSPORTING WESTERN COAL TO ONTARIO—GOVERNMENT POLICY

**Hon. Jack Austin:** Honourable senators, I have a question for the Leader of the Government in connection with the renewed hopes of western coal producers for the sale of low-sulphur coal from the provinces of Alberta and British Columbia to the province of Ontario. This information became public thanks to a recent act of civility by the Deputy Prime Minister directed toward the province of Ontario. Can the Leader of the Government advise us whether it is the intention of the government to assist in a subvention for transportation costs for western coal coming to the province of Ontario, and whether or not this is the reason why the Deputy Prime Minister sought urgent meetings with the Premier of Ontario?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, no such decision has been taken.

**Senator Austin:** Honourable senators, can the Leader of the Government explain why the Deputy Prime Minister is so insistent in seeing the Premier of Ontario in this matter when meetings were being actively conducted at the official level?

**Senator Murray:** Honourable senators, the Deputy Prime Minister is a distinguished representative of Alberta and of western Canada's interests in the federal cabinet, and naturally takes a personal interest in these matters. I think, understandably, he wants to use his position to forward the interests of the coal producers in that area and of the people who are dependent upon the industry in that area. He has been seeking some meetings with the Premier of Ontario to discuss the matter. The fact is that Ontario Hydro, as my friend knows, imports coal for its needs from the United States and, as I understand it, has contracts to fill all its projected needs for the next little while. Nevertheless, those agreements will come to an end and at that time, if not sooner, everybody who is interested in the coal industry in western Canada would like to see Ontario Hydro, for economic, patriotic and environmental reasons, give favourable consideration to the coal producers of western Canada.

[Senator Bonnell.]

**Senator Austin:** Honourable senators, I wonder what the Deputy Prime Minister can bring to the table, given that Ontario has been conducting active discussions with the Province of Alberta and with the Province of British Columbia. There is an impression that the Deputy Prime Minister is really a kibitzer. If he wishes to assist Ontario with respect to purchases of western coal, what is the proposal that he has in mind? Certainly, western coal producers would be anxious to know the thinking of the federal government in this particular area.

**Senator Murray:** Honourable senators, I would hope that Senator Austin and others would grant the Deputy Prime Minister the courtesy of allowing him to make that case to the Premier and the Government of Ontario before making any public statements about the possible positions of the Government of Canada.

**Senator Austin:** Honourable senators, let me conclude by saying that I take it that the Leader of the Government knows of no policy being directed in terms of these possible western coal shipments to the province of Ontario which could be advanced to the Premier of Ontario and which would engage his possible interest?

**Senator Murray:** There are a great many things that might engage the possible interest of the Premier of Ontario and the Deputy Prime Minister of Canada. My specific reply to the question put by Senator Austin was that no decision of the kind he mentioned concerning possible subventions for western coal coming to the province of Ontario had been made by the government.

## ILLITERACY

### REMEDIAL MEASURES—GOVERNMENT POLICY

**Hon. Joyce Fairbairn:** Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. In the Speech from the Throne of last October the government undertook to take measures to produce programs that would ensure that Canadians would have access to literacy skills which the Throne Speech describes as "the prerequisites for participation in an advanced economy." I wonder if the government leader could tell me where this proposition stands, what measures are in the works and whether the government has a commitment yet to a national campaign to fight illiteracy.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the honourable senator raised this question on several previous occasions, specifically on December 16 and 19. There is a delayed reply. If she can wait for it, Senator Doody will table it in a few moments. If she would prefer that I anticipate the delayed reply, I can read it now.

**Senator Fairbairn:** Would you read it now, please?

**Senator Murray:** The federal government is well aware that illiterate Canadians are at a disadvantage when it comes to participating in the social, economic and political life of

Canada. In the Speech from the Throne the government made a commitment to work with the provinces, the private sector and voluntary organizations to develop measures to ensure that Canadians have access to the literacy skills that are the prerequisites for participation in an advanced economy.

In following through on this commitment, the Secretary of State is working with the Minister of Employment and Immigration and the Minister of State for Youth in developing federal initiatives to combat illiteracy. In particular, the Secretary of State is trying to develop a consensus on future courses of action in support of increased public awareness of the issue; networking and information sharing; and greater co-ordination of literacy activities.

The Secretary of State is also consulting with specialists on literacy and asking for their advice in helping to define an appropriate role for the federal government to play. The government is confident that a co-ordinated approach to illiteracy can be put in place in the near future.

• (1520)

**Senator Fairbairn:** I thank the Leader of the Government for that response. Given the fact that there is a great deal of knowledge and a great body of recommendations already in place from national organizations, can the government leader give me any indication of the timing for some actual programs arising out of these consultations that the ministry is having?

**Senator Murray:** Honourable senators, I would have to make further inquiries. What I have just read is a prepared reply furnished by the Secretary of State to the two questions asked previously by the honourable senator.

## FISHERIES

### CANADA-FRANCE AGREEMENT—REQUEST FOR TABLING

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I wonder if I could prevail upon the Leader of the Government in the Senate to table for us the agreement which we were discussing earlier today. If there is a copy available, it would be good to have it.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall make inquiries about that and if everything is in order I will bring the agreement to the Senate tomorrow.

## TRANSPORT

### GRAIN TRANSPORTATION AGENCY RECOMMENDATIONS—GOVERNMENT POLICY

**Hon. Raymond J. Perrault:** Honourable senators, I have a question for the Leader of the Government. In a preliminary way, may I say that there is great concern on the part of the dock workers on the west coast, particularly in the Port of Vancouver, and on the part of the maritime employers with respect to the future of that port. I have some preliminary background facts to outline for you. This will not take too long, and they will be followed by a question.

The government mandated the Grain Transportation Agency a while ago to measure the impact of the present system of shipping grain and grain-related commodities, among other products, through west coast ports and other ports. My question relates to the impact of the recommendations contained in their review of the Western Grain Transportation Act with respect to the definition of "export".

The federal government mandate to the Grain Transportation Agency was to provide recommendations which would move the product to market at the least cost to the producer, to provide equity between different modes of transport and to achieve western provincial governments' objectives of obtaining the least-cost system of getting products to market.

The recommendations have been discussed in their preliminary stage by Mr. Jack Horner with representatives on the west coast. I can report, honourable senators, that there has been a very serious and negative reaction. It is felt that there would be bad consequences for the Port of Vancouver and the western provinces generally should the recommendations with respect to the elimination of the definition of "export" be adopted by the government.

Honourable senators, I will not go into all of the details. The source of real concern is that it is believed that the recommendations, if implemented, would provide disincentives for container shipping lines to continue to call at Vancouver if specialty grains in containers could be trans-shipped via northwest U.S. ports such as Seattle and Tacoma. Already some agricultural products from British Columbia, such as apples, are being shipped through Seattle rather than Vancouver. It seems to me that that process is very counterproductive. Now it is feared that if the GTA recommendations are implemented in total, this would provide further marketing problems for the Port of Vancouver in its efforts to establish itself as a major load centre.

Honourable senators, it is felt that the recommendations would result in both direct and indirect loss of jobs on the west coast of Canada to the U.S. Pacific northwest. Approximately nine jobs are created off-dock for each on-dock job. As honourable senators know, we have a very high unemployment rate in British Columbia.

Honourable senators, if the Canadian farmer received no government or taxpayer subsidy or support whatsoever, one could well agree with the producers shipping their product anywhere they wished and using any mode of transportation. However, honourable senators, Canadian farmers are provided with subsidies to transport products to the west coast. This proposed change would allow the subsidized products to be trans-shipped through U.S. ports, putting Canadian taxpayers out of work—the very same taxpayers who are providing money to help pay those subsidies.

More significantly, it is felt on the west coast that there are no cost savings generated by allowing shipment from U.S. ports for Canadian farmers.

Honourable senators, there are other concerns as well, but I want to shorten this by suggesting that these issues which

address a much broader question than that covered by the GTA mandate cannot and must not be ignored. The consequences to the Canadian populace in general, and to British Columbians in particular, in both the short and long term, must be given proper weight.

The leading container lines on the U.S. west coast, Sealand and American President Lines—which do not call at Vancouver and have no intention of so doing—are hungrily awaiting the outcome respecting the subject recommendations. Again, the Americans talk in terms of unfettered free enterprise. They say that they want the market to determine costs and prices. The U.S. shipbuilding and shipping industries are heavily subsidized, and the Seattle and Tacoma terminals are similarly subsidized by way of a direct property tax on King County rather than having to pay property taxes. When the Americans talk about playing on a level field, that field is already tilted in their favour. As our Senate colleague, the Honourable Hazen Argue, said today, it is difficult to track some of their movements these days. In certain areas, such as grain sales, the Americans are treating the Soviet Union and China like Santa Claus and treating Canada—their best friend and ally—like Scrooge.

Unlike Seattle and Tacoma, Washington, Vancouver terminal operators pay direct property taxes to the surrounding municipalities and the city of Vancouver, except for Vancouver Port Corporation terminals which pay grants in lieu of taxes.

The resultant question I have for the Leader of the Government in the Senate is: Will the Leader of the Government give assurance that it is not the intention of the government to implement the Grain Transportation Agency recommendations holus bolus without any changes or amendments? Perhaps the Leader of the Government in the Senate can tell this chamber what degree of importance the government places on these recommendations which are causing so much disquiet on the west coast.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will see if my colleagues are prepared to present at this time a full commentary on the recommendations of that report. If so, I will bring it into the Senate. In any event, I will report back to the honourable senator.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have some delayed answers to questions.

## HUMAN RIGHTS

JAPANESE CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 9 last by the Honourable Senator Grafstein regarding Human Rights—Japanese Canadians—Government Apology and Compensation.

(*The answer follows:*)

> The press is correct in reporting that the Secretary of State is prepared to take whatever time is needed to arrive at a fair and equitable resolution of this matter. The government is conscious of the importance of such a resolution to our Japanese Canadian citizens, who have contributed so much to society.

## TRANSPORT

DISALLOWANCE OF INCREASE IN CN FREIGHT RATES

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 19 last by the Honourable Senator Fairbairn regarding Transport—Disallowance of Increase in CN Freight Rates.

(*The answer follows:*)

> CN will comply with the direction of the commission. The commission has powers under section 45 of the National Transportation Act to issue and enforce orders consistent with that act and the Railway Act. As one would expect, CN has not contemplated taking action in defiance of the authority of the commission.
>
> The law contains no provisions for the payment of refunds in cases where the commission, following the investigation of a complaint, disallows a rate increase. Under sections 289 and 290, rates charged under a tariff that has been filed with the commission are the legal rates and must be charged by the carrier until such time as they are either "superseded by another tariff or disallowed by the Commission."

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## REVISED STATUTES OF CANADA, 1985

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO STUDY DRAFT

Leave having been given to revert to Notices of Motions.

**Hon. C. William Doody (Deputy Leader of the Government)**, with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the draft Revised Statutes of Canada, 1985, tabled in the Senate on 17th December, 1986 (Sessional Paper No. 332-160); and
>
> That the Committee present its report no later than 30th April, 1987.

Motion agreed to.

• (1530)

## NATIONAL ARCHIVES OF CANADA BILL

SECOND READING—DEBATE ADJOURNED

**Hon. Richard J. Doyle** moved the second reading of Bill C-7, respecting the National Archives of Canada and records of government institutions of Canada and to amend other acts in relation thereto.

He said: Honourable senators, during consideration of this bill in the other place, two ministers of the Crown, and others who supported them, drew liberally from the great words of great men to underline the significance of the collective memory of the state for that, indeed, is what the Archives represent. I know that I was impressed when the Honourable Flora MacDonald quoted Nobel Peace Prize winner, Elie Wiesel, "Without memory there would be no future... Memory is what God gave to man to make him human."

Honourable senators, in the wake of such eloquence, I would be remiss if I broke the chain and did not draw upon the wisdom of others to reinforce what I have to say about Bill C-7. I would not want it said of me, "But you forgot, remember?" That accusatory line is from Irving Berlin's romantic ballad of the twenties.

I could go back a distance and quote Pierre Corneille, who walked this earth between 1606 and 1684, and who reminded us that "a good memory is needed after one has lied." That sentiment, of course, is archaic, which might also be said of the conclusion of John Viscount Morley, who died in the year of my birth. Morley said, "The proper memory for a politician is one that knows what to remember and what to forget."

Better we should stick with Alexander Smith, who died in the year of our Confederation. Smith told us, "A man's real possession is his memory. In nothing else is he rich, in nothing else is he poor."

In truth, we could not be giving intelligent consideration to this bill if it were not for archivists and their persistence in the past. In their work, you will find the origins of the collections that form such a vital part of the record of the achievements—and the follies—of our governments and, indeed, the history of Canada.

The Archives date back to 1872 when the work had already begun on the gathering of historical records of every kind from all parts of the country and where copying of significant documents and journals from England and France was under way. The Archives were officially given the job of preserving such records in 1902, and in 1912 the Public Archives Act of Canada made the institution autonomous. Before 1912, and certainly afterward, the Archives went well beyond their official mandate to achieve their purpose, and in 1903, and even in 1912—that year of spectacular progress, the year the "Titanic" went down—there was no anticipation of the fact that the collections would become the principal repository of documentation of the mood and the nature of our country at any given time, that they would become a principal source of genealogical data. There was no anticipation of the time when film, audio material, computer sources, discs and television printouts would become as important as the printed word in sustaining the national memory. There was certainly no anticipation of the avalanches of material that would have to be screened and sorted as the population of our country multiplied and our governments grew in size to meet those complex new needs of our people. Some idea of the nature of the workload of the Archives can be summoned up if we take note of the fact that less than 10 per cent of the words that flow from government are kept in archival records.

Any honourable senator who surveys his own desk each morning, picking wheat from chaff, will appreciate the magnitude of the sorting operation. Like the man who goes through the beans on the coffee commercials, the archivist must be aware of what should be discarded if the brew is to be rich, to say nothing of being manageable.

The act of 1912 is totally inadequate. It not only ignores modern technology and the ever-spreading sources of supply, it simply does not provide for access, and that access has everything to do with the relevance of the collections. We are dealing here with a service that employs close to 800 people and in the year 1986-87 will spend $42 million.

The need to clean up our act—the act of 1912—has long been evident. It was recommended in 1962 by the Glassco Commission, in 1975 by the Symons Commission, in 1982 by the Federal Cultural Policy Review Committee, and by interministerial consultations during the past two years. The various recommendations proposed have been studied and amended by legislative committee.

I am sure that you will share my relief that we are not being asked today to undertake another study or appoint another commission. After 74 years, we have a new act to set in place. Memory hold the door!

Bill C-7 is an act respecting the National Archives of Canada and records of government institutions and to amend other acts in relation thereto.

The National Archives are to "conserve private and public records of national significance and facilitate access thereto, to be the permanent repository of government institutions and of ministerial records."

Among other duties, the National Archivist may provide information, consultation, research, and make known information concerning archives by means such as publications, exhibitions and the lending of records. It may advise government institutions concerning standards and procedures pertaining to the management of records. It provides record storage facilities to government institutions and, not the least, it provides training for people expert in handling such tasks.

Subject to the terms and conditions under which records have been acquired or obtained, the archivist may, in consultation with the advisory board, destroy or dispose of any record where the retention of the record is no longer deemed necessary. Clause 5(1) of this bill states:

> No record under the control of a government institution and no ministerial record, whether or not it is surplus property . . . shall be destroyed or disposed of without consent of the Archivist.

Clause 8(2) of this bill states:

> The producer or distributor of a recording shall, within six months after a request in writing is made by the Archivist, provide the Archivist with a copy of the recording in such form as may be specified in the request.

Of course, the Archivist shall pay for the copy.

• (1540)

The bill also states that the minister shall establish an advisory board consisting of the Archivist, the National Librarian, the Secretary-General of the National Museums of Canada and not more than seven other members.

Perhaps honourable senators will be most interested in matters relating to access to what might be archival material. In closing, I will quote five subclauses which touch on access. They are on page 4 of the bill and read as follows:

> (2) Subject to subsection (5) but notwithstanding anything in any other Act of Parliament, the Archivist shall have access to any record in respect of which the consent referred to in subsection (1) has been requested.
>
> (3) Notwithstanding anything in any other Act of Parliament, any officer or employee of a government institution may grant to the Archivist access to any record in respect of which the consent referred to in subsection (1) has been requested.
>
> (4) The Archivist and every person acting on behalf or under the direction of the Archivist shall, with respect to access to the records referred to in subsection (2), satisfy any security requirements applicable to, and take any oath of secrecy required to be taken by, persons who normally have access to those records.
>
> (5) For the purposes of this section, the Archivist shall have access to
>
> (*a*) a record to which subsection 69(1) of the *Access to Information Act* applies, only with the consent of the Clerk of the Privy Council; and
>
> (*b*) a record of a government institution that contains information the disclosure of which is restricted by or pursuant to any provision set out in Schedule II to the *Access to Information Act*, only with the consent of the head, within the meaning of that Act, of that government institution.
>
> The records of government institutions and ministerial records that, in the opinion of the Archivist, are of historic or archival importance shall be transferred to the care and control of the Archivist in accordance with such schedules or other agreements for the transfer of records as may be agreed on between the Archivist and the government institution or person responsible for the records.

[Senator Doyle.]

Honourable senators, may I urge your support for Bill C-7 which will become known as the National Archives of Canada Act.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I should like to ask Senator Doyle a question, the answer to which may be more readily accessible to him than it is to me, considering the resources he has at his disposal.

I refer to page 6, clause 9 of the bill, where it states:

> A member of the board, other than the Archivist, the National Librarian or the Secretary-General of the National Museums of Canada, is entitled to be paid such amount in respect of each attendance at meetings of the board as the Governor in Council may fix . . .

That is understandable. However, it goes on to state:

> . . . and the members of the board shall be paid reasonable travel and other expenses incurred by them in connection with the business of the board.

Does that mean that the Archivist, the National Librarian and the Secretary-General of the National Museums do not get their expenses if they attend meetings, for example, outside of Ottawa, or are they paid through the Financial Administration Act or some other act?

I ask that question because that is a rather common clause and I have never before noticed that it raises the question, albeit an esoteric one, of whether public servants who are members of the board are not entitled to have their travel expenses paid.

On motion of Senator Bosa, debate adjourned.

## THE SENATE

### DELAY IN PRODUCTION OF *DEBATES* AND *MINUTES*—QUESTION OF PRIVILEGE—SPEAKER'S STATEMENT—DEBATE ON MOTION ADJOURNED

On the Order:

> Resuming the debate on the motion of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:
>
> That officials from the Canadian Government Printing Bureau be called before the Bar of the Senate to explain the delay in the publishing of the Minutes of the Proceedings of the Senate and the Debates of the Senate:—(*Honourable Senator Frith*).

**The Hon. the Speaker:** Honourable senators, I have received a letter, copies of which I have sent to the leaders and deputy leaders, from Mr. Manchevsky, the Queen's Printer, concerning this matter.

I assigned the Clerk Assistant to consult with the Queen's Printer and to make recommendations to me with respect to the complaints raised by honourable senators during debate on Senator MacEachen's motion on December 19.

On January 27, 1987, I met with the Clerk Assistant and Mr. Manchevsky to discuss recommendations which would improve our efficiency, as well as the setting of priorities for the printing of parliamentary documents in the future.

The Clerk Assistant reported that improvements and upgrading of our word processing equipment will increase the efficiency of the system by 60 per cent. This upgrading of equipment will eliminate any future delay in the preparation and transmission of text sent by the Senate to the Printing Bureau.

With respect to the question of priorities set by the Printing Bureau with regard to the printing of parliamentary documents, I have been informed by Mr. Manchevsky that the printing of documents of both houses is treated equally. With respect to the printing of *Hansard* and the Order Paper, priority has been given to the House of Commons due to the fact that the house sits at 11.00 a.m. four days a week. However, I have been informed by our officials that the printing of Senate *Hansard* and *Minutes* has not been delayed in the past because of the priority being given to the House of Commons *Hansard*.

The Queen's Printer has proposed the establishment of a formal process for setting priorities when a normal delivery schedule cannot be met.

Consequently, I have appointed the Clerk Assistant to be the liaison officer to act on behalf of the Senate when priority decisions have to be made. I understand that the Clerk Assistant will liaise with the Director of Parliamentary Reporting whenever normal printing schedules cannot be met.

With regard to the authority of the Chief, Legislative Counsel of the Department of Justice in determining printing priorities, I am informed that when urgent bills have to be printed, a letter of priority prepared by the Department of Justice is sent, and this requirement has, in the past, been given absolute printing priority. I am informed by the Queen's Printer that as far as it can be determined, this understanding has no official status. Therefore, in future the priorities for the printing of parliamentary documents will be established by the liaison officers of the Senate and of the House of Commons.

The one outstanding problem we are currently studying is the question of implementing an automated system for inputting the translated copy of the *Debates of the Senate* and committee proceedings which will eliminate major interventions by the Printing Bureau, a costly and time-consuming operation. Our officials are presently discussing the matter with the Director of Translation Services, Secretary of State, and officials of the House of Commons Reporting Services in order to arrive at a solution which will result in a more efficient and cost-effective operation.

Honourable senators, this is my report on this matter, and if honourable senators have any further suggestions I am prepared to hear them.

● (1550)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I would like to make a comment or two under Order No. 2, to which this report of the Speaker relates. First, I would like to thank him for providing us with copies of this report and for the work that he has done arising out of the motion which is the subject matter of Order No. 2.

First, I draw attention to the fourth paragraph, which is of substantial importance, in which the Clerk Assistant is stated to have reported that:

> . . . improvements and upgrading of our word-processing equipment will increase the efficiency of the system by 60 per cent. This upgrading of equipment will eliminate any future delay in the preparation and transmission of text sent by the Senate to the Printing Bureau.

That is very important; I underline the word "eliminate." That is quite a substantial undertaking that the Clerk Assistant has made, namely, to say that he will undertake that this upgrading will "eliminate" those delays.

The other important substantial item is the third paragraph on page 2, and involves the authority the Chief Legislative Counsel of the Department of Justice has in terms of priority. The statement is as follows:

> I am informed that when urgent bills have to be printed, a letter of priority prepared by the Department of Justice is sent, and this requirement has, in the past, been given absolute printing priority.

That has brought us right to the essence and the heart of the problem that we were trying to get at when this question arose before Christmas. Then it states:

> I am informed by the Queen's Printer that as far as it can be determined, this understanding has no official status.

Now there is another important statement:

> Therefore, in future the priorities for the printing of Parliamentary documents will be established by the liaison officers of the Senate and of the House of Commons.

Those two are the substantial answers, it seems to me. Perhaps I will be permitted to make a couple of less substantial comments and recommend that in the second paragraph on page 2 we eliminate the word "liaise" as a verb. It states:

> I understand that the Clerk Assistant will liaise—

I hope that that word is still not a verb—at least we should mount some sort of fight against it as a last-ditch stand here. Then, on this third paragraph, I wonder if that comma is right where it states:

> With regard to the authority of the Chief, Legislative Counsel of the Department of Justice—

Or is it "the Chief Legislative Counsel"? That is a matter of punctuation.

There is one other verbalization that we should stand against, and that is in the penultimate paragraph, which states:

> The one outstanding problem we are currently studying is the question of implementing an automated system for inputting the translated copy—

Perhaps we could find a better verb than "inputting."

There is a story of the Chief Editor of the *New York Times*, who got so fed up with the people on the second floor—he being on the third floor—using the word "upcoming" that he went down to the second floor, called for attention and said, "The next time anyone uses the word 'upcoming' I will be 'downcoming' and he or she will be 'outgoing.' "

Honourable senators, since we have just received this report, may I ask for the adjournment of the debate in my name in case there is anything I can add? If not, I can yield to someone else.

Since this motion dealt with the privileges of all senators and was not just a matter of administration or techniques, I would like all honourable senators to have a look at the *Hansard* tomorrow—because I am sure it will be here on time!—and consider whether they feel that this is a satisfactory answer, because before withdrawing the motion—a move that will be consistent with our having achieved our purpose—I want to be sure that all honourable senators are satisfied, as I consider this a matter of the privilege of each senator and not just a matter of a motion or proposal by one or two of them.

On motion of Senator Frith, debate adjourned.

[*Translation*]

## "A PEOPLE APART—NATIVES IN SASKATOON"

SPECIAL NEWSPAPER REPORT—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Buckwold calling the attention of the Senate to a special report by the Saskatoon *Star-Phoenix* entitled "A People Apart—Natives in Saskatoon".—(*Honourable Senator Corbin*).

**Hon. Eymard G. Corbin:** Honourable senators, I would like to stand debate on this question once again.

However, if other honourable senators are willing to speak today or within the next few days, I should be delighted to step aside and give them an opportunity to speak.

Actually, I want to consult with some of my colleagues before commenting on the articles that appeared in the Saskatoon *Star-Phoenix*, to determine whether it is opportune or necessary to set up a committee of this chamber with a special mandate to consider "Indian affairs", although I do not particularly like this term. Let us say, to use another expression, affairs that concern the aboriginal peoples of this country.

I believe the Senate has a duty to focus special attention on the problems of the aboriginal peoples of this country. For the time being, I would like to stand my comments on this fundamental issue.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, February 4, 1987**

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

## LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, may I ask for an explanation?

**Senator Doody:** I understand from the chairman of the committee that in their ongoing study of legislation they have an important witness from the United States appearing this afternoon. Apparently, the witness is on a tight schedule, and in order to accommodate the witness the committee has asked for permission to sit this afternoon.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

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# QUESTION PERIOD

## FISHERIES

CANADA-FRANCE NEGOTIATION OF AGREEMENTS—GROUNDS FOR NOT PROCEEDING

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I would like to ask a question of clarification with respect to the negotiations which are expected to take place between Canada and France on the fisheries and boundary dispute. The need for clarification is derived from a statement which was made by the Minister of Fisheries and Oceans in the House of Commons on January 29, 1987, in which the minister states:

> I have indicated several times in the House that it is important that all Atlantic Canadians understand that the only agreement is to negotiate the reference of the boundary dispute to compulsory third party arbitration, and to negotiate corresponding fisheries arrangements for the period after 1988.

The key sentence is as follows:

> If, in negotiating these two agreements between now and the end of the year, the conditions required by France are unsatisfactory to the fishermen of Newfoundland and Labrador and Atlantic Canada, then there will indeed be no agreement.

I am not quite sure what that means and, therefore, I ask the following question: In view of the stand taken by the Premier of Newfoundland and the Premier of Nova Scotia that the proposals are unsatisfactory, is that not to be taken as sufficient grounds for the government not to proceed to the making of an agreement? What additional expression of opinion is required having regard to the statements by the provincial premiers?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I could attempt to obtain a prepared reply from the minister who made the statement. For the moment, all I can add to it is that the government will try to negotiate the best possible agreement in the interests of Canada and of the Atlantic fishery, and we still hope and expect to have the active involvement of the Government of Newfoundland, of the industry and of the unions—which was there prior to the Paris meeting.

We will be consulting closely with government and with industry in trying to achieve the agreement to send those matters to arbitration and to put a cap on the overfishing.

As Mr. Siddon says, if any proposed conditions are unsatisfactory to the Atlantic provinces, then there will be no agreement.

CANADA-FRANCE NEGOTIATIONS—ALLOCATION OF NORTHERN COD QUOTAS

**Hon. Allan J. MacEachen (Leader of the Opposition):** I thank the Leader of the Government for his answer, which leads me to put a further question. One of the elements which have been put forward by the Canadian government to be included in a fisheries agreement for 1988 onwards is an allocation of northern cod. That is quite clear from what has been stated.

In view of the fact that the Premier of Newfoundland has become enraged at the allocation of the northern cod, is that not enough evidence to the government that the proposed

conditions sought by France are unacceptable to the Government of Newfoundland?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** As I told the Leader of the Opposition yesterday, there are discussions taking place imminently between representatives of the Department of External Affairs, the Department of Fisheries and the Government of Newfoundland as well as between Premier Peckford and the Honourable John Crosbie. We will have to see what those discussions produce by way of an understanding before commenting further on the honourable senator's question.

**Senator MacEachen:** I take it that at some point the government will indicate whether the precondition, namely, the allocation of the northern cod for 1988 onwards, which has been objected to by the Premier of Newfoundland, will continue to remain an important part of the objectives of Canada. From my reading of the situation, unless Premier Peckford withdraws his objections, the government will find itself in extreme difficulty in proceeding with the negotiations with France.

I want to ask another question which also has to do with northern cod. We have heard from the minister that Canada has given an undertaking to allocate some cod in that fishing area to the French from 1988 onwards. I wonder whether the Government of Canada has put a limit on the amount that will be allocated, whether there is a range, or whether the proposed allocation is open-ended, meaning that it could be increased in the negotiations, depending on the pressure that will be put upon the Canadian negotiators by the French. Up to the present, the French have shown an extraordinary capacity to get the Canadians to agree to what the premiers of the two Atlantic provinces find outrageous.

**Senator Murray:** One would never suspect that that was the case from reading the newspapers in France today and yesterday, which are screaming at the French government for having sold out the interests of that country to Canada and to Canadian fishermen. The honourable senator, I think, when talking about northern cod, is discussing the cod in what is called division 2J+3KL. He can read the language of the agreement himself, but what is contemplated there is that from 1988 to 1991 those quotas would be negotiated between the two countries. I fully agree with his earlier statement that, if the Premier of Newfoundland did not withdraw his objection to that aspect of the agreement, then the Government of Canada would be proceeding without consensus with him and his province on that point.

I think that the final judgment on the matter would have to be made on the basis of the entire package and what it contains.

**Senator MacEachen:** Honourable senators, I would make just one other point. The minister stated that these northern cod allocations would be a matter of negotiation. That is not quite the case, because the Government of Canada has made a pre-commitment that it will allocate some cod before going into the negotiations. That commitment, presumably, is not negotiable.

What I am really asking is this: Having made that commitment, has the government established any limit? Would it go up to 10,000 tonnes or 20,000 tonnes? Is there any range within which the government is operating? That is my last question on this point.

**Senator Murray:** Honourable senators, my information on the matter is that the quotas themselves would have to be negotiated between Canada and France. The fact is—and I presume that the honourable senator knows this, having been involved in these matters in the past—that the French have been telling Canada for some time that there would be no reference of the boundary dispute unless there was some quota from that 2J+3KL division included in the overall quota.

## CANADA-FRANCE NEGOTIATIONS—EXCLUSION OF ATLANTIC PROVINCES AND DEPARTMENT OF FISHERIES REPRESENTATIVES

**Hon. Roméo LeBlanc:** Honourable senators, the Leader of the Government did not explain or link in any way access to northern cod to moderation in terms of fishing in area 3Ps. That area is already an overexploited zone, one in which all fishermen, Canadian and Saint Pierre and Miquelon fishermen alike, have an interest in establishing some management regime. I find the absence of linkage rather significant. Surely there should be some reference to the willingness on the part of the French to moderate their fishing appetites in the Gulf; that is, in area 3Ps.

I should like to put the following question to the Leader of the Government: There seems to be a strange coincidence in the two following facts. Until the end of 1986, the Canadian delegation was led by the Department of Fisheries. In the recent negotiations—I believe on January 20, 1987—the direction of the delegation was taken over by the Department of External Affairs. In the course of the negotiations in January, the normal consultation process—which is deep and well established in relations between government, fishermen and the industry, and which goes back to the Law of the Sea Conference—broke down and, in fact, the representatives of the fishermen were left out. They were not even invited to the antechamber. They were not even taken along. They were left at home.

● (1410)

I should like the minister to tell us if that is coincidence, or whether, in fact, it was a diktat from higher up, that this was to be a "quick fix," that a deal had to be settled, and that there were "superior interests involved." If that is the case, then the fishermen of the Atlantic provinces should know that when their interests were involved they were not represented.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, there was no such motivation involved in the matter. The absence of representatives of the Government of New-

foundland and of the industry was an error for which we have apologized to the provincial government and to the industry.

**Senator LeBlanc:** Can the Leader of the Government give me an explanation as to why the Department of Fisheries was left out in the leadership of the delegation and replaced by the Department of External Affairs?

**Senator Murray:** Honourable senators, I am not aware that that is the case. Both departments were represented. I cannot say that there had been a change in the leadership of the delegation at a given point; but I can make inquiries and advise the honourable senator.

**Senator LeBlanc:** If the Leader of the Government checks the draft of the agreement, he will find that the top signature is that of Lorne Clark, who is an official in the Department of External Affairs.

**Senator Frith:** For that we get a Trudeau shrug.

[*Translation*]

## TRANSPORT

### ATLANTIC MARINE AND CN MARINE BOARD OF DIRECTORS—LACK OF FRANCOPHONE MEMBERS

**Hon. L. Norbert Thériault:** Honourable senators, my question is for the Leader of the Government in the Senate. For once, my question has nothing to do with fisheries or the economy.

This morning, I was somewhat offended, in the presence of Atlantic Marine officials, when I was advised that the board of directors appointed by the present government for Atlantic Marine and CN Marine was made-up of twelve people from the four Atlantic provinces and the State of Maine, with not a single Francophone among them.

Could the Leader of the Government in the Senate explain this situation?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am not in a position to explain the situation described by Honourable Senator Thériault. I will investigate and report to the Senate within the next few days.

[*English*]

## CANADA-UNITED STATES RELATIONS

### BILATERAL TRADE—REQUEST FOR REMOVAL OF TARIFF ON U.S. CHRISTMAS TREES AND ENGLISH-LANGUAGE BOOKS

**Hon. M. Lorne Bonnell:** Honourable senators, I have a question for the Leader of the Government. Last summer Mr. Wilson, the Minister of Finance, put a 30 per cent duty on Christmas trees coming into Canada from the United States. Since only approximately $5 million worth of trees are coming into Canada from the United States, if they should retaliate and do the same thing to us, it would be a catastrophic blow to Nova Scotia and Prince Edward Island, because 90 per cent of Christmas trees exported from Canada to the United States, to a value of $40 million, are exported from Nova Scotia and Prince Edward Island.

Would the Leader of the Government in the Senate use his good offices to persuade the Minister of Finance to remove the tariff on American Christmas trees imported into Canada, in case the United States should decide to retaliate and destroy Atlantic Canada further? While he is at it, perhaps the leader could ask the minister to remove the tariff on English-language books coming into Canada, because only we English-speaking Canadians must absorb that cost. Books in other languages have no duty on them.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, if the United States retaliates, it may find that it will cost them some money, too. My information is that our tree exports to the United States are bound under the GATT and that if they were to erect barriers we could demand compensation from them.

**Senator Bonnell:** Honourable senators, I have a supplementary question for the Leader of the Government. I wonder whether we have the same arrangement for English-language books with regard to the GATT. Do we have a retaliation clause there, too?

**Senator Murray:** Honourable senators, the honourable senator knows perfectly well why that decision was taken. It was taken to demonstrate to the United States that it is a two-way street and that they cannot with impunity impose restrictions of the kind they imposed on our exports of, as it happened, shakes and shingles. We think that we have made that point. We think they understand it, and we hope there will be a resolution of the matter, as a result of which we will obtain the access we should have for those products to the American market.

**Senator Bonnell:** Honourable senators, I have a supplementary question. That is all well and fine with regard to the shakes and shingles. But what did England and Queen Elizabeth II do to us with regard to the shakes and shingles that we have put a tariff on all the English-language books coming from that country?

**Senator Murray:** Honourable senators, those questions have been answered here on a previous occasion.

## TRANSPORT

### FUNDING OF MUNICIPAL AIRPORTS—GOVERNMENT POLICY

**Hon. Gildas L. Molgat:** Honourable senators, I would like to address a question to the Leader of the Government in the Senate. Last year the Minister of Transport announced a change in the policy of the government with regard to funding of municipal airports. At that time a large number of airports, and certainly many airports in our part of the country, indicated that they would be unable to continue operating unless the funding from the government continued. There was then some discussion between the municipal authorities and the government, but, so far, there has been no announcement as to policy. Would the minister find out for us what the policy is or when we might expect a definite announcement?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall ask my colleague, the Minister of Transport, for a report on that matter.

REGINA INTERNATIONAL AIRPORT—CONSTRUCTION OF HOTEL—LOCAL CONSULTATION

**Hon. Hazen Argue:** Honourable senators, I have a question for the Leader of the Government in the Senate. It is my information that Transport Canada is indicating that it would like to accept offers for the building of hotels very close to existing airports in or near many urban centres in the country. I understand that an announcement has been made with respect to Regina. I can say that for a number of reasons there is a great deal of opposition to a hotel being built beside the airport in Regina. The feeling is that the prospects for the hotel and convention centre already going forward in that city could be severely damaged by an additional hotel which, in the opinion of community leaders, is not required. The Regina airport is really a downtown airport, if ever there was one, because it is only five minutes from the airport to downtown Regina. I do not expect the minister to know the details about the Regina airport, but would he look into this matter and would he endeavour to find out from Transport Canada whether, before this announcement was made, any consultations were undertaken with His Worship, Mayor Larry Scheider, the Hotel Association of Regina and the community leaders, and would he find out whether Transport Canada would entertain a cancellation of any suggested tendering if, in fact, the community felt that an additional hotel alongside the airport was not required and would be detrimental to the development of Regina at this time?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will bring those representations to the attention of the Minister of Transport and see whether I can bring a report back for the honourable senator in due course.

● (1420)

CONSTRUCTION OF HOTELS ADJACENT TO MAJOR AIRPORTS—GOVERNMENT POLICY

**Hon. Hazen Argue:** I do not expect the minister to have details about Regina, but I wonder if the Leader of the Government in the Senate could ask the minister to say whether it is a general policy of Transport Canada to promote the building of hotels alongside many of the major airports in Canada.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I will ask for a statement on that matter.

[Senator Molgat.]

## CANADA-UNITED STATES RELATIONS

BILATERAL TRADE—RESTRICTION ON EXPORT OF CANADIAN RAW CEDAR LOGS

**Hon. George van Roggen:** Honourable senators, I have a question for the Leader of the Government in the Senate. A partial answer to Senator Bonnell's question with respect to the tariff on books and Christmas trees might well be to abandon those retaliatory actions, as our exports of shakes and shingles to the United States are presently higher than they were before this contretemps arose.

What I would like through the Leader of the Government in the Senate is an undertaking from the government that in settling this matter with the United States they will not authorize the export of raw cedar logs for the manufacture of shakes and shingles in the United States.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, that is a new issue that has arisen quite recently, and I assure the honourable senator that the whole matter is under review.

I do understand that the shakes and shingles industry has been operating at almost full capacity, although there were dire reports from his colleague, Senator Perrault, just before Christmas about the state of affairs in that industry.

## ABORIGINAL PEOPLES

THE CONSTITUTION—ENTRENCHMENT OF RIGHT TO SELF-GOVERNMENT

**Hon. Charlie Watt:** Honourable senators, I have a question for the Leader of the Government in the Senate with regard to the ministerial meeting that took place in Halifax in relation to the aboriginal people. At that meeting was discussed what should be the definition of the rights that are to be entrenched in the Constitution. That meeting took place on January 18, 19 and 20, and from what I have gathered from my colleagues and native leaders who were present at that meeting, the minister has put forward a proposal in connection with that definition and to whom that entrenchment should apply.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am sorry, I missed the last few words.

**Senator Watt:** I am saying that the minister put on the table at that meeting a proposal as to what should be entrenched in the Constitution and how that entrenchment will apply to a certain number of native people across Canada.

I understand from the minister's proposal that he has decided to entrench the concept of self-government in the Constitution, but to make that apply only to the communities that lie north of 60° and to the people who live on the reserves. If that is the case, looking at the matter geographically, the concept of north of 60° first, leaves out one community called Belcher Island, because it lies south of 60°. That community is currently under federal jurisdiction.

Also, if north of 60° is to be the policy followed by the government, that will also include approximately six or seven communities in northern Quebec, because they, too, are north of 60°. Therefore, I do not see how, in practice, that proposal will work.

My question is whether this is a cabinet decision and, if not, I would like to suggest to the government that this proposal will not work, either in theory or in practice.

The Constitution cannot apply to some people and not to others. As I understand the Constitution, the broad principle of constitutional rights applies equally to everybody. I think you had better take a good look at how those rights will be applied at the administrative level and what that will mean at the political level. You should ask whether it works in realistic terms.

I should like to have answers to my questions in the very near future, as the First Ministers' Conference is scheduled for March.

**Senator Murray:** Honourable senators, let me make a couple of statements in reply to what the honourable senator has said.

First of all, he knows, of course, that it is not for the federal government to entrench the right of self-government in the Constitution. If that could have been done by the federal government alone, that would have been done many years ago. It will take the federal Parliament and seven of the provinces of Canada having 50 per cent of the population to do that, in addition to having the agreement of the aboriginal groups.

The conferences that we have been having at the ministerial and official level have been for the purpose of trying to achieve the necessary consensus to make an amendment on self-government possible at the time of the First Ministers' Conference, which will be held in March.

With regard to the right of self-government that we would want to see entrenched in the Constitution, our view is that the right of self-government would be implemented in accordance with agreements with the various aboriginal groups, depending upon the circumstances and the conditions of each of those groups.

I assure the honourable senator that there is absolutely not the slightest intention on our part to contemplate that the right of self-government would apply only to the Indians living on reserves and aboriginals living north of 60°, and so on. That would not be our intent at all.

I think my honourable friend is referring to a controversy that arose in the course of the last ministerial meeting. I am not fully at liberty to go into that because it was a private meeting, but the controversy concerned not the right of self-government but rather the role of the federal government *vis-à-vis* status Indians, non-status Indians, Métis, on the one hand, aboriginals north of 60° and aboriginals south of 60°, on the other.

There was a brief contretemps on this issue during the course of the meeting, and I think we will be hearing more about that as we seek to clarify the situation.

With regard to the federal responsibility, I assure the honourable senator that we had no intention, and have no intention, of trying to change the status quo in terms of our responsibilities.

[*Later:*]

**Senator Watt:** I have a supplementary question for the Leader of the Government. Let us assume that the discussions have taken place on the basis of what the role of the federal government should be leading towards defining the rights of aboriginal people. I am talking more about the fiscal arrangements that might or might not exist in regard to the financial responsibility of the federal government. From what I understood, the federal government is prepared to pay the expenditures involved in the negotiations by the people living above the 60th parallel, including the people living on the reserve.

Assuming that is the case and that was the intent of the minister—

**Senator Murray:** Honourable senators, let me interrupt my friend for one moment. None of that has been settled.

**Senator Watt:** It has not been settled, but it has been talked about and it has been discussed. One of the co-chairmen of the ICNI came to visit me at my house when I was up north; I know what took place.

What I would like to emphasize to you, and what requires some clarification, is that Quebec's native people, the Inuit, have made a settlement with the Government of Quebec—we are not hiding that. But the fact is that the Government of Canada still has a responsibility, which is clearly defined in the James Bay Northern Quebec Agreement. The Government of Canada still has a constitutional responsibility to the native people. Just because they have made a settlement with the Government of Quebec does not mean that the Government of Canada relinquishes its responsibility.

So, there is quite a bit of clarification required in that area, and I would like to have some clear indication—when you find the time—and some answers before the First Ministers' Conference takes place.

**Senator Murray:** I will do my best, honourable senators.

## THE SENATE

### USE OF GOVERNMENT LEADER'S STATIONERY FOR COMMUNICATION RE OERLIKON AEROSPACE

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I should like to ask the Leader of the Government whether he can throw any light on the communication, which reached my office on the letterhead of the Office of the Leader of the Government in the Senate and Minister of State for Federal-Provincial Relations, having to do with transactions on the site of Oerlikon Aerospace.

I have two or three questions. First of all, did the minister authorize the circulation of this communication on his letterhead? Does he take responsibility for its contents, and are the

two individuals listed at the bottom of the second page, for information, members of his staff?

• (1430)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, those are quite proper questions. The answer is that during the time that the Senate was not sitting, our new colleague, Senator Bazin, issued a statement relating to some of those matters. I thought that it was a matter of sufficient interest and importance that all honourable senators would want to have a copy of it, and I instructed my office to see that copies were sent to all honourable senators, whereupon I left for the ministerial meeting on aboriginal affairs in Halifax. That is the meeting that has just been referred to. In my absence and without my knowledge, I am afraid the communiqué was typed on my ministerial letterhead. I quite agree with the implication in the honourable senator's question that the only statements that should go out on my ministerial letterhead are statements by me. I regret any misunderstanding that occurred as a result.

**Senator MacEachen:** May I ask who wrote the letter and who are the persons listed at the bottom of the letter?

**Senator Murray:** I am sorry, I do not have the names, but I take it that they are either members of Senator Bazin's law firm or are people who were employed by that law firm to put out that statement.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a supplementary question. The names are André Sormany and Richard Vigneault. The area code in both cases is 514. Did I understand the minister to say that he assumed they were employees in Senator Bazin's office?

**Senator Murray:** Now that the names have been placed on the record, the first one, Mr. Sormany, I know and saw here yesterday. He was acting, as I understand it, in an advisory capacity to our new colleague on communications matters, and I take it that the other person was doing the same thing. They are not from my staff.

**Senator Frith:** Then the author of the material is either Senator Bazin or someone on his behalf.

**Senator Murray:** That is correct.

[*Translation*]

## FEDERAL-PROVINCIAL RELATIONS

### EQUALIZATION PAYMENTS TO POORER PROVINCES—GOVERNMENT POLICY—REQUEST FOR ANSWER

**Hon. Eymard G. Corbin:** Honourable senators, I was somewhat disappointed yesterday when Senator Doody rose to give delayed answers to previous questions. In any case, today I should like to direct my question to the Government Leader in the Senate and Minister of State for Federal-Provincial Relations.

On December 19 I drew Senator Doody's attention to the controversy reported in the media concerning a difference of opinion between the New Brunswick Minister of Finance and the federal Minister of Finance to the effect that the New Brunswick Minister of Finance was under the clear, precise and definite impression that next year the province would get $170-odd million more in equalization payments, whereas the Minister of Finance of the federal government did not see it quite that way: there had been no such firm intention nor any specific promise to that effect.

I asked my question on December 19. On behalf of the government, Senator Doody did commit himself to seeking the information and, I presume, giving me the answer upon our return. Well, I did not get the answer yesterday and I waited patiently.

Would the Leader of the Government in the Senate tell me whether this matter or this disagreement between New Brunswick and the federal government has been settled, or can we expect a clarification which might be part of the forthcoming federal budget?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the commitment of the Minister of Finance towards the provinces was to make certain technical changes through the equalization formula. New Brunswick was to benefit from these changes by I do not know how many dollars, but in any event the Province of New Brunswick was to gain something from these changes.

The decision of the Minister of Finance was to make these changes, authorize the funds involved, and pay them to the provinces over two years, not in only one year. That is the disagreement between the Province of New Brunswick and the Government of Canada.

All I can add to this is that the honourable senator knows full well that the existing agreements will end in late March. So the Canadian government will have to introduce a bill to renew the equalization agreement for the next five years. This will be done before the end of March, obviously.

[*English*]

## ENERGY

### FEDERAL-PROVINCIAL CONFERENCE—SECURITY OF SUPPLY—GOVERNMENT POLICY

**Hon. H.A. Olson:** Honourable senators, yesterday I asked the Minister of State for Federal-Provincial Relations a couple of questions respecting the energy policy of the government and, indeed, when they expected to make an announcement about the federal government's policy.

I read very carefully the replies that he gave because I suspected that he said nothing in those replies, and he certainly did. In fact, the last sentence is:

> As for the rest of it, there will not be an announcement today.

I am very serious about this. Does that mean that the people who are desperately looking for jobs in this industry and looking for the federal government to set up a policy so that the industry will know what involvement the federal government policy will have with respect to such things as fairly

important investments, and so on, will have to wait until after the task force reports on July 1, and then a further period while the government considers what the task force may have in their report and their recommendations?

● (1440)

In the meantime, are we to go completely without any indication of what the federal government's position is with respect to creating some activity in this area?

Again I have to remind the minister that there was a flurry of activity. The international price has gone up and the Alberta government had a reasonably generous subsidy program that ended on December 31. Since that time there has been a great deal of shutdown in the industry, which is awaiting some assurance of a policy that has a sufficient time stipulation to encourage investment.

I would like to know whether or not we are going to hear from the federal government between now and July 1 on whether there is a policy so that some of these people can get some comfort from the fact that action is being taken.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** When the honourable senator talks about a task force, I take it he is referring to the federal-provincial working group.

As I told him yesterday, the agreement between the federal government and the provinces at the recent ministerial meeting was that the work of this task force should in no way inhibit, retard or impede negotiations that are going on on various specific projects. These will go ahead. Announcements will be made when the negotiations are concluded. By way of example, I mentioned several specific projects that are now under negotiation.

If the honourable senator has some other things in mind, he can say so. Even if he does not, I can make some inquiries of my colleague, the Minister of Energy, Mines and Resources, to see whether there is some further information that I can bring to the honourable senator's attention.

In the absence of some response from me, I would not want it to be taken for granted that the honourable senator is correct in implying, as he does, that the federal government has done nothing about the energy industry since December, 1984. The federal government has taken a very positive, creative and, if I may say so, generous attitude towards the energy sector and has cleared up the major areas of conflict between Ottawa and the producing provinces.

The honourable senator knows as well as I do that much of the recent difficulty in that sector is due to international conditions. There again we have done our best, within our means, through phasing out the PGRT faster than we had contemplated, to bring very considerable assistance to the industry and the people who depend on it.

**Senator Olson:** Honourable senators, that is one of the points I wanted to make. The Leader of the Government in this place and the Minister of Energy, Mines and Resources in the other place and, indeed, in public said a number of times that they had a commitment from the industry that the $500 million or $700 million, whatever it may be, resulting from PGRT relief was going to be used for other activity that would create jobs such as, I suppose, exploration and development. The government, including this minister, gave an undertaking last fall that the monitoring agency would tell us whether or not that money was being used according to the commitment made to the government. Yesterday he replied that they still needed more time. He talks about something at the end of the first quarter, March 31, 1987, but I am not quite sure what he means. Now the situation is being delayed until the agency can report as to what their recommendations are.

Living in the midst of this, we have reason to believe that the hundreds of millions of dollars that mostly the multinational corporations have saved—there was already a $2 million exemption for every oil company—are not being expended in Canada. Surely we have a right to know now, and not later in the winter or even when winter is over, whether that money is being used to relieve the unemployment problem.

**Senator Murray:** I shall certainly bring to the attention of the minister the honourable senator's statement that the indications are that those companies are not putting that money to the purposes for which it was committed.

## CANADA-UNITED STATES RELATIONS

### BILATERAL TRADE NEGOTIATIONS—ITEMS FOR NEGOTIATION

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, on the question of negotiations for a comprehensive trade agreement between Canada and the United States, there has been quite a focusing of attention recently on the question of cultural sovereignty and whether or not certain Canadian cultural industries are on the table.

Would the minister get some information which would help us to understand this ongoing saga? I do not expect him to furnish me with an answer today, but I would appreciate it if he were to ask the minister in charge to try to give us some definition so we can better understand the story as it unfolds.

In the first instance, can he tell us what is meant by "cultural industries"? I have no difficulty in understanding, for example, the book publishing tariff, the book publishing trade provisions or the Broadcasting Act which flowed from Bill C-58. Are there others? What other cultural industries are included when the government, the Prime Minister or their representatives in the negotiations say that cultural issues or cultural industries are not on the table? Can he give us a list of any others?

Second, can he tell us if there would be certain corollaries to those principles, that is, where the withdrawal of cultural industries from the table would have a corollary effect on some other industries? For example, if it is decided that some other cultural industry is not to be negotiated and is off the table, might that affect some industry in the negotiations that would be on the table and might it have a corollary effect on ones that are meant to stay on the table?

Third, would he also tell us the exact context of certain issues being not on the table and give us a description of the negotiations directed towards a comprehensive trade agreement? I have always understood the word "comprehensive" in this context to be distinct from "sectoral" trade agreements. There have been proponents for agreements in certain sectors, but what I understand the government is proposing is a comprehensive agreement. What is the relationship between that word "comprehensive" and the fact that certain issues or industries are not going to be on the table?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The honourable senator has asked three questions and I will endeavour to obtain a considered reply from the Minister for International Trade. I may say that there is a list of some cultural industries contained, if I am not mistaken, in the Investment Canada Act or in the regulations thereto.

● (1450)

With regard to what constitutes a comprehensive trade agreement, there are definitions of that under the GATT and elsewhere.

**Senator MacEachen:** The definition will be made after the agreement is signed. Anything that is signed will be regarded as comprehensive.

**Senator Murray:** The Leader of the Opposition has said that anything that is signed will be considered as comprehensive, and I thank him for that commitment. The question of what is a "comprehensive" agreement under the GATT is treated in numerous places, among them in the report of the Standing Senate Committee on Foreign Affairs, which is chaired by Senator van Roggen. That report has to do with Canada-U.S. economic relations.

**Senator Frith:** Yes, I understand that, but I believe the Leader of the Government also understands that I am asking about the relationship between the expression "comprehensive" as used by the government and the matter of certain industries not being put on the table.

## CANADA-FRANCE FISHING AGREEMENT

### AGREED RECORD PRINTED AS APPENDIX

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, while I am on my feet, the document with reference to the Canada-France fishing agreement has been tabled. Being tabled, of course, it will not appear in *Hansard* nor will it appear in today's *Minutes* unless we ask that it be so included. I think it would be a good idea to do so. It is not a lengthy document and should not threaten our agreement not to append documents of too great a length. Just so that today's record will be complete, and for the assistance of senators wanting to focus on that expression as it appears in the agreement, the reference that was made by the Leader of the Opposition to the pre-commitment is found in the agreement in subparagraph (b) of paragraph 2. Paragraph 2 states:

[Senator Frith.]

Furthermore, the representatives of the Parties will meet before March 15, 1987 in order to initiate negotiations with a view to concluding, concurrently:

(a) a Compromis (Special Agreement) which shall submit to compulsory third party settlement the dispute regarding the maritime claims by the two countries off the coasts of St. Pierre and Miquelon and Canada;

(b) a procès-verbal establishing the annual fishing quotas for French vessels in Canadian waters for the period 1988-1991 inclusive. These quotas will include cod quotas in NAFO Divisions 2J+3KL.

The only other aspect we might emphasize is that, as Senator LeBlanc of New Brunswick stated, the first signature is that of Lorne Clark. I am not sure whether the minister, in his answers, told us who the other signatories are and their offices, but their names are Gilbert Guillaume and Bob Applebaum. He might give us that information, if he has not done so already.

[*Translation*]

**The Hon. the Speaker** *pro tempore:* Honourable Senator Frith, you asked earlier that a certain document be printed as an appendix to *Hansard*. Would you specify to which document you were referring? There are two here.

**Senator Frith:** Honourable senators, that is a document which Senator Doody added later after "Reading of Petitions". He asked for leave to add another document.

[*English*]

It is the "Unofficial English Translation Subject to Confirmation with the French."

[*Translation*]

The French text is that of the agreed record.

[*English*]

**The Hon. the Speaker** *pro tempore:* Are both documents to be printed as an appendix?

[*Translation*]

**Senator Frith:** Please. There is no need to translate the agreed record because we have an unofficial translation. For this reason, I suggest that this not be translated, but included in both the French and English versions.

**The Hon. the Speaker** *pro tempore:* Is it agreed honourable senators?

**Some Hon. Senators:** Agreed.

Motion agreed to.

(*For text of documents, see appendix, p. 448.*)

[*English*]

## EMPLOYMENT

### ST. BONIFACE, MANITOBA—CLOSING OF HOG DIVISION OF CANADA PACKERS PLANT—REQUEST FOR GOVERNMENT ASSISTANCE

**Hon. Joseph-Philippe Guay:** Honourable senators, my question is for the Leader of the Government in the Senate. I

would ask him whether he could make appropriate representations to the cabinet with respect to Canada Packers in Winnipeg, in the St. Boniface community, where the hog division of Canada Packers is going to close its doors. The reason the company is being forced to close the doors of the hog plant, it claims, is because of a grant from the Department of Regional Economic Expansion to another group in Manitoba which opened a new plant of the same type. This has caused a problem such that 340 employees will lose their jobs immediately. These are what we call the hourly wage earners. Because of the severance pay that the company is going to give them, they will not be eligible for unemployment insurance payments. The balance of the employees, who are paid by salary, will be let go by April 10. A total of 710 employees will be out of work. I would suggest that most of those people have made a career of working in that plant. They have made mortgage commitments and so on, and this closure will affect their lives and the lives of their families drastically. These people have no other chance, it seems, for employment elsewhere.

It is for that reason that I plead with the Leader of the Government to make some representations to the cabinet whereby some relief could be given. Perhaps the government could aid Canada Packers or these employees in some fashion. Honourable senators can rest assured that in a community like mine the loss of 710 jobs—jobs paying fairly good salaries, I might add—really does constitute quite a disaster. I repeat my request to the Leader of the Government to make appropriate representations in cabinet so that those people who are being laid off can be given some consideration.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the government is aware of the problem alluded to by Senator Guay. I will undertake to make inquires and to see whether there is anything that we can usefully report at this time.

## SHIPBUILDING

### DESIGN OF CLASS 8 ICEBREAKER—GOVERNMENT POLICY

**Hon. Paul Lucier:** Honourable senators, I have a question for the Leader of the Government in the Senate. I believe some consideration has been given to going offshore for the design of the Class 8 icebreaker that will be built in Canada in the near future. I know that the government leader will not have this information at hand, but I ask him to find out if this is true. Is consideration being given to going offshore, or does the government intend to have the design carried out in Canada and to use the technology that has been developed in this country for the building of the icebreaker?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I trust that an announcement on this whole situation will not be long delayed.

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• (1500)

## INTER-PARLIAMENTARY UNION

### SEVENTY-SIXTH CONFERENCE, BUENOS AIRES

**Hon. Peter Bosa** rose pursuant to notice of Tuesday, December 16, 1986:

> That he will call the attention of the Senate to the 76th Inter-Parliamentary Union Conference, held in Buenos Aires, Argentina, from 6th to 11th October, 1986.

He said: Honourable senators, it gives me great pleasure to report on the Seventy-Sixth Conference of the Inter-Parliamentary Union held in Buenos Aires between October 6 and 11, 1986.

The Canadian delegation was made up of Mr. Benno Friesen, Mr. Bob Hicks, Mrs. Carole Jacques, Mr. Howard McCurdy and Mr. Marcel Prud'homme representing the House of Commons; Senator Rhéal Bélisle, Senator Eymard Corbin and myself representing the Senate. Mr. Friesen was the chairman of the Canadian delegation and I was vice-chairman. The delegation was accompanied by Mr. Stephen Knowles of the Parliamentary Relations Secretariat, who served as our executive secretary, and by Mrs. Barbara Reynolds who served as our adviser.

The meetings of the Association of Secretaries-General of Parliament were held concurrently with the IPU Conference. Canada was represented at those meetings by Mr. Charles Lussier, the Clerk of the Senate. I would like to extend a word of congratulations to Mr. Lussier on his election as First Vice-President of the Association of Secretaries-General.

Before leaving home, the Canadian delegation was briefed by officials of the Department of External Affairs, the Department of National Defence, the Canadian Red Cross Society and the International Committee of the Red Cross. We also received background papers and bibliographies prepared by the Library of Parliament. In Argentina we were ably assisted by the staff of the Canadian Embassy. The Ambassador, Her Excellency Mrs. Louise Frechette, invited us to the embassy to review the current political and economic situation in Argentina as well as the status of Canadian-Argentine relations. She noted the similarities between our two countries, particularly with respect to geography and natural resources. There is increased interest on the part of the Argentine government to examine the Canadian experience in regional economic development, because Argentina has numerous isolated communities.

Madame Frechette is a very capable individual and Canada should be proud of her work in Argentina. I would also like to mention the assistance provided by Mr. Jacques Crête, political counsellor at our embassy, who attended our daily briefing sessions at 7.45 a.m. and provided invaluable assistance throughout the conference.

The Republic of Argentina, which has an area of over 2.8 million square kilometres, occupies a large portion of the

South American continent. Its population is around 30 million, of whom one third live in the capital, Buenos Aires. Its main exports are wheat, corn, sugar, linseed, cotton, beef, leather and wool, while its main imports are farm implements, fertilizers and chemical products.

Trade between our two countries amounts to $137 million, with Canada importing twice as much from Argentina as we export to it. In 1985 we imported almost $90.8 million worth of goods, of which $36.7 million, or 40 per cent of the total, consisted of manufactured and semi-manufactured products in leather. Canada exported $46 million worth of goods to Argentina consisting of general purpose turbines and motors, auto parts, sulphur and wood pulp.

The Canadian government has actively supported the efforts of Canadian companies in Argentina. Recently the Canadian International Development Agency approved funding for a traffic control study in the City of Rosairo, a liquefied petroleum gas processing plant study in Bahia Blanca, and an energy management systems viability study. The cumulative value of those studies approaches $1 million.

In 1985 the Foreign Minister of Argentina visited Canada. Our Secretary of State for External Affairs paid a reciprocal visit last September. A formal invitation has been extended to President Alfonsin, who indicated that he would like to come to Canada in 1987.

The day before the conference began, Mr. Friesen and I represented Canada at a meeting of the Twelve-Plus Group. Basically, this is a meeting of the western and like-minded delegations. It began a few years ago with the ten members of the European Economic Community, and subsequently countries from western Europe, North America and the Pacific region decided to join. The name "Ten-Plus" was chosen because the group was formed from the ten members of the European Economic Community plus a number of other countries. The name was changed to the Twelve-Plus at our last conference in Mexico City in recognition of the recent admission of Portugal and Spain to membership in the EEC.

The Twelve-Plus discussed the following matters: the agenda of the Seventy-Sixth Conference; the possibility of a joint resolution concerning items 3 and 4 on the agenda; the chairmanship of the Twelve-Plus Group; the report of the working group of Canada, Italy and Switzerland on a new strategy for IPU; enlargement of the Twelve-Plus Group; a report from the Sixth Inter-Parliamentary Conference on European Co-operation and Security held in Bonn in May, 1986; items for the agenda of the next conference; modification of the statutes and rules of the IPU; support for the work of the Special Committee on Violations of the Human Rights of Parliamentarians; a publication on the occasion of the centenary of the IPU; and co-operation among Twelve-Plus members between conferences.

During the conference I served on an ad hoc committee of four persons to prepare proposals on the funding and chairmanship of the Twelve-Plus. At the present time the costs are paid by the country which chairs the Twelve-Plus, but it was felt that some countries might be reluctant to accept the chairmanship of the group because of the high administrative costs. It was agreed that all members should share the costs and that the chairmanship would rotate alphabetically beginning with Norway in 1988. Spain will continue to chair the Twelve-Plus meetings until the end of 1987, making it a record of three consecutive years. We are grateful to the Spanish group for providing leadership to the Twelve-Plus while its members were trying to sort out a way for the succession to the chairmanship.



I also served on the working group of Canada, Italy and Switzerland which presented a short report on a new strategy for the IPU, including new proposals on the format and rules. The Twelve-Plus decided to forward those suggestions to the executive by way of a letter to the president.

The Twelve-Plus also agreed to accept the invitation of the West German group to hold a special meeting in Berlin in March, 1987 as part of the celebrations of the 750th anniversary of the city.

The opening ceremony of the Seventy-Sixth Conference of the Inter-Parliamentary Union took place in the Colon Theatre on the morning of Monday, October 6, in the presence of His Excellency the President of the Republic, Dr. Raul Ricardo Alfonsin. His Excellency Dr. Alfonsin; Senator Edison Otero, President of the Argentinian IPU group; Mr. Hans Stercken, President of the Inter-Parliamentary Council; and Mrs. De Guerrero, representing the United Nations, addressed the assembly.

Following the inaugural ceremony, the Inter-Parliamentary Council met and welcomed Angola and El Salvador to membership in the Union. It also readmitted Bangladesh. The report of the Sixth Inter-Parliamentary Conference on European Co-operation and Security was reviewed. Subsequently the council unanimously passed a resolution presented jointly by the British and Hungarian delegations recognizing the results of the security conference and welcoming the forthcoming meeting between President Reagan and General Secretary Gorbachev.

During the first plenary session, the conference considered requests for possible inclusion as supplementary items on the agenda. Eight items were suggested: the impact of the new critical situation in the Middle East; the preservation of the international legal order, especially the jurisdiction of the International Court of Justice of The Hague; the transformation of the Mediterranean area into a zone of peace; the plight of Jews in the Soviet Union; the summit talks; an international conference of peace in the Middle East; the subsidization of agricultural products; and the cessation of all nuclear explosions. The last item was accepted on the agenda.

[*Translation*]

Resolutions in the area of international human rights and decolonization were also on the agenda. Mrs. Jacques dealt with the international human rights issue. She emphasized that Canada has always actively defended international human

rights and strived to respect the humanitarian principles codified in various international conventions.

Over 120 nations, 50 non-government organizations and 11 national liberation movements had participated in the 1974 conference to draft the two memoranda annexed to the 1949 Geneva Conventions. So far, some 60 countries have ratified or adhered to either one of these memoranda.

The draft resolution presented by the Canadian delegation urged nations who have not yet joined to take the necessary steps to ratify the two memoranda. In this connection, Mrs. Jacques reviewed the initiatives taken by Canada, including the work carried out by our interdepartmental committee responsible for studying the implications of each clause of both memoranda.

Finally, she strongly urged all nations to abide by the basic humanitarian principles by signing the memoranda and meeting their obligations.

• (1510)

[*English*]

Mr. Hicks and Mr. McCurdy spoke on decolonization. Mr. Hicks pointed out that Canadian parliamentarians and their governments have supported the principle of the right of colonial people to self-determination and to independence if that is their desired choice. Canada has condemned the policy and practice of apartheid in South Africa as a gross violation of fundamental human rights. He reviewed the various attempts over the past year to deal with the escalating situation in South Africa, including the meeting of the Commonwealth heads of government in Nassau, the Eminent Persons Group, and the Commonwealth Leaders' meeting in London. With reluctance, Canada has agreed to implement economic sanctions as a means of obtaining action to end apartheid. There is also much concern that some of the front line states will be seriously hurt by sanctions. He concluded by urging the wider economic community to join with Canada in sending a clear message to Pretoria by adopting strong, effective economic measures to help bring apartheid to an end.

Mr. McCurdy pointed out that although 1986 has been designated as the International Year of Peace, there is no peace for people in South Africa, Namibia, Angola or the front line states who are victims of the outlawed apartheid regime. There has been angry condemnation of apartheid, but some nations have been paralyzed in their response by feigned concern about the cost of sanctions to the very people who have demanded them. Canada will be hurt a little by its loss of trade with South Africa, but the situation is very different for the front line states. He referred to the two parliamentary committees which have recommended the immediate severing of all economic relations with South Africa and aid for front line states hurt because of retaliation by the Botha regime. He urged total commitment to effective mandatory sanctions and to financial and other aid for those nations whose sacrifices in the fight against apartheid and South African tyranny are greater than ours.

In the debate on the general world situation, Mr. Friesen and I both spoke. Mr. Friesen congratulated the Argentine Inter-Parliamentary Group on their hospitality in hosting the conference. Noting that 1986 has been designated as the International Year of Peace, he underscored the importance of pressing toward this goal. But this should not be seen as man's greatest hunger. The struggle against apartheid as well as the fight for freedom in Afghanistan could eventually lead to peace. Man's greatest hunger is for freedom. Only through free expression can man's spirit find its fullest development.

I spoke about the meeting of the cabinet ministers from the GATT countries in Uruguay to set guidelines for a new round of talks on removing barriers to trade. As the talks began, there was fear that the contentious issues would have the subscribers to GATT deeply divided. That these nations were able to negotiate new guidelines is a tribute to the sense of commitment and co-operation among the trading nations. I also noted the troubled situation in Central America and the influence of the super-powers in that region. Canada does not approve of third party intervention anywhere in Central America. It supports the Contadora initiative. Differences between the parties should be resolved peacefully through dialogue.

Referring to the malfunction of a submarine-launched Soviet ballistic missile, the Chernobyl nuclear accident and the explosion of the U.S. spaceship Challenger, I spoke about the inherent dangers in modern technology. For these and other reasons, there is increasing pressure on the superpowers to move towards an arms limitation agreement. The preliminary meeting between Mr. Gorbachev and Mr. Reagan is an encouraging sign, as is the announcement in Stockholm of the agreement of the 35 member countries of the Conference on Security and Co-operation in Europe.

There were also some committee meetings dealing with specific questions, one of which considered the contribution of parliamentarians to the cessation of all nuclear explosions. Mr. Prud'homme assisted with the committee work and served on the drafting committee. The Soviet delegation submitted a draft resolution and amendments to this resolution were proposed by several countries. There was some concern about a clause in the U.S.S.R. text referring to the moratorium on nuclear testing. At the suggestion of Mr. Prud'homme, the drafting on the subject was suspended until the rest of the text had been discussed. Agreement on a suitable reference to a moratorium was then achieved. The revised resolution was unanimously adopted by the full committee and by the plenary session.

At the Seventy-fifth Inter-Parliamentary Conference in Mexico City, it was decided to hold a one-day meeting of the women parliamentarians who will attend the next conference to allow for a full and complete discussion of the various agenda items. Canada was represented by Mrs. Jacques. Among the items discussed were: the participation of women parliamentarians in activities of IPU, procedures for implementing the resolution adopted at the September 1985 meeting on the progress of initiatives and measures to promote equal

rights and responsibilities for men and women, and the emancipation of women in the world of work, especially with respect to employment, training and promotion opportunities.

The second item, the preparation of a report on measures to promote equality between men and women, is one where the Canadian group has taken a lead role at previous conferences. Mrs. Jacques continued this initiative by presenting a draft questionnaire for use in collecting data for the report to be presented in September 1987. On the subject of women in the world of work, Mrs. Jacques reported on Canada's new employment equity legislation as well as the requirements for measures to encourage the employment of women in companies contracting with the federal government.

During the conference a meeting of the European groups and those of Canada and the United States took place to review implementation of the final resolutions of the Sixth Inter-Parliamentary Conference on European Co-operation and Security held last May in Bonn and developments in East-West relations since that date. Mr. Friesen and I attended this session. Participants expressed their satisfaction with the decision of President Reagan and General Secretary Gorbachev to meet in Reykjavik and felt that there was more cause for optimism in relations between the super-powers than there had been a few months ago.

● (1520)

The Council resumed work on the final morning by observing one minute of silence for the victims of the El Salvador earthquake. It then considered invitations from Portugal, Nicaragua and Costa Rica to host the next IPU Conference. The latter country withdrew its invitation and voting began on the other two choices. The results were Nicaragua—80, Portugal—70. The council also voted on names to be forwarded to the plenary session for consideration as members of the executive committee. The Report of the Special Committee on Violations of the Human Rights of Parliamentarians was received. It was gratifying to learn that two imprisoned parliamentarians had been released since the committee's last meeting in July. The proposal by the Federal Republic of Germany to amend the Statutes of the Union to encourage greater participation of women in delegations, in the council and in the executive committee was referred to a committee.

At the final plenary session there was a tribute to Mr. Pio-Carlo Terenzio who would retire as secretary general of the union at the end of 1986. The reports of the various committees were also received.

The Inter-Parliamentary Union, during its history, through its conferences has brought together parliamentarians from every region of the globe. During these meetings, members have had opportunities to get to know one another and to learn at first-hand each other's point of view on the many issues which trouble the world. The union has also successfully promoted a number of international initiatives—for example, the founding of the International Court of Justice. Through its conferences, the union has focused the attention of the world on the many crucial issues which stand in the way of advancing peace, security and harmony among nations. The strength

[Senator Bosa.]

of the union lies in the fact that its members are representatives of parliaments and not of governments. As such, they are in the unique position of being able to influence their respective parliaments as well as fellow delegates at union conferences.

In 1989 the Inter-Parliamentary Union will be celebrating the 100th anniversary of its founding. I hope Canada will find an appropriate way of celebrating this very important event. I am proud of the work the IPU has accomplished and I look forward to its continued success.

**The Hon. the Speaker** *pro tempore:* Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

## NORTH ATLANTIC ASSEMBLY

THIRTY-SECOND ANNUAL SESSION, ISTANBUL, TURKEY

**Hon. Duff Roblin** rose, pursuant to notice of Wednesday, December 17, 1986:

> That he will call the attention of the Senate to the 32nd Annual Session of the North Atlantic Assembly, held in Istanbul, Turkey, from 14th to 18th November, 1986.

He said: Honourable senators, it is the responsibility, I believe, of members of the Senate who attend meetings on behalf of the Senate to take an early opportunity to report on what transpired, even though much of what one has to say can hardly be described as news. I would like to offer a few comments on the 32nd meeting of the North Atlantic Assembly which was held in Istanbul on November 14 to 18 last, because this was the first occasion on which I had attended an important gathering of this kind as a member of the Canadian parliamentary delegation. I have no doubt that my perhaps somewhat impressionistic views as a newcomer to the proceedings and the significance of the assembly will be well balanced by the views of Senators Hastings, Haidasz and Lefebvre, who, I am pleased to say, were also part of the Canadian delegation and whom I am willing to describe as veterans of the assembly. I can report that their considerable experience appeared to good advantage for the reputation of Canada and for the progress of the proceedings.

One of the first things that struck me deals with that very point: the depth of knowledge, the range of opinion and the capacity for working together which was demonstrated by the delegates. I suppose everyone knows that there are 14 nations in the North Atlantic Assembly, but delegates were not there so much as representatives of governments—although perhaps in part as representatives of nations—but certainly as representatives of parliaments, and they brought with them a variety of political opinions and much skill in debate and discussion. These men and women did not represent governments as such and thus were considerably freer, I suggest, in offering differing opinions and were well able to express a variety of shades of democratic politics and philosophy.

For me, this freedom of expression offered a useful opportunity for a delegate to be exposed to the political forces that are

at work within the Western Alliance, because I found that there certainly was no uniformity in the views that were expressed. There was, however, a very considerable capacity and willingness to search for a consensus which, though not always arrived at, was usually achieved in the end. This variety of personality and of national idiosyncracy and of philosophical leanings of the various delegates to the assembly found its expression, of course, in the proceedings of the five or six committees into which the work of the assembly was divided.

I was on the political committee, and I can report that in my committee—and no doubt in the others—we were asked to deal with draft papers that had been prepared in advance by various members of the committees, in which we examined a very wide variety of subjects dealing with the North Atlantic Assembly. We either agreed or did not agree with those recommendations and, where we did agree, they were passed on to the plenary sessions where, as you might expect, they received final consideration. I would like to say that if any member of the Senate has an interest in the details of those recommendations or the proceedings of the committees, those can certainly be provided.

In any event, the business of the assembly as a whole, of course, was to deal with this wide variety of resolutions and other domestic matters such as the election of officers. I can report that the new president is a gentleman called Ton Frinking who comes from the Netherlands. However, it seemed to me that the real meat or the real subject for thought that was given to us, over and above these relatively routine proceedings, was to be found in three addresses that were delivered, and they are worthy, I think, of comment. The first was given by General Bernard Rogers, who is the military head of NATO. The second was given by Lord Carrington, who is the General Secretary of the organization, and the third was a speech delivered by Mr. J.W. Mollemann who is a minister in the Foreign Office of West Germany.

General Rogers gave us an exceedingly frank and open expression of the military point of view, as you might well expect. He pulled no punches as to his views on the position of NATO and expressed what, I suppose, has become an expected observation on the part of a man in his position with respect to what he conceived to be the imbalance of power between NATO and the Warsaw alliance and conventional arms. While I know there is a good deal of dispute in the world as to the exact nature of that imbalance, it certainly was clear to me, at any rate after listening to him, that the imbalance was to the detriment of NATO and to the advantage of the Warsaw alliance. He also made it very clear that until this imbalance was substantially rectified, there was little to be said or done about the flexible response theory by which the Western powers rely on a nuclear back-up to come to their aid if they should be engaged in conventional warfare and find that the imbalance indeed exists and weighs against them. He expressed the opinion—and I must say I support it—that peace still depends now, as it has done for the last 30 or 40 years, on a credible nuclear deterrent. Therefore, nuclear disarmament and the equalization of conventional forces in Europe are indeed closely intertwined, and I shall make a brief reference to this fact again before I conclude.

• (1530)

He gave us to understand that the main conventional operational problem that he faces, besides this one of inequality between the two sides, is his ability to sustain a conventional battle for a protracted period of time. He has a modest target of securing for the NATO forces a sufficiency and back-up of men and materials to enable a battle to be conducted for 30 days, but that relatively modest total has not been reached as yet. We know from our discussions during meetings of the Senate Committee on National Defence how badly positioned we Canadians are in respect of this very same matter—our ability to sustain a battle should we become involved in one. But he did not go beyond his military brief.

Lord Carrington gave another view of the world environment in which NATO finds itself, I think particularly influenced by the fact that the Reykjavik Summit had recently been concluded with the consequences of which we are all aware. He expressed some optimism that the logjam, which for too long has impeded progress in arms control, showed some signs—at least to him and I think to some of the rest of us—that it might be breaking up, at least to a degree, and that we might expect in the relatively near future that the Reykjavik initiative would not be lost but would be the basis on which further developments might be expected. Lord Carrington expressed his opinion that the view of the Soviet Union that nuclear arms control should be absolutely linked to the question of the Strategic Defense Initiative was an obstacle to progress, as one might well expect.

I found it rather interesting to read in a report the other day that Andrei Sakharov had come to the same conclusion in Moscow. He is quoted as saying that to lose a possible disarmament agreement today because of fears linked to the creation of SDI in the 21st century is not constructive. I agree with that.

I think there are some small signs that maybe some formula may be found to finesse the SDI question when the great powers get together, as they are doing now, to discuss ways and means of building on the Reykjavik activities. I for one certainly hope that may be the case.

Lord Carrington also made an interesting observation to the effect that some of the policies being advocated by opposition parties within the NATO circle might be the cause of some serious difficulty, and that if they were carried through in a unilateral manner by those countries concerned, should a change of government take place in those countries, they might pose the severest strain on the collective security system that NATO represents.

He didn't mention Canada, he didn't mention the British Labour Party, although perhaps he might have done both. I, myself, will make no reference to those interesting matters in the course of this report.

**Senator Murray:** Did he mention the Liberal convention of last November?

**Senator Roblin:** I thought it discreet not to mention that at the moment.

The representative of the West German government made a most interesting speech. His contribution was to offer an appreciation, as he saw things then, as to the changing policies, if indeed they are, with respect to the Gorbachev regime in the Soviet Union. He expressed the opinion that the key to internal Russian politics had to be the capacity of the government to inspire the citizenship to be ready to increase their output and develop personal initiative and responsibility in the economic affairs of that nation, and to do so on an unprecedented scale.

I suppose that is not an unfair observation, but none of us at the moment knows whether, in fact, that will happen, and neither did the gentleman who spoke to us on that occasion. He offered the view, and I agreed with it, that the Soviet Union was not on the verge of collapsing, but also that without reform—and I think he went so far as to say "not in the economic sphere only but in the political sphere"—in those two spheres—that country would not be successful in keeping abreast of the technical and economic development taking place in other parts of the world. I suspect that to be true, otherwise, why would Mr. Gorbachev be stirring his stumps at all? But for the present, he reported that there was no evidence of fundamental change in Soviet interests, that they were still concerned to consolidate their hegemony in the socialist world; that they were anxious to maintain a global presence; that they were not averse to any weakening of the cohesion of the Western Alliance; and that they were, indeed, obsessed—I think I extracted that word from his statement—with the idea of military and political equality with the United States of America.

He said that for our part we should avoid outdated, hostile stereotyping, and that we should seek careful and realistic examination of the policies of the Soviet Union as events unfold, which seemed to me to be a reasonable proposition in the circumstances.

Although Herr Molleman did not say it, I noticed that Andrei Sakharov did, because in the same interview to which I previously referred he is credited with saying that the West must never give anything away for nothing; this is not blackmail on the part of the West, it is no more than helping those progressive tendencies in the Soviet Union which, with great difficulty, are trying to assert themselves. There is food for thought in that remark.

These three speeches, plus everything else that I heard at the Assembly, led me to reflect a little on Canada's position and policy in NATO and to think about why we were there at all. I recall that some 40 years after the event which brought us into NATO there are people and some politicians who forget the reasons we entered into NATO in the first place. There are some of us who succumb to wishful thinking, which obscures the reality of the real political world in which we live.

I recall, as I suppose all honourable senators do, that NATO did not come from nowhere, and that when Louis St. Laurent sanctioned our joining that body and led us into it, he did so because he had had the experience of two great world wars in which Canada was intimately involved, an experience which no doubt guided him, because history makes it clear that Canada does not, and Canadians do not—and, indeed, I suppose I could go so far as to say cannot—defend Canada by themselves. They never have done so; not ever in our history. Our country is too large, our means are too few. We perforce must share with others in what was called, when I was a little younger, collective security. That, to me, is the kind of thing that NATO speaks of.



Our policy as Canadians, our goal, to paraphrase John Holmes, a wise man in his field, is to work for the preservation of the kind of world order in which countries like ours, widely exposed and living on world trade, have the best chance to grow in peace, and that we need an international world order favourable to Canada to maintain that situation. The submission is that NATO helps us, in part, to do just that very thing.

Although a great deal was not said about it at the meeting, there was an unspoken agenda, and it is in the minds of everybody here, I have no doubt. The members of the Assembly, although they did not focus on the subject in a direct way on this occasion, were not unaware of the overarching issues of war and peace, which are epitomized in what we saw take place at Reykjavik, and what we seek in the days that lie ahead. The world longs for an end to nuclear weapons, or, if that is out of reach, at least for a reduction in the immense overkill that threatens the world. In the private conversations that took place in the corridors, it was made clear how great a concern the representatives had in that respect, and also how that issue impinges profoundly on the collective security system that NATO itself represents.

The Europeans, in particular, were anxious to underline and to emphasize the connection that there is between nuclear disarmament and the conventional system that they have for the defence of Europe, as well as the need to proceed to some kind of balanced conventional force in Europe, and also the fact that that necessity derives even more importance when one considers the implications of the Reykjavik conversations.

● (1540)

While Canada is not the prime mover in these momentous issues, we are not entirely silent or disinterested. We must lend all the support and all the encouragement we can to reinforce and to reinvigorate the initiatives that we saw started at Reykjavik last year, because change and movement we must surely strive for. However, Canada outside NATO is surely not going to make us any safer and it is not going to make the world any safer.

The structures of NATO are surely not perfect, but I think wise men will not abandon the best structures we know until we have some reasonable assurance that there is something better we can grasp.

I returned from this 32nd Annual Session of the North Atlantic Assembly impressed with its capacity to refresh the lines of communication between the parliamentarians of the 14 countries in the system; with some appreciation of the capacity

of the assembly to examine differences, to exchange political opinions between parties of various philosophies as distinct from the views of the government which lie behind them; and an appreciation of the opportunity that it provides for education and enlargement of our concept of what the NATO system means to us and to the rest of the world.

The Assembly, I think, can help that institution which, like all others, after they have been around for a while, becomes bureaucratized—to use a common word which perhaps explains my meaning—to do its part to retain the vigour, the adaptability and the freshness that we must bring to our consideration and reconsideration of all the momentous issues involved in the defence of the West and to revive or reanimate the spirit of community among its members, which is the secret of its great success.

I conclude that the collective security which NATO provides is, in the present state of the world, appropriate to world peace and in the best interests of Canadians.

**Hon. Senators:** Hear, hear!

**The Hon. the Acting Speaker:** As no other honourable senator wishes to participate in the debate, this inquiry is considered debated.

[*Translation*]

## AUDITOR GENERAL

### REPORT REFERRED TO NATIONAL FINANCE COMMITTEE

**Hon. Fernand E. Leblanc:** Honourable senators, the motion before you today, of which I gave notice yesterday, reads as follows:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of the Auditor General for the fiscal year ended March 31, 1986, tabled in the Senate on 28th October, 1986 (Sessional Paper No. 332-77).

Of course I could make a long speech to support this motion, but I shall refrain and merely refer to two documents that support this request, the first being the Rules of the Senate of Canada, on page 27, rule 67(1), which reads as follows:

> The Senate Committee on National Finance, composed of twelve members, four of whom shall constitute a quorum, to which shall be referred, if there is a motion to that effect, bills, messages, petitions, inquiries, papers and other matters relating to federal estimates generally, including:
>
> (i) national accounts and the report of the Auditor General;
>
> (ii) government finance.

As honourable senators have heard, according to the Rules of the Senate of Canada, the Senate Committee on National Finance is authorized to examine the Auditor General's Report.

I would now like to refer this chamber to the proceedings of the Standing Senate Committee on National Finance of Wednesday, May 14, 1986, where we find the committee's sixteenth report, with which honourable senators are of course familiar, dated Wednesday, May 28, 1986. The report lists the witnesses who were asked to appear before the committee, including those for the Treasury Board, the Department of Finance, Revenue Canada and the Office of the Auditor General of Canada.

The report itself is rather long, so I will not read the whole report. I would like to read the conclusion, because it supports the motion before you this afternoon. The conclusion appears on page 49:11 of Issue No. 49 under B.5 Conclusion, and reads as follows:

> The Committee believes that the recommendations in this report are a logical extension of the comments made in the Nielsen Task Force report *Services and Subsidies to Business* and the comments made in the 1984 and 1985 Auditor General's reports. However, it is also aware that all of these reports, comments and recommendations are only the beginning; sustained efforts by Parliament will be required to ensure that the real cost of these tax expenditures are no longer represented by guesses nor their total effects a mystery. In this regard, the 1986 report of the Auditor General is expected to contain a major chapter on tax expenditures and Mr. Dye has agreed to appear before the Committee to explain his findings.

Now that the report has been tabled, the Senate Committee on National Finance would like to hear again from the Auditor General, Mr. Dye, to pursue the representations made on the occasion of his previous report.

That is why I ask the Senate's permission to have this order of reference adopted today.

Thank you.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 440*)

AGREED RECORD OF NEGOTIATIONS BETWEEN CANADIAN AND FRENCH REPRESENTATIVES WITH RESPECT TO THE CONDITIONS FOR APPLICATION OF THE CANADA-FRANCE FISHING AGREEMENT

**UNOFFICIAL ENGLISH TRANSLATION SUBJECT TO CONFIRMATION WITH THE FRENCH**

Negotiations were held from October 1986 to January 1987 between Canadian and French representatives in order to determine, concurrently, the conditions for application of the March 27, 1972 Canada-France Treaty after December 31, 1986, and the process to lead to settlement of the dispute between France and Canada with regard to the maritime claims of the two countries off the coasts of Canada and St. Pierre and Miquelon.

At the conclusion of these discussions the two Parties agreed on the following:

1. No agreement has yet been reached between the two delegations with regard to application of the 1972 treaty in 1987.

Canada has unilaterally established fishing quotas by Notes Verbales of December 1986 and January 1987. France has protested such action by a Note Verbale of January 1987. The negotiations are continuing.

2. Furthermore, the representatives of the Parties will meet before March 15, 1987 in order to initiate negotiations with a view to concluding, concurrently:

   a) a Compromis (Special Agreement) which shall submit to compulsory third party settlement the dispute regarding the maritime claims by the two countries off the coasts of St. Pierre and Miquelon and Canada;

   b) a procès-verbal establishing the annual fishing quotas for French vessels in Canadian waters for the period 1988-1991 inclusive. These quotas will include cod quotas in NAFO Divisions 2J+3KL.

3. The negotiations shall be pursued to a successful conclusion with the greatest dispatch. The procès-verbal shall, if possible, be finalized before September 30, 1987 and the Compromis (Special Agreement) before December 31, 1987. The Compromis (Special Agreement) and the procès-verbal shall come into force on the same date. Each will be contingent on the other.

4. It has also been agreed that Canadian and French scientists will meet shortly in order to prepare a report on the state of the cod stock and the annual total allowable catch (TAC) limits in NAFO Division 3Ps in conformity with the attached annex.

5. The arrangement concluded in the form of an exchange of diplomatic notes dated June 20 and 28, 1984 pursuant to which each Party will abstain from regulating the vessels flying the flag of the other Party in the zone claimed mutually by France and Canada will remain in place until the rendering of the decision on the dispute regarding the maritime claims of the two countries off the coasts of Canada and St. Pierre and Miquelon.

6. This Agreed Record, (including the Annex) is without prejudice to the legal positions of either Party in particular as regards:

   — the maritime claims of France and Canada off the coasts of the two countries;

   — the application and the interpretation of the March 27, 1972 Treaty;

   — the positions which they may take in the negotiation of the procès-verbal mentioned in Paragraph 2(b) above.

No provision in this Record may be referred to with regard to the dispute mentioned in paragraph 2(a) above.

Lorne Clark

Gilbert Guillaume

Bob Applebaum

## ANNEX

### MANDATE FOR THE CANADIAN AND FRENCH SCIENTISTS WITH REGARD TO NAFO DIVISION 3Ps

The Canadian and French scientists:

a) shall evaluate the state of the cod stock

b) shall formulate, if possible, a recommendation on the TAC for cod for 1987

c) on the basis of the current size of the biomass and the catches, shall forecast the future development of that biomass and shall formulate, if possible, recommendations for the TAC of cod for the years 1988 to 1991.

## Note Verbale

The Canadian Embassy presents its compliments to the Ministry of Foreign Affairs and refers to the Embassy's Note Verbale No. 353 of December 30, 1986.

The Embassy has the honour to inform the Ministry that, in exercising its right to establish fishing quotas in Canadian waters, Canada has decided that the 1987 allocations for France will be modified as follows:

| | |
|---|---|
| Cod 2GH | 3,200 mt |
| Cod 4RS 3Pn | 2,300 mt |
| Cod 4Vn * | 1,200 mt |
| Cod 4Vn (May-December) | 100 mt |

The Embassy emphasizes that these quotas exceed the legal obligations of Canada resulting from the Canada-France Fisheries Treaty of March 27, 1972 and have been granted only so as to facilitate the process leading to the settlement of the dispute between Canada and France over the maritime claims of the two States off the coasts of Canada and St. Pierre and Miquelon.

The Embassy advises that the cod allocations in NAFO Divisions 4RS+3Pn and 4Vn may be fished outside the Gulf of St. Lawrence in 1987 notwithstanding the geographic restrictions set out in Article 4(b) of the Canada-France Fisheries Treaty of March 27, 1972.

The Embassy also informs the Ministry that the prohibition against French fishing vessels in the Burgeo Bank sector of NAFO Division 3Ps has been removed, on the understanding that should difficulties arise in this sector, consultations will be held between Canada and France.

In addition, the cost of the fees for the licences issued by Canada to French fishing vessels will be calculated for 1987, as for previous years, on the basis of fishing activities carried out by these vessels in conformity with the quotas granted by the Canadian authorities.

The Canadian Embassy avails itself etc.

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* The rules concerning the management of the stocks which were applied during the preceding years will be applicable.

## UNOFFICIAL ENGLISH VERSION

## French Note Verbale

The Ministry of Foreign Affairs presents its compliments to the Canadian Embassy and has the honour to refer to the Embassy's Notes Verbales No. 353 of December 30, 1986 and No. 026 of 27 January 1987.

The French authorities strongly protest the unilateral establishment by Canadian authorities of the fishing quotas allocated to France in Canadian waters for 1987. They consider such action to be contrary to both the letter and the spirit of the Treaty between Canada and France of March 27, 1972 and to the practice followed by the Parties in the application of this Treaty: the fishing quotas allocated annually to France by Canadian authorities have, in fact, always been established by the two countries by agreement and usually recorded in procès-verbaux, the most recent of which was signed on October 3, 1980. The French authorities also reserve their position as regards the interpretation given by Canada in its most recent Note concerning Article 4(b) of the Treaty of March 27, 1972.

Furthermore, the French authorities regret that the quotas Canada intends to allocate to France for 1987, both within and outside the Gulf of St. Lawrence, are so low. They consider that such quotas will not permit French vessels to benefit effectively from the permanent fishing rights to which France is entitled to in Canadian waters pursuant to Articles 2 and 4 of the Treaty of March 27, 1972.

The French authorities have taken note of the anticipated re-examination of the cost of the fishing licence fees, and the removal of the prohibition against French fishing on Burgeo Bank. They assure the Canadian authorities that in the event of difficulties in this sector, consultations will take place between France and Canada.

The French authorities trust that the continuation of discussions with the Canadian authorities will improve the current situation as soon as possible and permit a return to the proper application of the 1972 Treaty.

The French authorities point out that it is self-evident that the quotas allocated to France in sectors 3Ps and 4Vs cannot affect the part of these sectors which lie within the French economic zone off the coast of St. Pierre and Miquelon.

The Ministry of Foreign Affairs avails itself etc.

# THE SENATE

**Thursday, February 5, 1987**

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

Prayers.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Nathan Nurgitz:** Honourable senators, I have the honour to present the Second Report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "A", p. 458.*)

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

On motion of Senator Nurgitz, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NINTH REPORT OF COMMITTEE PRESENTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the the following report:

Thursday, February 5, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

NINTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology for the proposed expenditures of the said Committee with respect to its study of the Consultation Paper on Training, and the document entitled: "Employment Opportunities: Preparing Canadians for a Better Future", as authorized by the Senate on October 30, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Transportation and Communications | $4,300. |

Respectfully Submitted,

GUY CHARBONNEAU
*Chairman*

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I propose to move that we consider this report at the next sitting of the Senate, so that in the meantime honourable senators will have an opportunity of reading the report. Then, when it comes up for consideration, they will be au courant.

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

On motion of Senator Frith, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

NOTICE OF MOTION FOR REFERRAL TO COMMITTEE OF THE WHOLE

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I give notice that I propose to move, with leave:

> That the agreement on fisheries and boundaries between Canada and France, recently tabled in the Senate, be referred to Committee of the Whole for the purpose of hearing Ministers, officials and other interested parties, including provincial premiers.

**The Hon. the Speaker:** Honourable senators, is leave granted?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I propose to move the adjournment of the debate if the honourable senator does not intend to speak to this matter.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, notice has just been given that the motion will be moved later this day. So, it will come up under "Motions" in due course when, I am sure, Senator MacEachen will speak to it, and we can discuss it at that time.

Senator Doody's usual motion for adjournment might better wait until we have sorted out whether we want to proceed with the motion. If the Senate decides that it wants to deal with this motion and deal with the matter in Committee of the Whole, we might want to sit next week in order to do so. I do not mean to tie the deputy leader's hands at all, but I suggest that the

two are interlocked, and we might want to leave both motions until later.

**Hon. C. William Doody (Deputy Leader of the Government):** I would like to move another motion, honourable senators, if we have finished with this particular item.

**The Hon. the Speaker:** Do I understand, Senator Doody, that you want it debated later this day?

**Senator Doody:** No, I have another motion that I want to move. I understand that this item will come up later this day, anyway, under "Motions." However, I have another motion I want to put, with leave, which is on a different matter.

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

**Hon. Senators:** Agreed.

## SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-37

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-37, An Act respecting the imposition of a charge on the export of certain softwood lumber products, in advance of the said Bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

## ADJOURNMENT

On Notices of Motions:

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, as has been suggested, this is the time when we usually put the adjournment motion. However, I now ask that leave be given to revert later this day.

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

**Hon. Senators:** Agreed.

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# QUESTION PERIOD

[*English*]

## FISHERIES

CANADA-FRANCE AGREEMENT—LICENSING OF FRENCH VESSELS IN DISPUTED ZONE

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I have a question for the Leader of the Government with respect to the issues surrounding the agreement between Canada and France on fisheries and boundaries.

The Minister of Justice, in the other place, referred to an agreement concluded by an exchange of notes between Canada and France in June, 1984, providing that there would be no boarding of each other's vessels in the disputed zone south of St. Pierre et Miquelon. Then the Minister of Justice went on to say:

> That is why today when France says it wants nine vessels licensed to fish in this disputed zone, 3PS, we license them.

I must say that I am at a loss to understand how the exchange of notes in 1984 providing for mutual restraint with respect to vessels of either country automatically leads, as the Minister of Justice says, to the issuance of licences to fish in that area. That is why I am asking the Leader of the Government if he can tell us how such an exchange of notes on boarding restraint could be interpreted as determining the issuance of fishing licences.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I had understood that the issuance of fishing licences, as referred to by the Leader of the Opposition, was our way of supporting our own legal position, our claims and our authority.

I am not aware of the statement attributed to the Minister of Justice, to which the Leader of the Opposition refers, but I shall make inquiries.

**Senator MacEachen:** I thank the Leader of the Government for that undertaking to provide some clarification of the relationship between the issuance of licences and the agreement of 1984.

EFFECT OF 1984 EXCHANGE OF NOTES

**Hon. Allan J. MacEachen (Leader of the Opposition):** There is another point that I want to raise with the Leader of the Government and it relates to the confusion that appears to exist about the implications of the exchange of notes in 1984. There is a suggestion, I believe made in the other place by ministers, that somehow the exchange of notes in 1984 has tied the hands of the government, and were it not for that exchange of notes the government would be free now to do many things, including boarding French vessels as they overfish in the disputed zone.

It is true that the exchange of notes in 1984 did obligate both governments not to forcibly board vessels of the other country as long as negotiations were in process on the boundary dispute. But what I want to know is: Why did the government extend the policy of non-boarding now that negotiations on the boundary dispute have ceased?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will obtain a considered reply to that question.

• (1410)

## TERRORISM

INTERNATIONALLY PROTECTED PERSONS—
FEDERAL-PROVINCIAL JURISDICTIONAL AGREEMENTS

**Hon. Peter Bosa:** Honourable senators, I have a question for the Leader of the Government in the Senate. Perhaps he recalls the hostage-taking incident last year involving the Bahamian High Commissioner in Ottawa. That gave rise to an embarrassing situation, because it was not clear whether the RCMP or the local Ottawa Police Force would take charge. In 1984, when the Canadian Security Intelligence Service Act was adopted, specific reference was made to the question as to which police force would be responsible for the protection of internationally protected persons where acts of terrorism were directed against embassies and consular offices. Subsection 61(2) gives specific guidance to the Solicitor General, asking him or her to enter into agreements with provincial police forces in order to clarify the situation.

Could the Leader of the Government in the Senate provide the Senate with information as to how many agreements have been finalized and with which law enforcement agencies and with which provinces?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will endeavour to obtain that information.

## MR. TERRY WAITE

SPECIAL EMISSARY OF ARCHBISHOP OF CANTERBURY—
RUMOURED TRAGIC DEVELOPMENTS

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I wonder whether the Leader of the Government in the Senate has received any recent information on the condition and situation of Mr. Terry Waite. There have been some rumours to the effect that something tragic has happened recently. Is the government leader attempting to obtain for us any updated information on Mr. Waite?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have heard the rumours that the Deputy Leader of the Opposition has heard, but I have no official information to convey at this time. I am attempting to obtain some now.

## POST-SECONDARY EDUCATION

PROPOSED NATIONAL FORUM—CURRENT STATUS

**Hon. John B. Stewart:** Honourable senators, I should like to ask the Leader of the Government in the Senate a question concerning post-secondary education. Honourable senators will remember that just before Christmas the Leader of the Government gave us some information as to the progress of the discussions leading up to a possible national forum as was forecast in the Speech from the Throne. I wonder if the Leader of the Government, either today or as soon as possible, could bring us up to date on what arrangements have been made and what the present plans are.

[Senator Murray.]

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will do that. Meanwhile, I can tell the honourable senator that so far as I am aware the proposal seems to have elicited quite a positive response from all quarters, including the provinces and post-secondary institutions. The Honourable David Crombie, the Secretary of State of Canada, is meeting this week with the Council of Ministers of Education of Canada on this matter and he may well have something to report in a day or two.

## INDUSTRY

SYDNEY STEEL CORPORATION—STATUS OF MODERNIZATION PLAN

**Hon. B. Alasdair Graham:** Honourable senators, can the Leader of the Government indicate to us the status of the second phase modernization of the Sydney Steel Corporation? There has been some discussion with respect to the $157 million that was to be spent on that particular project, 70 per cent to be paid by the federal government and 30 per cent by the Government of Nova Scotia. The agreement between the federal government and the Government of Nova Scotia, if I recall correctly, was signed in February 1986. Can the Leader of the Government tell us what the status is, because there seems to be a great deal of uncertainty in the community with respect to the community, the union and, indeed, the management.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I can only say that I hope that the matter will be resolved very shortly.

SYDNEY STEEL CORPORATION—DISCUSSIONS WITH CN
CONCERNING LONG-TERM RAIL CONTRACTS

**Hon. B. Alasdair Graham:** As a supplementary, can the Leader of the Government indicate that he is aware that there are ongoing discussions between Sysco and the federal crown corporation CN with respect to long-term commitments for rail contracts? If so, can he bring us up to date on that?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I can tell the honourable senator that a decision on that matter is imminent.

SYDNEY STEEL CORPORATION—POSSIBILITY OF
ANNOUNCEMENTS BY PRIME MINISTER

**Hon. B. Alasdair Graham:** Perhaps I may be permitted a final question, which is in two parts. I understand that the Prime Minister will be opening the Canada Winter Games in Cape Breton on February 15. Will the Prime Minister be attending the games? And will he be making an announcement with respect to Sysco modernization phase two, as well as any

pending new agreement between CN and Sysco, during his visit to Sydney or prior to that time?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am not aware that the Prime Minister is going to Cape Breton for the opening of the Winter Games. The fact is that both matters to which the honourable senator refers—the Sysco modernization plan and Sysco's business with the Canadian National—have reached the stage where a decision and announcements are, as I say, imminent.

AEROSPACE—ALLOCATION OF CONTRACTS—GOVERNMENT POLICY

**Hon. Gildas L. Molgat:** Honourable senators, I wish to address a question to the Leader of the Government regarding the aeronautics industry. We had some questions previously regarding the CF-18 contracts and, following on that, the Minister of National Health and Welfare, the Honourable Jake Epp, the minister from Manitoba, announced in Winnipeg recently that the contract to repair the CF-5 aircraft would be given to Winnipeg. That, of course, would be a very much smaller contract and of shorter duration.

However, what is of importance is that in the course of his comments the minister said that the government was committed to "ensuring an equitable regional distribution of our aerospace procurement requirements."

Meanwhile, at roughly the same time—either the day before or even within hours—another minister, the Honourable Marcel Masse, was speaking in Montreal and saying the reverse. He was saying that the aeronautics industry would be centred in Montreal.

This now leaves Manitoba in the position that it does not know where it stands. Traditionally, for many years the province has had approximately 10 per cent to 15 per cent of the aeronautics industry. We now find what appears to be a band-aid treatment to try to correct some of the very bad reactions to the CF-18 decision. But we have also been told that the centralization will be around Montreal. What, in fact, is the position of the government?

● (1420)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, there was an exchange on this matter the other day in the House of Commons in the course of which the Deputy Prime Minister stated that it is a policy of the government that economic development should take place across all the regions of Canada. In the case of the aerospace industry, as referred to by Senator Molgat, the Deputy Prime Minister said that Manitoba will be and is, indeed, a centre of excellence for repair and maintenance activities in that sector, as is Montreal on the manufacturing side.

**Senator Molgat:** I thank the minister for his reply. However, that does not answer the problem for Manitobans. The problem is that the contract given to Manitoba is on the CF-5 aircraft, an aging aircraft. That aircraft is going out. In fact, some people claim that it should never have been purchased in the first place. Be that as it may, this aircraft has been in the system for many years. We are not dealing here with continuing involvement but, rather, with treating a dying patient. That is all it is. There is no indication in any statement that we have seen that the government is committed to maintaining that kind of Manitoba involvement in light of the statements by Mr. Masse, who is contradicting what Mr. Epp has been telling us.

**Senator Murray:** Honourable senators, I do not agree that there is a contradiction at all. I refer Senator Molgat to the statement made by the Deputy Prime Minister. It seemed pretty clear to me that insofar as the Government of Canada has anything to say about it, we want to see Manitoba remain a centre of excellence on the repair and maintenance side of that industry.

## DELAYED ANSWER TO ORAL QUESTION

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have a reply to a question asked yesterday.

## EMPLOYMENT

ST. BONIFACE, MANITOBA—CLOSING OF HOG DIVISION OF CANADA PACKERS—REQUEST FOR GOVERNMENT ASSISTANCE

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have a reply to a question asked by Senator Guay concerning the closing of the Canada Packers slaughterhouse in Winnipeg.

My information is that the Canadian Employment and Immigration Council representatives met with Canada Packers Management in September and early December to discuss the assistance CEIC can provide to the employees. Intensive discussions with the company, the union, non-unionized workers and the provincial ministries of labour and employment took place throughout January. Agreement was reached with all parties on February 4 to use CEIC's Industrial Adjustment Service. The Industrial Adjustment Service will assist employer-employee committees to tap and organize every possible resource to help the workers prepare for and find new jobs. Committee costs will be divided equally between the company, CEIC and the Province of Manitoba. In addition, the St. Boniface Employment Centre has assigned an officer to work with the committees and to help the workers get access to any specialized services which the committees decide they need.

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## NATIONAL ARCHIVES OF CANADA BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Doyle, seconded by the Honourable Senator Barootes, for the second reading of the Bill C-7, An Act respecting the National Archives of Canada and records of government institutions of Canada and to amend other Acts in relation thereto.—(*Honourable Senator Bosa.*)

**Hon. Peter Bosa:** Honourable senators, in speaking on Bill C-7, I should like, first, to congratulate Senator Doyle, who introduced this bill to the Senate, for the extensive historical background that he provided on the Archives. This is not a controversial bill, and in the course of my remarks I shall make reference to some of the aspects of the bill that could be improved and some clauses that could be clarified.

The Archives play a vital function within our society. By ensuring that historically important records are preserved, they allow our people to look into the past, acquire a better understanding of who they are and what they stand for and, it is hoped, help them to build a better and stronger society within which to live by drawing from both past successes and mistakes.

The former Dominion Archivist, Mr. Arthur Doughty, eloquently described the nature of archives over 50 years ago. He stated:

> Of all the riches a country possesses, its archives are the most precious. They are the legacy of one generation to the next and the importance we give them is a measure of how civilized we are.

These words, which are as relevant today as they were then, give an idea of the challenge that is now before us, that is, of ensuring through strong legislative measures that Canada's heritage, rich and vibrant in its cultural diversity, will be preserved for our benefit, and the benefit of our children and our children's children.

[*Translation*]

Bill C-7, which we are considering today, known as the Archives of Canada Act, is one of those measures. It confirms and legislates the role of the Public Archives of Canada and allows for the many changes that have taken place since the present Public Archives Act was passed in 1912.

[*English*]

On balance, Bill C-7 is a welcome and long-awaited piece of legislation. It provides a solid legislative base for the all-important mission of the National Archives of Canada, which is now set out with far greater particularity under clause 4 than is the case under the existing legislation. It acknowledges the important responsibility of the National Archives of Canada in ensuring the preservation of our nation's documentary heritage by assisting other archives and archivists throughout Canada. It sets a standard for archival legislation and will serve as a useful model for other jurisdictions and organizations wishing to establish statutory authority for their archives.

It must be noted that the bill before us is a marked improvement over its original version, which was first tabled as Bill C-95 during the last session of Parliament. A number of significant changes were made in the course of its progress through the other place.



Foremost among these was the elimination of the provisions which potentially exempted from the archivist's effective control all records containing confidential information from foreign governments. Under these provisions, foreign governments would have been allowed to order the outright destruction of all records containing confidential information supplied by them or, alternatively, they could have blocked the transfer of such records to the National Archives. Consquently, many important Canadian records on international affairs could have been lost forever or suppressed indefinitely, irrespective of how much confidential foreign information these privileged documents actually contained.

These provisions, therefore, could have led not only to a seriously incomplete historical record of Canada's international relations but also it would have placed in the hands of foreign powers the right to decide what would and what would not become a part of our national heritage.

Fortunately, in light of the fierce opposition that was raised in relation to these totally unacceptable provisions which would have undermined Canada's sovereignty, the government was persuaded to remove them from the bill and it must be applauded for having done so.

Under the revised bill, therefore, all federal records to which the act applies will now be subject to the effective control of the National Archivist who, in accordance with his or her mandate, will objectively assess their content and ensure that all those records which have historical significance will be preserved for the generations to come.

Despite the changes that were made in the other place, there are still a number of outstanding concerns under the bill which require our careful examination.

First, the bill does not apply to all federal institutions. By virtue of the limited definition of "government institutions" under clause 2, it excludes from the jurisdiction of the National Archives the records of a number of historically important federal institutions. To name a few: crown corporations, such as the CBC, Air Canada and CN Rail; royal commissions of inquiry, the judiciary and the Canadian Parliament.

● (1430)

In the view of many, there should be no exceptions whatsoever to the authority of the National Archivist. They argue that whatever measures are needed to protect the possibly sensitive nature of the records of the institutions currently exempted under the bill can and should be prescribed under the access to information legislation.

Also, the definition of "ministerial records" under clause 2 is extremely vague and could be used to shield from the authority of the National Archivist a number of important ministerial records which should otherwise be routed through the archivist.

This definition provides:

> "Ministerial record" means a record of a member of the Queen's Privy Council for Canada who holds the office of

a minister and that pertains to that office, other than a record that is of a personal or political nature or that is under the control of a government institution.

Indeed, sometimes it is extremely difficult to tell what is a record of a personal or political nature, on the one hand, and one which pertains to the office of a minister, on the other. Who will decide which is which? The minister or the National Archivist?

Under the current wording of this definition, one can certainly see that there is considerable leeway for withholding records, particularly since under clause 5(5) of the bill, the National Archivist can have access to confidential cabinet documents only with the consent of the Clerk of the Privy Council.

Clause 9, in turn, provides for the establishment of a National Archives Advisory Board consisting of the National Archivist, the National Librarian, the Secretary-General of the National Museums of Canada and "not more than seven other members appointed by the Minister from among persons who are experienced in archival matters."

What does it mean that he can appoint "not more" than seven? Does that mean he can appoint one, three or five? This clause should establish what the minister can and cannot do. If the minister is being given such leeway, there should be an explanation for the minister's having such leeway.

Although this provision was changed in the other place to make the creation of the advisory board mandatory rather than discretionary, as was earlier prescribed, there is still some room for improvement.

It is not clear as to how this board will be constituted, given the broad discretion that is vested in the minister to appoint "not more than" seven board members, in addition to the three named officials. In light of the important task to be served by this board—which is to advise and assist the National Archivist in carrying out the objects and functions of the National Archives—it might be desirable if the membership of the board were defined with greater precision.

Clause 8 is also unclear. It mandates, on the one hand, that a copy of all recordings requested by the National Archivist be deposited in the Archives within six months of the request, while, on the other, it fails to state precisely which recordings can be so requested. Will foreign works distributed in Canada be subject to the Archivist's authority? Or Canadian works only?

Particularly since acts of non-compliance are punishable by imprisonment of up to six months, it might be advisable if clause 8(5) were reworded to indicate clearly which recordings are encompassed within its terms.

Finally, a word as to the quality of the existing archival facilities in Canada. It is recognized that there is a dire need for improved facilities in which to store the records which this bill is designed to protect. Yet, there appears to be little, if any, effort directed at ensuring that these materials are properly housed. Surely, we should not allow this essential aspect of our Canadian heritage to be jeopardized in any way.

I took a tour of the facilities at the National Archives and found them to be appalling. On the eighth floor was an accumulation of documents covered with polyethylene to protect them from the rain because the roof was leaking. Also, there is no temperature control in those rooms. I think the government should make plans to construct proper facilities so that these documents are housed properly and all in one place.

The bill is not a perfect one; it could be improved. However, this revision is long overdue and it has, by and large, received the overwhelming support of the archival and research communities.

I understand that this bill will be referred to the Standing Senate Committee on Legal and Constitutional Affairs, at which time we can deal with the anomalies in the bill in greater detail.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill referred to Standing Senate Committee on Legal and Constitutional Affairs.

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

MOTION FOR REFERENCE TO COMMITTEE OF THE WHOLE—DEBATE ADJOURNED

**Hon. Allan J. MacEachen (Leader of the Opposition),** pursuant to notice of earlier this day, moved:

> That the agreement on fisheries and boundaries between Canada-France, recently tabled in the Senate, be referred to a Committee of the Whole for the purpose of hearing Ministers and officials and other interested parties, including provincial Premiers.

He said: Honourable senators, I think I should give an explanation of the purpose and the timing of this particular motion. It is clear to all of us that there is deep interest, to put it in the most non-controversial terms, in the recently concluded agreement between Canada and France on fishery quotas and the boundary dispute.

The interest in Newfoundland and Nova Scotia is intense, and the provincial governments have expressed great concern not only about the process leading up to the conclusion of the agreement but also about the substance of the agreement itself.

● (1440)

I have, as honourable senators know, been asking the Leader of the Government for information with respect to the agreement. I have no complaint about the cooperation which the Leader of the Government has extended, but on more than one occasion he has had to take the question put as notice, because the agreement itself, the determination of quotas, the boundaries and the fishing zones are complex, and it is understand-

able that he is not in a position to answer these questions immediately in the Senate. Nevertheless, there is a crying need for additional information. I certainly would like to have information, as would others. Therefore, this is a method by which we could interrogate, and receive information directly from, a minister or ministers, officials and other parties, including the provincial premiers, if they were prepared to say here what they have said elsewhere and to subject themselves to questioning on certain points.

Honourable senators, if there was ever a regional issue, this is it as far as the Atlantic provinces are concerned. We often say that the Senate has a regional orientation, a regional purpose, and that its mission is to give greater expression to regional interests. I need not say anything further to argue that this particular question of the fisheries and the future of the fisheries is regional in character, and this particular agreement affects particularly the Atlantic provinces.

Honourable senators, the question that can be raised—and I think it is a legitimate question—is: Why is it that the matter is not referred to the Standing Senate Commitee on Fisheries? Indeed, the Leader of the Government made that suggestion himself. It appealed to me. However, I discovered that there were two things that seemed to interact, which made reference to the Committee of the Whole very desirable. The first is that the Standing Senate Committee on Fisheries is presently engaged with an important reference and I understand it has plans to leave Ottawa on Saturday and will not be returning until mid-week. Therefore, it could not respond to a need to meet on this subject as quickly as could the Committee of the Whole. The second point is that we know from looking at the order paper that there is no government business before this chamber next week. What better way to take advantage of the lack of government business than to deal with this important regional question?

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** It is a reasonable proposition to deal with the question in Committee of the Whole next week and get the maximum information in the hope that the public will be enlightened, as well as members of the Senate.

**Senator Perrault:** Hear, hear!

**Senator MacEachen:** That is why I put forward this motion, honourable senators, so that we could meet, as usual, on Tuesday. In the meantime, some arrangements could be made to have the Minister of Fisheries and Oceans prepared to come before the Committee of the Whole to give us a statement. We could ask questions of him and his officials and, if necessary, we could ask the Secretary of State for External Affairs, or any other minister who has been deeply involved in this negotiation, to appear. Subsequently, it would be courteous to give an opportunity to the provincial premiers, if they wished, to come before this body and give their views.

**Senator Perrault:** Hear, hear!

**Senator MacEachen:** I recommend the motion and I hope that it will be accepted.

[Senator MacEachen.]

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I move the adjournment of the debate.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I would like to have leave to make a comment about the motion to adjourn the debate. Obviously, it is not a motion that somebody either wants to debate or refuse. It is unusual for us to refuse such a motion, and it is understandable why the Leader of the Government would want the opportunity to give it some thought. But I think I should say that on our side, while we have no inclination to refuse the motion to adjourn the debate, that lack of inclination depends on our sitting next week so that when we do continue with it, we will continue with it on Tuesday. So, provided that we have an adjournment until next Tuesday, we would not even think of refusing the motion to adjourn.

**Hon. Jack Marshall:** Honourable senators, I would like to comment on the reference that Senator MacEachen made to the Standing Senate Committee on Fisheries. We are due to leave for Alaska on Saturday and will return on Wednesday. I am sure all the members of the committee would want to participate in such a debate, so there are two alternatives: either to postpone the debate until Thursday, or to call a steering committee meeting immediately and cancel the trip, because this would be considered of more importance than the trip we are undertaking—even though it is important, also.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I would like to ask a question on the same issue. If Senator Marshall is considering cancelling the trip, would it not be more appropriate to refer this fisheries matter to the Fisheries Committee, if the Fisheries Committee will be here next week?

**Senator MacEachen:** No, honourable senators. It is a matter for the Fisheries Committee to determine whether it wishes to cancel its work. I do not see any necessity for that. However, that is a matter for the committee. It was because the committee had a program of travel that I did not propose to ask that committee to do the urgent study that is required on this matter.

Honourable senators, we can all be here next week to deal with the matter. If the members of the Fisheries Committee can be back on Wednesday, as we have been told, they will have an opportunity on Thursday, or later, to participate in the discussion that will take place. In that way both interests will be served.

**Senator Doody:** Honourable senators, I guess that is where the the matter rests for now.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

On motion of Senator Murray, debate adjourned.

## ADJOURNMENT

Leave having been given to revert to Notices of Motions:

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

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 10th February, 1987, at two o'clock in the afternoon.

Motion agreed to.

The Senate adjourned until Tuesday, February 10, 1987, at 2 p.m.

## APPENDIX "A"

(*See p. 450*)

### REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF JOINT COMMITTEE

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THURSDAY, February 5, 1987

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

SECOND REPORT
(Statutory Instruments No. 36)

In accordance with its permanent reference, Section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, the Joint Committee draws to the special attention of both Houses the *International Pacific Halibut Convention Regulations* (SOR/84-500), as amended.

These Regulations were adopted by the Governor in Council pursuant to Section 4 of the *Northern Pacific Halibut Fisheries Convention Act*, R.S.C. 1970, c. F-17, and regulate the halibut fishery in waters off the west coast of Canada and the United States in accordance with the provisions of the 1953 *Convention between Canada and the United States of America for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea*. In the opinion of the Joint Committee, the Governor in Council was not empowered to make these Regulations pursuant to Section 4 of the Act and they should have been enacted by the International Pacific Halibut Commission pursuant to Article III.2 of the Convention.(1)

By Section 3 of the *Northern Pacific Halibut Fisheries Convention Act*, Parliament approved and confirmed the Convention set out in the Schedule to the Act. Your Committee considers that in enacting this Section, Parliament intended the provisions of the Convention to operate as part of Canadian law. Pursuant to Article III.2 of the Convention, the International Pacific Halibut Commission may:

> "... in respect of the nationals and inhabitants and fishing vessels and boats of Canada and of the United States of America, and in respect of halibut:
>
> (a) divide the Convention waters into areas;
>
> (b) establish one or more open or closed seasons, as to each area;
>
> (c) limit the size of the fish and the quantity of the catch to be taken from each area within any season during which fishing is allowed;
>
> (d) during both open and closed seasons, permit, limit, regulate or prohibit, the incidental catch of halibut that may be taken, retained, possessed, or landed from each area or portion of an area, by vessels fishing for other species of fish;
>
> (e) prohibit departure of vessels from any port or place, or from any receiving vessel or station, to any area for halibut fishing, after any date when in the judgment of the International Pacific Halibut Commission the vessels which have departed for that area prior to that date or which are known to be fishing in that area shall suffice to catch the limit which shall have been set for that area under section (c) of this paragraph;
>
> (f) fix the size and character of halibut fishing appliances to be used in any area;
>
> (g) make such regulations for the licensing and departure of vessels and for the collection of statistics of the catch of halibut as it shall find necessary to determine the condition and trend of the halibut fishery and to carry out the other provisions of this Convention;

(h) close to all taking of halibut such portion or portions of an area or areas as the International Pacific Halibut Commission finds to be populated by small, immature halibut and designates as nursery grounds."

The terms of this Article, as well as the many references in other Articles of the Convention to regulations of the International Pacific Halibut Commission, confirm the intention of the contracting parties to confer regulation-making powers on the Commission. In addition, Sections 7 and 8 of the Act make it an offence to contravene any provision of "the Convention and the regulations made thereunder." The underlined words refer to regulations made by the International Pacific Halibut Commission pursuant to Article III.2 of the Convention. Such regulations must, under the Convention, be approved by the Governor in Council to have legal effect. But the purpose of Order in Council P.C. 1984-2269 -the enacting instrument for the present Regulations- was not to approve regulations made pursuant to Article III.2 of the Convention, but to make new regulations pursuant to Section 4 of the Act. The distinction between a power to make regulations and a power to approve them is critical. An authority empowered to approve or confirm a regulation enacted by another administrative authority may not substitute itself to the enacting authority and make the regulation in its place. Any such regulation is null and void (*Regina* v. *Feraco*, (1965) 1 O.L.R. 652).

Section 4 of the *Northern Pacific Halibut Fisheries Convention Act* provides that:

4. The Governor in Council may make regulations for carrying out and giving effect to the provisions of the Convention and anything done by the Commission thereunder.

In correspondence with the Committee, the Minister of Fisheries and Oceans has taken the position that this clause empowers the Governor in Council to make regulations which would otherwise be made by the Commission.

"In the view of legal counsel, section 4 of the Northern Pacific Halibut Fisheries Convention Act authorizes the Governor in Council to make the regulations that would otherwise be approved pursuant to Article III (2) of the Convention. Article IV of the Convention further supports this argument in that the parties to the Convention are bound to enact and enforce such legislation as may be necessary to make effective any regulations adopted under the Convention."(2)

According to this view, rules designed to regulate the halibut fishery can be made either by the Governor in Council pursuant to Section 4 of the Act or by the Commission, with the approval of the Governor in Council, pursuant to Article III.2 of the Convention. The Joint Committee does not agree that regulations respecting the matters enumerated in Article III.2 of the Convention may be made by the Governor in Council pursuant to Section 4 of the Act. As noted earlier, the provisions of the Act and of the Convention indicate that the regulations made by the Commission were intended to operate as part of Canadian law upon their approval by the Governor in Council. Article III.2 of the Convention is to be construed as would other grants of regulation-making authority by Parliament.

In interpreting legislation, recourse is often had to the rule that where two legislative provisions deal with the same subject-matter, or could be so read, the more particularized of the two takes precedence over the more general one. This rule, expressed in the maxim *generalibus specialia derogant*, has relevance here. Parliament, when it ratified the 1953 Convention, allowed certain specific regulation-making powers to be exercised by the International Pacific Halibut Commission with the approval of the Governor in Council. These powers are detailed in Article III 2 of the Convention. At the same time, Parliament enacted Section 4 of the Act which confers general regulation-making powers on the Governor in Council. The Committee conceives of no reason for Parliament to have conferred identical powers on both the Governor in Council and the Commission. Section 4 of the Act is to be read as giving the Governor in Council residual authority to make such regulations as may be necessary to give effect to the provisions of the Convention, with the exception of those provisions in respect of which the International Pacific Halibut Commission was given specific regulation-making authority.

To read Section 4 of the Act as permitting the Governor in Council to exercise the same regulation-making powers as those conferred on

the Commission under the Convention would be inconsistent not only with the Convention but with the terms of Section 4 itself. The agreement between Canada and the United States is that a joint international commission will regulate the halibut fishery. For the Governor in Council to exercise the powers of that commission would be inconsistent with that agreement. Furthermore, Section 4 of the Act contemplates the making of regulations to carry out and give effect to the provisions of the Convention. The Convention itself states that the halibut fishery is to be regulated by the Commission. In using the regulation-making powers conferred by Section 4 to make those regulations which the Convention says are to be made by the Commission, the Governor in Council can hardly be said to be giving effect to the Convention.

As noted earlier, the Minister referred the Joint Committee to Article IV of the 1953 Convention. It provides that:

> "The Contracting Parties agree to enact and enforce such legislation as may be necessary to make effective the provisions of this Convention and any regulation adopted thereunder, with appropriate penalties for violations thereof".

Your Committee is unclear as to why this Article was invoked. The legislation which the Contracting Parties agreed to enact is, in the case of Canada, the *Northern Pacific Halibut Fisheries Convention Act*. When Parliament enacted the Statute in 1953, Canada discharged its obligation to make effective the provisions of the Convention and regulations adopted pursuant thereto.

Finally, the Joint Committee draws attention to the practice previously followed in the making of regulations under the Convention. From 1954 to 1958, the rules regulating the halibut fishery were enacted by the Governor in Council pursuant to Section 4 of the Act. Although this apparently lends support to the Government's current position, it must be noted that from 1959 to 1984, these rules were invariably enacted by the International Pacific Halibut Commission pursuant to Article III.2 of the Convention and subsequently approved by the Governor in Council. Given the inconsistency of previous practice, we do not feel any deciding weight can be attached to it in interpreting the Act. We should also refer to the current practice of the other Party to the Convention. The information available to your Committee indicates that, in the United States, regulations under the Convention are made by the Commission with the approval of the President, as provided for in Article III.2 of the Convention.(3) This practice is consistent with the position taken by the Committee.

For the reasons set out in this report, the Joint Committee considers that Section 4 of the *Northern Pacific Halibut Fisheries Convention Act* does not empower the Governor in Council to make regulations respecting matters enumerated in Article III.2 of the 1953 Convention. Such regulations can validly be made by the International Pacific Halibut Commission. In the opinion of the Committee, the *International Pacific Halibut Convention Regulations* passed on 28 June 1984 lack legal validity insofar as they were adopted by an authority other than that authorized by the relevant legislation.

We recommend that future regulations to implement the Convention be enacted by the International Pacific Halibut Commission, in accordance with the practice followed prior to the enactment of the Regulations under report.

The Joint Committee, pursuant to Standing Order 99(2) of the House of Commons, requests the Government to table a comprehensive response to this report.

Respectfully submitted,

**NATHAN NURGITZ,**
*Joint Chairman.*

END NOTES

(1) The existence of this Commission, on which Canada and the United States are equally represented, is provided for in Article III.1 of the 1953 Convention.

(2) The text of the correspondence between the Minister and the Chairmen of the Joint Committee is appended to this report.

(3) *Pacific Halibut Fishery Regulations*, 50 CFR 301.

**APPENDIX TO REPORT**

February 6, 1986

The Honourable Thomas E. Siddon, P.C., M.P.
Minister of Fisheries and Oceans,
House of Commons,
OTTAWA, Ontario
K1A 0A6

Dear Mr. Siddon:

Re: SOR/84-500, International Pacific Halibut Convention Regulations

On March 12, 1985, counsel to the Joint Committee wrote to your Department's Designated Instruments Officer and drew his attention to the fact that the referenced Regulations have been made by the wrong regulation-making authority and are consequently ultra vires the enabling legislation. In a reply dated November 29, 1985, Mr. Rowat did not dispute that the Regulations are without legal authority but indicated that the Department wished to consider whether it would revoke the Regulations or rewrite them in their entirety.

This correspondence was considered by the Joint Committee at its meeting of January 30, 1986, and we are instructed to convey the Committee's dissatisfaction with your Department's reply. Contravention of these Regulations can have extremely serious consequences for the subject and the question of their validity must be addressed with considerably more urgency than is indicated in Mr. Rowat's reply. The present Regulations should immediately be revoked by the Governor in Council and, if necessary, re-made by the International Pacific Halibut Commission which is the proper regulation-making authority.

We look forward to hearing from you at an early date concerning this matter. We also wish for a formal assurance that, pending the formal revocation of the Regulations, fishery officers will be instructed not to enforce them and that no one has or will be charged for a breach of the Regulations.

Yours sincerely,

Nathan Nurgitz,
Joint Chairman.

Bob Kaplan,
Joint Chairman.

Howard Crosby,
Vice-Chairman.

August 05, 1986

Senator Nathan Nurgitz, Q.C.
The Honourable Bob Kaplan, P.C., M.P.
Mr. Howard Crosby, Q.C., M.P.
Standing Joint Committee
of the Senate and of the
House of Commons on Regulations
and Other Statutory Instruments
c/o The Senate
Ottawa, Ontario
K1A 0A4

Dear Sirs:

Thank you for your letter of February 6, 1986, regarding the International Pacific Halibut Convention Regulations.

I have referred this matter to the Department's legal counsel who have advised that the subject regulations are intra vires. In the view of legal counsel, section 4 of the Northern Pacific Halibut Fisheries Convention Act authorizes the Governor in Council to make the regulations that would otherwise be approved pursuant to article III (2) of the Convention (article III (3) of the 1980 Protocol). Article IV of the Convention further supports this argument in that the parties to the Convention are bound to enact and enforce such legislation as may be necessary to make effective any regulations adopted under the Convention.

Yours sincerely,

Tom Siddon, P.C., M.P.

# THE SENATE

**Tuesday, February 10, 1987**

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

Prayers.

[*Translation*]

## THE LATE MR. JUSTICE JULIEN CHOUINARD

TRIBUTES

**Hon. Michel Cogger:** Mr. Speaker, last week honourable senators will have heard with considerable regret the news of the death of Mr. Justice Julien Chouinard of the Supreme Court of Canada.

Judge Chouinard will be remembered as an eminent jurist whose judgment was swift and sound, and whose arguments were taut and crystal clear.

Appointed to the Supreme Court by the Right Hon. Joe Clark in 1979, Judge Chouinard enjoyed the esteem and respect of his fellow judges and members of bar associations in every province.

Before his appointment to the Supreme Court, he had a brilliant and distinguished career as a senior official with the Quebec government, as a lawyer in private practice and as a professor of corporate law at the Laval University Law School.

It was in this latter capacity that I had the privilege of meeting Judge Chouinard. I remember him as a man with a brilliant mind, and an extremely likeable and warm personality.

Mr. Speaker, I am sure that I speak for all senators in offering Judge Chouinard's family our sincere condolences.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, first of all, I can assure Senator Cogger that he did well to extend his condolences to Judge Chouinard's family on our behalf.

However, I want to take this opportunity to add my own comments to what he said about the late Judge Chouinard. I did not know him very well, but I do know many of his colleagues. Just the same, I was well aware of his reputation as a lawyer, professor, politician, public servant and Clerk of the Cabinet for the province of Quebec. He had a career as a public servant and finally, as a judge, and it is certainly as a lawyer that he earned his well-deserved reputation.

The passing away of such a distinguished Canadian is truly a great loss for the administration of Canadian justice and for Canadians in general.

**Hon. Arthur Tremblay:** Honourable senators, I wish to echo the remarks of Senators Cogger and Frith and pay homage to Julien Chouinard, Puisne Judge of the Supreme Court of Canada, and offer my condolences to his wife, his children, and all his relatives.

As far as I am concerned, Julien Chouinard and I worked very closely for a number of years at the time when both of us were employed by the Government of Quebec.

Indeed I got to know Julien Chouinard very well as Deputy Minister of Justice when Jean-Jacques Bertrand was both Minister of Justice and Minister of Education.

We were in a situation such that, in a way, we had to share the same minister. It was under these circumstances that Julien Chouinard's sense of fairness, which I want to emphasize, proved to be to the advantage of my own department, for I could have been the loser in our sharing of the same minister holding two very important portfolios, justice and education.

Both of us had to work in close co-operation when Mr. Bertrand became Premier of Quebec. I should point out that at the time Julien Chouinard was one of the driving forces behind the creation of a new public service in Quebec.

It was under the administration of Mr. Bertrand that the position of Secretary General of the Government of Quebec was established. This is how the Quebec senior civil servant has been designated since then. Julien Chouinard was at the same time the artisan and first incumbent of this position at the top of the Quebec civil service.

I would not want to speak at length in recalling the various endeavours in which we were both involved, for instance the negotiations on the family allowance system in Quebec, and many other occasions as well.

I simply want to say that, throughout all the experiences we shared, I was struck by what I would call the rectitude of the reflection and action of a man like Julien Chouinard. It was the object of deep admiration on my part and the cause of an affection which grew over the years.

It was during those years that I got to know his wife Jeannine. It is not without emotion that I echo the remarks which were made earlier. At the same time as I pay homage to the memory of Julien Chouinard, I extend to Madame Chouinard, her children, and all her close relatives my deep and heart-felt condolences.

## POST-SECONDARY EDUCATION

NATIONAL FINANCE COMMITTEE STUDY OF GOVERNMENT ACTIVITIES ON POST-SECONDARY EDUCATION AND TRAINING—NOTICE OF MOTION

**Hon. Fernand-E. Leblanc:** Honourable senators, I give notice that tomorrow, Wednesday, February 11, 1987, I will move:

> That the Standing Senate Committee on National Finance, which was authorized by the Senate on October

9, 1986, to continue its examination of the activities of the Government of Canada in its financial support of post-secondary education and vocational training, be empowered to present its report no later than April 2, 1987.

[*English*]

### FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Henry D. Hicks,** with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

### LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at three o'clock in the afternoon today, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

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## QUESTION PERIOD

[*English*]

### FISHERIES

CANADA-FRANCE AGREEMENT—FISH ALLOCATIONS—STATUS OF 1972 TREATY—RIGHTS OF FRENCH VESSELS IN GULF OF ST. LAWRENCE

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I would like to ask a question of the Leader of the Government to clarify an answer which, he gave a week ago today, on the question of the current agreement between Canada and France on fish and boundaries. At one point, the Leader of the Government stated as follows:

If we fail to negotiate this boundary dispute and the related matters, we will find ourselves back with the 1972 treaty.

My question has to do with the view of the government as to the continued application of the 1972 treaty.

Am I to take it that if there is a successful negotiation that leads to arbitration of the boundary dispute and the successful negotiation of fisheries allocations in 1988 and beyond, the 1972 treaty will cease to apply?

[Senator Leblanc.]

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, as I understand it, there are provisions in that treaty that have already expired, or will expire soon. Whether an agreement that we might negotiate now would be intended to replace that treaty is another question. I simply do not know the answer to it and I shall find out.

**Senator MacEachen:** Therefore, one has to take with a grain of salt the answer given last week—

**Senator Murray:** No, not at all.

**Senator MacEachen:** —which implies that if we fail to negotiate this boundary dispute and related matters, we will find ourselves back with the 1972 treaty. The implication is that if we succeed in these negotiations, somehow the 1972 treaty will disappear. So, what I want to know is what is the attitude of the government with respect to the 1972 treaty?

**Senator Murray:** Honourable senators, there are a number of provisions in the 1972 treaty, at least one of which has expired, or will expire shortly. I am not sure that it would be safe to say that an agreement that might be negotiated now would replace the 1972 treaty in its entirety. That is something I would have to examine.

● (1410)

**Senator MacEachen:** Can the Leader of the Government tell us what provision has expired and what portion will not apply in the future if the current negotiations are successful?

**Senator Murray:** If the honourable senator could give me a few minutes, I have some information here and I will endeavour to find it for the honourable senator. Meanwhile, other senators may wish to ask questions.

**Hon. John B. Stewart:** Honourable senators, when the Leader of the Government is reviewing this material, perhaps he would ascertain whether the treaty of 1972 provides that as of this date French fishermen have any rights in connection with fish taken within the Gulf.

**Senator Murray:** Honourable senators, I will have to take those questions as notice. I may be able to provide answers before the end of today's Question Period. I understand that honourable senators opposite have asked for a briefing on the 1972 treaty from officials and that that is being arranged.

### HON. LOWELL MURRAY, P.C.

FELICITATIONS ON APPOINTMENT TO PRIORITIES AND PLANNING COMMITTEE OF CABINET

**Hon. H.A. Olson:** Honourable senators, I have a couple of questions for the Leader of the Government. However, before asking those questions, may I be permitted to congratulate him on his elevation by appointment to the P & P—the Priorities and Planning—Committee of the cabinet.

**Hon. Senators:** Hear, hear!

**Senator Olson:** I am sure that two of the reasons for this appointment were the senior positions that he now holds, namely, as Leader of the Government in the Senate and as Minister of State responsible for Federal-Provincial Relations; but I am equally sure that his counsel and sound advice was also considered. Therefore, I suggest that it is a personal tribute to be appointed to the inner cabinet. If I may say so, honourable senators, I believe that his appointment will be useful to the Senate, because I am sure that within a very short time we will have direct answers to many more questions, because obviously the Leader of the Government will be at the meetings where matters of great strategy are discussed. I say very sincerely that I wish him well in his new position.

## GRAIN

GRAIN STABILIZATION FUND—EXCLUSION OF MUSTARD SEED

**Hon. H.A. Olson:** Honourable senators, I should now like to ask the Leader of the Government my first question. I do not expect him to have the answer today. Almost every other cash crop was included in the Grain Stabilization Fund, or whatever it was called, except mustard seed. There is not much of it; I believe the acreage amounts to approximately 150,000 acres in the whole of western Canada. Nevertheless, that crop was excluded.

As a matter of judgment, I understand that the argument was based on whether or not the decline in international prices was caused by or was the consequence of the battle that is going on between the E.E.C. and the U.S.A. on subsidies. But it is still a matter of judgment, because if honourable senators look at the decline in the prices of mustard seed in the international market, they will find that that decline is about the same as that applying to many of the other crops that were involved. It is down to something less than 50 per cent.

Could the Leader of the Government convey that fact to the Minister of Agriculture when seeking a reply? I understand there is also a provision for a review committee to be established to deal with such things; but that committee has not yet been established. I wonder if the leader could find out when that review committee will be appointed so that matters such as those I have described can be sent to the committee for review. I also ask whether or not the Minister of Agriculture will take on the responsibility of seeing that this crop is included on the list, along with a half dozen other crops of the same nature.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am so flattered by the honourable senator's personal references that I wish that I had more and better information to give him on the subject that he has raised today. I do not know what committee the honourable senator is referring to, or whether it is a federal-provincial committee or an interdepartmental committee of the federal government. I am aware of a working group of federal officials who are studying some of the problems posed for Canada by international conditions in the grains business. If that is the committee to which the honourable senator refers, I shall try to find out when and whether or not it intends to consider matters such as the inclusion of mustard seed as one of the crops that would be eligible for the payment under the federal program announced some time ago.

**Senator Olson:** Honourable senators, I shall try to give a brief explanation. I am not referring to the committee described by the Leader of the Government. I am referring to a committee that will be concerned with the administration of the program because of the new ground that will be broken along the way to make payments to producers in western Canada who have permit books to deliver many kinds of cereal grains. However, the program is wider than that. It involves grain produced in Ontario, Quebec and the Atlantic provinces. Records of the kind required are not in existence. Therefore, other means of receiving applications and establishing criteria for the validity of applications are being set up. I am told that a review committee will be set up to hear grievances from producers on whatever topic they care to raise. I expect that this matter will be one of them. I understand that the criteria may be amended from time to time and that the Minister of Agriculture will be appointing that committee. The committee is not in existence yet, but what I have said describes the one I am asking about.

**Senator Murray:** Honourable senators, I thank the honourable senator for the information, and I shall make inquiries.

## FISHERIES

CANADA-FRANCE AGREEMENT—FISH ALLOCATION—STATUS OF 1972 TREATY—RIGHTS OF FRENCH VESSELS IN GULF OF ST. LAWRENCE

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have some information with regard to some questions asked previously, in particular the question asked by Senator Stewart of Antigonish-Guysborough. The fact is that French rights to fish in Canadian waters, as governed by the 1972 fisheries treaty which provided the right for metropolitan French vessels to fish in the Gulf of St. Lawrence, expired on May 15, 1986. However, my information is that a maximum of ten Saint Pierre and Miquelon vessels of 50 metres or less retain a perpetual right to fish on an equal footing with Canadian vessels in the Gulf. As the honourable senator knows, there is a boundary dispute involving overlapping claims under which the French have over-fished for some considerable time.

I have a note on the 1972 treaty negotiated by the previous government which states that there were five provisions, the most important of which, for the purposes of the question put by the Leader of the Opposition, gives the French an unquantified perpetual right to fish in the Canadian 200-mile zone. As I told the Senate the other day, Canada's position is that this gives the French the right to fish where we tell them to fish. The French claim that this gives them the right to fish wherever they like within the 200-mile zone.

• (1420)

The next provision is the phase-out of the French metropolitan fleet from the Gulf last year, that is, in May of 1986. Then there is the perpetual right for the ten 50-metre trawlers from Saint Pierre and Miquelon to fish in the Gulf, in respect of which there is a reciprocal arrangement applying to Canadian trawlers.

Finally, there is a compulsory dispute-settlement clause, and as I told the Senate the other day, the French can still invoke the dispute-settlement machinery of the 1972 treaty which, of course, would leave the matter in the hands of a tribunal from countries other than Canada or France which could decide what specific cod quotas should be given to France in the 2J+3KL area.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, in view of the answer given by the Leader of the Government, namely, that the 1972 agreement provided for the total withdrawal of vessels of the French metropolitan fleet from the Gulf of St. Lawrence in 1986, perhaps he would want to modify his answer given a week ago, in which he said:

> I am informed that without this agreement we would revert to the 1972 agreement, the implications of which would be that in the Gulf the French would demand—because the Gulf was part of the 1972 agreement—as a minimum, what they caught last year, namely, 3,500 tonnes;

The fact is that the rights of the French metropolitan fleet in the Gulf by the 1972 treaty were extinguished as of last year, which is a very considerable achievement. The only right remaining is that accorded to the vessels from Saint Pierre and Miquelon, which are quantified and limited as to size.

If the Leader of the Government wants to refer to the treaty of 1972, Article III sets out the fact as follows:

> Fishing vessels registered in Metropolitan France may continue to fish from January 15 to May 15 each year, up to May 15, 1986, on an equal footing with Canadian vessels, in the Canadian fishing zones within the Gulf of St. Lawrence.

Therefore, the metropolitan fleet is no longer permitted to fish directly in the Gulf. There is a provision for the ten 50-metre trawlers from Saint Pierre and Miquelon, and of course the government did, in its recent agreement, increase the allocation to the Saint Pierre and Miquelon vessels in the Gulf.

But certainly that answer given last week by the Leader of the Government is somewhat misleading.

**Senator Murray:** The honourable senator has, first of all, said that the treaty of 1972, which permitted the smaller trawlers from Saint Pierre and Miquelon to fish in the Gulf, did not quantify the amount they might fish. In any case, I say that the honourable senator will have an opportunity to satisfy himself as to the application of the treaty of 1972, in the absence of some future agreement, when he is briefed and if and when this matter goes to committee.

[Senator Murray.]

However, the information I conveyed to the house the other day I did not invent off the top of my head; it was given to me by the government.

**Senator MacEachen:** Honourable senators, I think that one must simply add the following question: Is it not true that the rights which were accorded to the French in the 1972 treaty were in recognition of their historic treaty rights off Canadian waters and in exchange for very considerable concessions on the part of the French in recognizing the 200-mile zone, except with respect to the disputed area?

So, it is incorrect to say that the French have unlimited rights in Canadian waters, because the 1972 treaty clearly limits their rights by making them subject to conservation considerations, including the establishment of quotas.

The recent experience is that French rights have been limited by the establishment of Canadian quotas which, obviously, have been disputed by France and will continue to be disputed by France.

May I say that contrary to what Senator Murray has said, the 1972 treaty has no terminal date. It is in existence now; it will be in existence following any conclusion to the boundary dispute, and the current negotiations on fisheries are in accordance with the 1972 treaty.

**Senator Murray:** The 1972 treaty may have limited French rights; I do not know that it limited French practices.

I state again that it gave the French an unquantified, perpetual right to fish in the Canadian 200-mile zone. That is what the 1972 treaty gave them.

The honourable senator has said that this was in exchange for very considerable concessions on the part of the French. Well, that is a matter for debate. There is a great deal of background to the 1972 treaty, and I hope it all comes out when this matter goes to a committee.

**Senator MacEachen:** I would ask, in making that statement, whether the Leader of the Government has looked at Article 2 of the 1972 agreement, which reads as follows:

> To recognize the right of French nationals to fish in these waters—

Namely, fishing zones off Canada on the Atlantic coast:

> —subject to possible measures for the conservation of resources, including the establishment of quotas.

So, it was not an unlimited, unquantified right, because the treaty itself limits the access to Canadian waters by conservation measures and recognizes the establishment of quotas by the Canadian government. Those are the words of the 1972 treaty.

I must say that a great deal of misinformation—perhaps inadvertently—has been put out on this subject, but not by the Senate. That is why I think we need a much more thorough examination of the facts.

**Senator Murray:** The quotas have not been very effective.

## ENERGY

FEDERAL-PROVINCIAL CONFERENCE—SECURITY OF SUPPLY—GOVERNMENT POLICY

**Hon. H.A. Olson:** Honourable senators, I should like to ask the Leader of the Government if he could respond to a question I asked last week regarding the monitoring group with respect to the PGRT tax relief.

The leader gave an indication last week that he would undertake to see if the report could be accelerated, or if the time required to make a report could be shortened because of a serious decline in activity in the oil and gas fields.

I appreciate that the leader gave an undertaking to do that, but he does not seem to have been successful.

The report has been delayed three times now. It was to be released some time last fall. Since then, the leader gave an undertaking that we would have it by the end of January.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** It will be released at the end of the first quarter.

**Senator Olson:** So it has now been put off until the end of March.

I wonder if the leader knows that there is a serious, if not desperate, situation developing. More than 50 per cent of the rigs that were operating up to December 31 have been shut down, and all the jobs that go with those rigs have been suspended. I should say that not all drilling rigs were operational on December 31, but approximately 360 rigs located in western Canada were operational up to that time. All this has happened since the provincial government's incentive programs expired on that date. He will know that there are representatives from several groups in the oil and gas industry, the IPAC, for example, and a small producers' organization, in Toronto and Ottawa this week, trying to impress on central Canada how serious this situation is.

• (1430)

Concerning the tax relief granted by the government, an undertaking was given by the industry to the government, when its members were granted the tax relief, that they would use those funds to increase activity and enhance job opportunities immediately. From what we see, this simply is not happening. Could we get an interim report, or something? Otherwise, we will go through the season without the companies that have accepted this tax relief meeting the commitments that they made to the government.

**Senator Murray:** Honourable senators, my recollection is that I undertook to draw to the attention of my colleague the statement of the honourable senator to the effect that the companies are not honouring the undertaking they gave to the government at the time that the PGRT was phased out or ended, and I will do that.

As to whether I can obtain an interim report prior to the end of March, I will see what I can do, in view of the interest of the honourable senator.

## INTERNATIONAL TRADE

FOOTWEAR—REMOVAL OF IMPORT QUOTAS—GOVERNMENT ACTION

**Hon. Peter Bosa:** Honourable senators, on December 17, 1986, I put a question to the Leader of the Government in the Senate concerning the removal of import quotas on footwear. Has the Leader of the Government received a reply to that question, because it is almost two months since I asked it?

Furthermore—if I may add this point to my question—since he has been appointed to the highly prestigious and important Committee on Priorities and Planning, would he now consider, since he is obviously more busy than he was before, appointing a parliamentary secretary in this place to relieve the honourable gentleman of some of the details that he may not have time to cope with sometimes?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am astonished that a question has languished for two months without a reply. I recall now—since the honourable senator has drawn my attention to it—that he did put a question to me regarding import quotas on footwear. I will try to find out what has happened to the question and bring in a reply shortly.

As for the second part of the question, he will know that the appointment of parliamentary secretaries is not my prerogative.

**Hon. Joseph-Philippe Guay:** Honourable senators, the matter of imports of footwear is very important to the Canadian industry. I noticed in the paper that there was an article pertaining to the fact that if nothing is done soon, we will ruin our own industry in Canada. This has been the talk for some time, but I think that it is most important that you, as the representative of the Senate in the cabinet, bring this important matter to the attention of the cabinet so that they can deal with this rather promptly, because it is most important.

**Senator Murray:** Honourable senators, I have taken note of Senator Guay's representations.

## PARLIAMENTARY SECRETARIES

SUGGESTED APPOINTMENT OF SENATORS

**Hon. Peter Bosa:** I have a supplementary question. I realize that the honourable gentleman does not have the prerogative of appointing parliamentary secretaries, but could he at least discuss the matter with the Prime Minister?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, Senator Bosa's views on this matter are known to the Prime Minister. I must confess that the subject is not at the top of the priority list today.

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

MOTION FOR REFERENCE TO COMMITTEE OF THE WHOLE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:

That the agreement on fisheries and boundaries between Canada-France, recently tabled in the Senate, be referred to a Committee of the Whole for the purpose of hearing Ministers and officials and other interested parties, including provincial Premiers. (*Honourable Senator Murray, P.C.*).

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, on Thursday last my colleagues and I gave leave to have this motion presented without notice. At that time, I must say that I was troubled by a number of procedural problems that I thought I saw with the motion, but because I did not have a text of the motion, I decided to wait until I had an opportunity to study it more closely. Meanwhile, I moved the adjournment of the debate.

I have now had an opporunity to look at it more closely and to examine our rules and precedents on the matter. I would like, therefore, to raise a number of procedural questions regarding the motion for consideration by honourable senators and, perhaps ultimately, for a ruling by Mr. Speaker.

First of all, I must say that I wonder whether the motion is—

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I certainly do not want to unduly interrupt the Leader of the Government on this motion—because we are anxious to hear his opinion about it and his suggestions on it—but I do believe that it is not in order to raise points of order on whether a motion or a question is in order or not when it is before us for debate. The time to raise that is before the debate starts.

**Hon. Allan J. MacEachen (Leader of the Opposition):** The motion has been put.

**Senator Murray:** Well, the Senate granted leave to have the motion put without notice. It was put in the absence of any notice or of any written text.

**Senator Frith:** And debate has started on it; it is under debate.

**Senator Murray:** The first opportunity I had to examine the motion was on the weekend when the documents, the *Hansard* and the *Minutes of the Proceedings of the Senate* became available.

**Senator Frith:** But it was debated. You could have raised it while it was under debate. That is not true; it is just not true, what you are saying.

**Senator Murray:** I could hardly raise it in the absence of the text, which I did not have.

**Senator MacEachen:** If not, you could have asked for it.

**Senator Murray:** Well, I am—

**Senator MacEachen:** This is clearly out of order.

**Senator Murray:** The honourable senator says it is out of order. I suppose that is the first matter on which we will have to get a ruling from the Chair—

**Senator Frith:** Before we do anything else.

**Senator Murray:** —or hear from honourable senators. I have some points of order that I wish to raise in connection with this motion, and I wish to raise them now. The honourable senator argues that I cannot do so, that the rules do not permit me to do so.

**Senator Frith:** That's correct.

**Senator Murray:** I am simply saying that I am raising these points of order at the first opportunity that I have, after having read the text of the motion.

**Senator Frith:** Well, honourable senators, one thing on which we need a ruling from the Senate itself or from the Speaker is this rather simple and fundamental question that you do not raise a question on the orderliness of a motion when the motion has been put and when it is in the process of debate; you raise such a point before the debate starts. Certainly, if in the course of the debate an amendment is put, you can then raise the question of whether the amendment is in order or not, but it is not in order to raise a point of order in the middle of the debate. The question has been put and is now before us. Therefore, it is presumed to be in order. If not, it would have been stopped earlier.

**Hon. Duff Roblin:** Honourable senators, it would be interesting to discuss this point a little further, because a good deal hinges on the question as to when the member perceives that the irregularity exists. That is the point. You cannot introduce a point of order until you perceive an irregularity.

● (1440)

**Senator Olson:** He asked for permission to put the motion last week.

**Senator Roblin:** Not having seen the motion, no one on this side was able to judge whether it had any taint of irregularity about it. If the honourable gentleman opposite were to read *Beauchesne's*, he would find that the point at which points of order are to be raised is as soon as the irregularity is evident.

**Senator Frith:** That is when it is put.

**Senator MacEachen:** It is when the irregularity occurs, not when you detect it.

**Senator Roblin:** It is when you detect it.

**Senator MacEachen:** That could be three weeks later.

**Senator Frith:** It is when it occurs.

**Senator Roblin:** One can read *Beauchesne's* and find out that that is the point. It is really a question of fair play. I think that senators ought to consider that the Leader of the Government, who had not seen the motion, knew it was a very pressing matter insofar as the Leader of the Opposition was concerned, and gave permission to have it introduced in the house without having had it read to him and, indeed, without the Leader of the Opposition having subscribed to the usual courtesies of sending a copy of the motion to the Leader of the Government before moving his motion. Under those circumstances, I think it was a generous and not ill-advised action on the part of the Leader of the Government to say that we would not stand in the way of having this matter ventilated in the way proposed by the Leader of the Opposition. Well, that was done.

**Senator Frith:** It was debated.

**Senator Roblin:** In terms of the simple capacity of human beings to understand the implications of an important matter until the item is in print and the Leader of the Government has had a chance to read it, I think it is stretching a point to say that he has no right then to say that he has difficulties with the character of the motion. I think that is stretching matters a bit. I think fair play indicates that he should be given the opportunity to make a statement.

**Senator Frith:** Yes, but not to raise the point of order.

**Senator Roblin:** He is going to make a statement.

**Senator Frith:** That is different.

**Senator Roblin:** He will probably indicate what he thinks should be done next. Then the Senate can use its own judgment as to whether it agrees or not.

We are conscious of the fact that we do not have a majority in this forum and we are pretty well at the mercy of the ladies and gentlemen opposite.

I put it to you that we should hear the Leader of the Government without any further complaints from the Deputy Leader of the Opposition. Give him a chance to make a statement. We did not interfere with the opposition the other day when they wanted to say something. Not only that, we gave them full leave when we had no real necessity to do so because we felt it was not inappropriate.

It seems to me that our best course would be to let the Leader of the Government make his statement and then, when he is finished and if he has points of order to consider, the matter can be taken under advisement.

**Senator MacEachen:** Honourable senators, I have no objection to hearing the Leader of the Government on the motion, but I do take serious exception to the suggestion that it is now possible to raise a point of order on the regularity of a motion when the motion has been put and the debate has commenced. It is an axiom of parliamentary procedure that a point of order must be raised when the breach of order occurred, not when it is detected some days later. If in the mind of the government the motion was defective and could not be put, then, of course, that was the moment at which the point of order should have been raised. It was not done. The motion was put; the debate commenced; and, indeed, the debate was adjourned.

All of these three acts confer a validity upon the motion that cannot now be withdrawn by a point of order. That is the procedural point. To say that the government did not have a copy may be true, but bear in mind that I rose under Notices of Motions and said that I was giving notice that I would like to move, with leave, a motion "later," not "later this day."

If honourable senators look at the *Debates of the Senate*, they will notice that Question Period and the proceedings on a bill intervened before the motion was put. I suggest that it was elementary, if the government had concerns, to have sought a copy of the motion which was available from myself or from the Chair.

I will resist vigorously the notion that it is possible to raise a point of order on a motion which has been put by the Chair, which has been debated and which has been adjourned. However, I have no objection to hearing the views of the Leader of the Government on the substance of the motion.

**Senator Roblin:** I must state clearly to the Leader of the Opposition that I think it is an established principle of Parliament that when such a motion is introduced, a copy should be sent to the Leader of the Government.

Perhaps the Leader of the Government was remiss in not asking for it. I do not mind anyone saying that, and I am sure he does not either. The point is that there was plenty of time for the Leader of the Opposition to give him a copy, because the matter did not come up for debate instantly, it was referred to later that day.

**Senator Frith:** That is right.

**Senator Roblin:** I think that a gentleman who is as well briefed in the niceties of parliamentary behaviour and procedure as is the present Leader of the Opposition knows what I am talking about.

**Senator Frith:** We told him.

**Senator Roblin:** My honourable friend can interject all he likes, but it would have been an act of courtesy, consistent with parliamentary procedures in this country, if he had done so, and I am sure that he probably regrets that he did not do so.

**Senator Frith:** He had an hour and a half to get it.

**Senator Murray:** During that hour and a half of which my honourable friend speaks I was not exactly idle. There was Question Period, and the honourable senator knows that during Question Period there is only one minister of the Crown in this chamber who is obliged and available to answer questions.

The honourable Leader of the Opposition can resist it as vigorously as he likes. I do not agree with him that it is impossible for me to raise these procedural points at this time.

I refer to a citation in *Beauchesne's* to the effect that a point of order against procedure must be raised promptly and before the question has passed to a stage at which the objection would

be out of place. I do not think the objection is out of place at all at this stage.

The motion was put; the honourable senator made his speech; and over the weekend I had an opportunity to examine the text of the motion. I found it had very serious procedural problems and others of a more substantial nature. I will attempt to deal with those in what I have to say. I think sooner or later the Senate will have to address itself to these matters and sooner or later we will have to have a ruling from the Chair on some of them.

First of all, let me say that this motion—

**Senator Frith:** Is the honourable gentleman still speaking to our point of order?

**Senator Murray:** I am speaking to my own point of order.

**Senator Frith:** This is clearly a case where we ought to have a ruling on this elementary principle. The Leader of the Government made reference to citation 237 in *Beauchesne's* which states:

> A point of order against procedure must be raised promptly and before the question has passed to a stage at which the objection would be out of place.

That raises the question: What does "promptly" mean? It also raises the question: When would it have passed to a stage at which the objection would be out of place? To find that out, you must refer to citation 235 where it says:

> The Speaker's attention must be directed to a breach of order at the proper moment, namely the moment it occurred.

I think we are dealing with an elementary question of order.

**Senator Roblin:** Read the next sentence.

**Senator Frith:** The question is: When is the proper moment? As far as courtesy is concerned, I did advise the gentlemen opposite that we were going to put this motion. It was not put and leave was not asked to deal with it immediately; leave was asked to deal with it "later today", and it did not come up until later in the day.

The motion was then read. The motion was there on the Table to be read by anybody, but that is when the motion was read for the first time. If that was not enough, if there was something out of order in it, the time at which the mover of the motion started to speak to it was the time to raise a point of order. I reiterate that we did not ask to deal with this matter immediately but gave honourable senators time to see it.

• (1450)

It now seems that we are going to proceed on the basis that someone can ask for an adjournment of a motion that has been put—one that will be to be considered later—on the basis that he did not read it. It would seem that the purpose of the adjournment would be to raise points of order. That is the procedure we will now be approving if we proceed this way. If there are points of order or questions on procedure within the Committee of the Whole, the committee can deal with them. But I think we are dealing now with the substance of the motion, and that is whether or not this agreement should be referred to the Committee of the Whole. That is the question that is before us. If there were anything out of order about it, that should have been raised at the proper time.



**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, if I may just say a word, I must confess that I am quite confused on this. Section 235 of my copy of *Beauchesne's* states:

> Any Member is entitled, even bound, to bring to the Speaker's immediate notice any instance of what he considers a breach of order.

Later in that same paragraph it goes on to say:

> A point of order may be taken after a debate is concluded and the Speaker is about to put the question to a vote or after the vote has been taken—in fact, at any time, but not so as to interrupt the Speaker when he is addressing the House.

**Senator Frith:** Yes, but that is when the point of order occurs—any time.

**Senator Doody:** It says that "a point of order may be taken."

With the greatest respect for the honourable gentleman opposite, I would ask the Speaker to clarify this for my benefit, if nothing else.

**The Hon. the Speaker:** Honourable senators, I think I will have to take this question under advisement.

**Senator Frith:** For how long?

**Senator MacEachen:** Honourable senators, on that point, I appreciate that it may be necessary for the Speaker to take the point of order under advisement. But I believe that in light of the long delay since last Thursday when this matter was before the House, we would be very unhappy, indeed, if the delay were to extend until tomorrow. We would appreciate it if His Honour could give his ruling within the next half hour or hour. Otherwise, this whole matter, which is urgent, will be put off for debate for an additional 24 hours after a delay of four or five days.

I appreciate His Honour's desire to give the matter consideration, but I would seek his cooperation in having an early ruling, one within the hour, and we can adjourn in the meantime.

**The Hon. the Speaker:** Is it the wish of honourable senators to adjourn for half an hour?

**Hon. Senators:** Agreed.

The Senate adjourned during pleasure.

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• (1600)

At 4 p.m. the sitting of the Senate was resumed.

SPEAKER'S RULING

**The Hon. the Speaker:** Honourable senators, the Chair has considered the comments of Honourable Senators Murray,

MacEachen, Frith and Doody as to when a point of order should properly be raised. The Chair notes that *Beauchesne's* citation 235 states that:

> The Speaker's attention must be directed to a breach of order at the proper moment, namely the moment it occurred.

Erskine May also states that:

> It is the right of any member who thinks that such a breach has been committed to rise in his place, interrupting any member who may be speaking and direct the attention of the Chair to the matter provided that he does so the moment the alleged breach of order occurs.

However, citation 235 of *Beauchesne's* further states:

> A point of order may be taken after a debate is concluded and the Speaker is about to put the question to a vote or after the vote has been taken—in fact, at any time . . .

Given the apparent conflicting remarks in the procedural authorities, the Chair examined briefly the precedents with regard to when a point of order has been raised. The Chair has found that in most instances points of order are raised promptly. However, the Chair has also found the following precedents.

With regard to the Senate, the Chair noted that the motion was made and debated for the adoption of the report of the Special Committee on Youth on April 16, 1986. However, it was not until April 22, 1986, that a point of order was raised by Senator Flynn with regard to the acceptability of the motion, and the Speaker was asked to make a ruling.

With regard to the House of Commons, the following example may be cited: Bill C-37, the softwood lumber products export charge bill, was introduced and the minister, the same day, moved second reading of the bill. The second reading debate on the bill took place on three successive days, and on the fourth day the house leader of the official opposition raised a point of order to the effect that the bill was imperfect because there were blanks in the text. The Speaker of the House of Commons heard arguments on the point of order and subsequently ruled thereon.

The Chair is also faced with the dilemma that it has yet to hear the point of order which Senator Murray wishes to raise.

Given our conflicting authorities and precedents, I would suggest that Senator Murray be allowed to raise his point of order at this time.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, assuming that the "suggestion" is a ruling, I appeal the ruling, pursuant to rule 15.

**The Hon. the Speaker:** Will those honourable senators in favour of the Chair's ruling please say "Yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** Will those honourable senators who are against the Chair's ruling please say "Nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion, the "Nays" have it.

*And two honourable senators having risen.*

**The Hon. the Speaker:** Please call in the senators.

● (1640)

Honourable senators, the question now is: Shall the Speaker's ruling be sustained?

*The ruling of His Honour the Speaker was negatived on the following division:*

YEAS

THE HONOURABLE SENATORS

Atkins
Balfour
Barootes
Bazin
Bélisle
Cochrane
Cogger
David
Doody
Doyle
Everett
MacDonald (*Halifax*)
Macdonald (*Cape Breton*)
Macquarrie
Muir
Murray
Nurgitz
Phillips
Robertson
Roblin
Rossiter
Simard
Spivak
Tremblay—24.

NAYS

THE HONOURABLE SENATORS

Adams
Anderson
Barrow
Bosa
Buckwold
Cools
Cottreau
Croll
Davey
De Bané
Denis
Fairbairn
Frith
Godfrey
Grafstein
Graham
Guay
Hastings
Hébert
Hicks
Kenny
Langlois
Leblanc (*Saurel*)
LeBlanc (*Beauséjour*)
Lefebvre
Lewis
Lucier
MacEachen
Marchand
Neiman
Olson
Riel
Rowe
Steuart (*Prince Albert-Duck Lake*)
Stewart (*Antigonish-Guysborough*)
Stollery
Turner—37.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

**The Hon. the Speaker:** I declare the Speaker's ruling negatived.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I hope I can say in a reasonably friendly way that Her Majesty's Loyal Opposition have not put on a very edifying performance this afternoon.

**Hon. Royce Frith (Deputy Leader of the Opposition):** How could we have been more edifying?

**Senator Murray:** Having said that, I must confess that for setting in motion the chain of events that began last Thursday afternoon, I have nobody but myself to blame.

My first mistake was in granting leave to set aside the rule requiring notice in order to facilitate the bringing forward of this motion by the honourable Leader of the Opposition. This I did because I thought it was the courteous and civilized thing to do, and very much in accordance with our practice here.

My second mistake was in believing that in that spirit, once having had the opportunity to read the text of the motion, I would be permitted today to raise several points of order that I thought were germane. That, of course, was not to be.

Having successfully sought leave from me on Thursday to set aside the rule requiring notice, they then, today, invoke the rules in order to prevent me from exercising my right.

**Senator Frith:** Let us get on with the motion, shall we?

**Senator Denis:** It is simple.

**Senator Murray:** My third mistake was in believing that when all else had failed, Her Majesty's Loyal Opposition would respect a ruling from the Chair—

**Senator Frith:** Rightly or wrongly.

**Senator Murray:** —on that matter. This, also, was not to be.

**Senator Frith:** No, because it was wrong.

**Senator Murray:** I much regret it. The honourable senator says that the ruling was wrong. The ruling was buttressed, I thought, by rather impressive and quite recent precedents—

**Senator Frith:** Are we now debating the ruling?

**Senator Murray:** —from the other place.

**Senator Frith:** Is the government going to talk about the motion?

**Senator Murray:** Be that as it may, I simply say to Your Honour—

**An Hon. Senator:** A point of order!

**Senator Frith:** Yes, I agree that this is not in order.

**Senator Murray:** —that I hope that Your Honour does not take this personally. I am sure the honourable members opposite did not intend it personally.

**Senator Frith:** Quite right.

**Senator Murray:** When they are in full partisan gallop, it is not personalities, not rules, not traditions and not precedents—

**Senator Frith:** The pot and the kettle—

**Senator Murray:** —that can be allowed—

**Senator Steuart:** You put your finger in the bowl and you got caught; let us carry on.

**Senator Frith:** Let us hear what the government has to say about the motion.

**The Hon. the Speaker:** Order!

**Senator Frith:** Out of the confession box and into the streets!

**Senator Doody:** It sounds like the House of Commons!

**Senator Murray:** Honourable senators, they will allow nothing to come in their way when they are in full flight, and Your Honour should not at all take this overruling of your ruling as being intended in any sense to be a personal rebuff.

**Senator Frith:** A filibuster, that is what we are watching!

**Senator Murray:** It so happens that even if this motion passes, another motion will be necessary if honourable senators wish to resolve the Senate into Committee of the Whole. I can say that most of the points of order that I would have raised with regard to the present motion apply equally to the motion which my friends opposite will have to move in due course to resolve the Senate into Committee of the Whole. I will, therefore, raise those points of order at that time.

• (1650)

For the moment, let me express my regret that what the opposition proposes to do is to set aside the practice that we have followed for many years of referring matters of this kind to one of the standing committees of the Senate. This is a practice which has done the Senate much credit and that has served well the parliamentary process and the public policy process. Indeed, our rules provide that certain matters must be referred to certain standing committees, and when we have made an exception to those rules by sending a matter to a committee where it does not belong, leave of the Senate has had to be sought and obtained.

The Committee of the Whole is not equipped to conduct the kind of study proposed by this motion. Our standing committees are so equipped. The various parliamentary authorities are

very clear that the Committee of the Whole is a deliberative body; it is a body meant for deliberation, not for inquiry. I would be interested to know, perhaps from the Leader of the Opposition when he closes the debate, what precedent there is for calling witnesses into Committee of the Whole. From time to time we have ministers of the Crown appear, and there is a rule that provides for that. I would like to know what precedent there is in this place or, indeed, in the House of Commons for calling witnesses to Committee of the Whole.

There are a great many other questions which are procedural in nature and which I will raise at the appropriate time, but, for the moment, I say again that we are setting aside a time-honoured and successful practice of referring these matters to standing committees. To do what? To venture on to new ground where we have no procedures, no rules to guide us and where we will have to make our own as we go along. I suggest that if this motion passes and, ultimately, we end up in Committee of the Whole, we are letting ourselves in for an unnecessarily cumbersome procedure.

Honourable senators, before I sit down, I should say a word about the status of the matter under study.

Honourable senators will be aware that last night, at the request of the Premier of Newfoundland, the provincial premiers met in Toronto to discuss this matter. They issued a communiqué which reads as follows:

> The Premiers met tonight in Toronto to discuss the implications of the January 24, 1987 Canada/France Agreement. They listened to the complexities involved in resolving the problems facing this fisheries issue off the east coast of Canada. They emphasized that solutions can only be found after intensive federal/provincial cooperation and consultation.
>
> The January 24, 1987 Canada/France Agreement was concluded in a manner which is inconsistent with the basic principles of Canadian federal/provincial relations. Provinces must have confidence that they will be consulted and involved in decisions which affect their vital interests.
>
> They called on the federal government to enter immediately into discussions with all affected provinces to review the terms of the Canada/France Agreement to ensure that it maximizes Canada's use of this vital fishery resource.

Having read the communiqué into the record, honourable senators, there are several comments I should like to make on it, comments which may be relevant to our own plans with regard to this agreement.

At the outset, let me say that the federal government appreciates the fact that at our suggestion the premiers invited and permitted officials of the federal government to brief them on the agreement. It will be apparent to honourable senators from hearing the communiqué issued by the premiers that the premiers recognize the problems and complexities involved in the Canada-France fisheries and boundaries issue. They made that point very clearly.

We agree that the review of the January 24 agreement called for by the provincial premiers will be helpful and, to that end, a meeting of Atlantic fisheries ministers with the federal Minister of Fisheries and Oceans was already being scheduled for next week. This meeting will be the forum for the proposed review.

I think it is also important to point out, contrary to what may have been anticipated by media reports prior to the meeting, that the premiers did not call upon the federal government to repudiate this agreement. They did not repudiate the agreement or call upon us to do so. That, as I understand it, is the position of the two opposition parties in the other place.

What they did do was ask the federal government to review with the provinces affected the terms of the agreement to ensure that it maximizes Canada's use of this vital fishery resource.

As I said, we agree with this proposal. The meeting will be convened early next week with the fisheries ministers of the Atlantic provinces and at that time there will be an opportunity to answer further questions that the provincial governments may have on this matter and to set the course for further negotiations with France.

Finally, I want to repeat what I have said on several occasions in this place in the last week or so, that is, the federal government regrets the breakdown in communication that took place, in particular, between the federal government and the Government of Newfoundland. We have already expressed our regrets to the Government of Newfoundland on that matter. As I have said, we are now re-engaging the provinces in intensive consultations, and we will ensure that in future negotiations with the French there will be increased provincial presence.

● (1700)

I wanted honourable senators to have that information, in particular, the information about meetings that will get under way next week between the federal Minister of Fisheries and Oceans and his counterparts from the Atlantic provinces. Honourable senators may want to consider the timing and scheduling of any initiative that we can take in this place or in one of the committees of this place. Obviously, with these discussions going forward, honourable senators may wish not to anticipate them but to wait until they have been concluded. However, we are not insisting on that, although I do say that the fact that these discussions are taking place may, indeed, affect the availability of ministers and officials of the federal government to appear before committees to discuss these matters.

Having said that, I will, as I always have done, make my best efforts to make ministers and officials available to a committee, if that is the wish of the Senate.

Honourable senators, that is all I have to say on this motion. When it is moved that we resolve ourselves into Committee of the Whole, I will be raising a number of points of order for your consideration.

**Senator Frith:** Honourable senators, the Leader of the Government is correct in his characterization of this motion as something that asks the Senate to go beyond the procedures that it has adopted for many years and that it usually adopts to deal with a question of this kind. This is a question of importance to Canadians and one that a committee should study with the benefit of evidence from witnesses.

What this motion does—as the Leader of the Opposition made clear when he moved it and supported it in debate—is to suggest to the Senate and encourage the Senate to consider in Committee of the Whole an issue of obvious regional importance. This is a classic case of an issue that is important to a region of Canada—not just to a province but to a group of provinces—and to other regions of this country because of the principle involved in the resolution of the question. It would be understandable if many senators and others were tired of hearing about the important role of the Senate of Canada in protecting and championing regional interests. In this case, all the motion is asking is an opportunity to study a question of regional importance. Therefore, what we really have before us is a textbook example of what most people would say constitutes a perfect task for the Senate. I do not think that the Leader of the Government or his colleagues would argue with the point that it is a classically good case for the Senate. The Leader of the Government has offered his cooperation. He recognizes, because of his experience on the issue and his experience in the region concerned, that this constitutes a perfect subject for Senate activity.

Honourable senators, it seems to me that the only difference between any of us in this chamber is the form of action we should take. How should we deal with this? The motion is evolutionary in that sense. It suggests a different forum in which to discuss the matter. It suggests a different way of doing things. Instead of referring the matter to the Standing Senate Committee on Fisheries, the motion calls for its examination in Committee of the Whole. This would give senators an opportunity to play their role as protectors and supporters of regional interests.

Every motion, every suggestion, every program we have before us—the three Es, the reports of our committees, everything we have read on the subject of Senate reform—emphasizes the importance of the Senate as a champion of regional interests.

So, why not go the route of the Committee of the Whole?

Well, the Leader of the Government says that the Committee of the Whole is not equipped. I do not quite understand what that means. I do not know why it would not be equipped. There is nothing in the rules to prevent this. There may not be many, if any, precedents for its having been done in the past. Is that a reason not to do it? Is that a reason not to take some small step toward Senate reform that does not require a constitutional amendment or an amendment to the rules? If this is an occasion when the Senate can be flexible, when it can do something useful in its traditional role, then surely we are the masters of our own procedure and, if it is desirable, rules or precedents are not going to stand in our way.

[Senator Murray.]

The Leader of the Government says that the Committee of the Whole is deliberative and not, I take it, investigative. Rarely do we sit in Committee of the Whole except to hear from a minister. I have never known the Senate to sit in Committee of the Whole for a reason other than to hear a minister. Therefore, it clearly has an investigative as well as a deliberative role.

The problem then becomes one of calling witnesses other than ministers. Have we no flexibility in that regard? The rules state that the minister may come and bring his officials. There is nothing in the rules stating that the Senate cannot call witnesses. Are we that helpless or are we that stuck in the mud that we cannot consider being flexible enough to achieve a desired result? Must we always take the view that because we have never done it before, we must not do it now? The very fact that we have never done it before, honourable senators, seems to me to be a good reason to do it in this case.

The Leader of the Government further pointed out the communiqué of the ministers. He underlined the fact that the question is one full of "complexities." In Question Period we have found how full of complexities it is. The Leader of the Government himself has had to ask for time to get information for us. Every time we have dealt with it in Question Period, further dimensions have unfolded.

Honourable senators, I do not understand why the government is stalling on the question of our referring the matter to Committee of the Whole. It seems to me that it provides a perfect opportunity for the government to tell its side of the story. The government has tried to do so in the Senate through Question Period and it has not been successful—not through any lack of cooperation on the part of the Leader of the Government. In every case he has tried to give us the information he possessed. When he has not had that information, he has offered to get it. When he has been able to, he has provided it. Even in that respect, however, we have found some inconsistencies—inadvertent inconsistencies, sometimes, as was demonstrated today in Question Period. Therefore, we agree that it is a complex issue, but we also maintain that there is one side of this whole issue—the government side—that has not been fully heard. And Committee of the Whole provides a perfect forum in which the government can be heard.

Honourable senators, I call on the government, for the general reasons I have underlined but also for its own purposes, to support this motion. Let us deal with it. Let us resolve ourselves into Committee of the Whole and provide to the government and others an opportunity to deal with this important regional question in the very place it should be dealt with—here in the Senate of Canada.

• (1710)

**Hon. Duff Roblin:** Honourable senators, I was touched by the offer of the honourable senator to those of us on this side to use the opportunity to discuss these matters in Committee of the Whole of the Senate in order that the government's position might be put forward in all its amplitude for the members of this assembly to digest, and no doubt for the

public of Canada to listen in to the proceedings here. But I must say that on consideration the merits of the argument fall considerably short of the advantages suggested to us by the honourable senator who has just spoken.

**Senator Frith:** And I was so sure you would agree.

**Senator Roblin:** We might consider those occasions on which the Senate has used the Committee of the Whole procedure in the past, because I must agree that we are the masters of our own procedure and we can regulate it as we wish. In the past—and I believe this is invariable, in my experience. If any honourable senator thinks that I am wrong, he is at liberty to say so—invariably when we have had a Committee of the Whole, when members of the other place who are in the cabinet come before us to express their views, it has been under one particular set of circumstances—and that particular set of circumstances was in order to deal expeditiously with bills that were presented to us at the time that the legislature as a whole was about to adjourn. I cannot think of any other occasion in which we have used the Committee of the Whole procedure.

So, while I say that there is nothing to prevent the Senate from doing exactly as it wishes, to advance that particular precedent as an argument in this particular situation is, in my opinion, unfounded.

Let us deal with the substance of the matter rather than the precedents in this Committee of the Whole situation in the Senate. What is being advanced? What is being advanced is a very simple proposition, which is that the Committee of the Whole can do better than one of the select committees of the Senate in investigating this matter. What a putdown of the committees of the Senate! What evidence has been adduced to tell us, or to lead us to believe, that if we had followed our regular procedure and submitted this matter to one of the regular committees of the Senate, we would not have achieved as much as, indeed more than, might be achieved in the Committee of the Whole procedure as suggested here. Can anyone name a committee of the Senate that has been seized with a matter of national importance affecting the regions of Canada which has failed to do its duty or to elucidate the facts?

**An Hon. Senator:** Hear, hear!

**Senator Roblin:** I challenge anyone to do that, and I say that in the committees of the Senate unless we revise our ideas about the Committee of the Whole procedure and the sanctity of this chamber we have already developed procedures, as the Leader of the Government has said, to take care of these situations where we need to get further information.

The complaint has been made that in this house the Leader of the Government has not been able to provide all of the information in respect of these highly difficult, contentious and involved matters and that is true. How do we get the best information? I think we get the best information from going to committee, where we will not only have the minister responsible for policy in every detail but, if we want to have an explanation from those who are experts in fisheries, in international affairs, or in interprovincial relations, we will be able to do so in an untrammelled way, in a way which has already been provided for, in committees which have at their disposal not just the expertise of the members of the Senate—impressive as that indeed is—but also the expertise of their own committee staff, who can do the research, analyze the situation and help all of us investigate the matters that are before us.

So, to say that the committees of the Senate cannot do as good a job as the Committee of the Whole, which is the substance of the argument from honourable senators opposite, is, in my opinion, unfounded and insupportable. It seems to me that that is an argument that will have to be assessed by the members of this body.

I suggest that there has been nothing, to my knowledge, in the proceedings of the committees of the Senate which leads me to have no confidence in them—yet that is what this proposition is. It is a proposition of no confidence in the committees of the Senate, and it is a proposition which has not been supported by a tittle of evidence, except prejudice. What else could it be, to say that the Committee of the Whole is smarter than the committees of the Senate? Are members of the Senate in any way inhibited from attending committee meetings? Of course not. Every member of the Senate can attend a committee meeting. Are they inhibited from asking questions? They are not. Are they inhibited from taking part in the proceedings as a whole? Of course not. They can take their full part in any way they wish. The only thing they cannot do, if they are not members of a particular committee, is that they cannot vote.

**An Hon. Senator:** That is very important.

**Senator Roblin:** It is very important; but my honourable friend need not worry, because there is not a committee in the Senate on which he and his friends do not hold the majority. All he has to do is to trot out his troops and he will know how the votes will go, just as we know how they will go in this house when the Leader of the Opposition decides to crack the whip.

It seems to me, honourable senators, that the case as to why we should go to this unusual procedure has not been made. I do not stand in its way on the grounds of custom or precedent, although I might perhaps be inclined to do so. I stand in its way because I believe it is not as effective, and it has not been demonstrated to us that it is more effective to deal with the matter in Committee of the Whole rather than to refer it to one of the committees of the Senate. I for one want to stand up to defend those committees as being the proper bodies in which to discuss this matter. Their record, so far as I am concerned, is a good one. Their facilities are certainly better than anything that can be offered by this house, unless we make some dramatic changes in the way we run our Committee of the Whole; and, in fact, it is a proposition which is not supported by fact, theory or practice.

I suggest that the majority of this house, who undoubtedly have their own way, would be better advised if they were to conduct their inquiry, as I think they should, if that is the way

they feel about it, in a select committee of the Senate rather than in the Committee of the Whole.

So I support the proposition put forward by the Leader of the Government. I oppose the arguments submitted by the two honourable senators opposite, namely, the Leader of the Opposition and the Deputy Leader of the Opposition, and I hope that we will take some account of what we are actually doing and of the practicality and advisability of what has been suggested before we merely follow our leaders into the voting lobbies.

**Hon. Roméo LeBlanc:** Honourable senators, having spent a number of years as Minister of Fisheries, I am really green with envy that fish is finally getting some attention in the House of Commons and the Senate.

**Some Hon. Senators:** Hear, hear!

**Senator LeBlanc:** I would have preferred to participate in the discussion under more positive circumstances, but a number of issues have been raised on which I should like to comment briefly. First, I believe it is accurate that the Senate should at last start looking at regional issues. I hope that there will be other regional issues and that perhaps we will live up to the challenge of doing it in a less partisan way than perhaps can be done in the other place, because if there is any reason for some of us to sit here, surely it is to represent the regions which perhaps we had occasion to represent in the other place for some time.

What worries me a little about Senator Murray's explanation is that the issue will now be transferred to the ministers of fisheries of the provinces. One expression that came out of the communiqué was "to maximize the fishery resource." I must say that of all the difficulties with which I was faced at the time when we had to be very cautious in the setting of quotas and in the conservation and restoration of the Canadian fishery, probably my worst adversaries were provincial ministers and premiers who saw in the fishery the employer of last resort, who saw in the fishery the unending exploitation which always resulted in another crisis, and, in fact, who were constantly preaching for industry expansion, fleet expansion, factory expansion, even when the biologists were telling us, "Be cautious, don't go too fast."

• (1720)

The fact that the fisheries come under federal jurisdiction indicates to me that some Father of Confederation must have known a little bit about biology and might have known that fish follow the temperature of the water; that, as a result, you find the same stocks close to Newfoundland, close to Nova Scotia, close to New Brunswick, touching upon Quebec and hitting upon Prince Edward Island on their way. The fishery is not the jursidiction of the federal government by accident or as a result of somebody's fancy. It is logical that it should be this way.

If there is one concern that I think we must have in some of the present debate, it is what I call "the creeping jurisdiction of some provincial governments," because the idea that the fisheries should be returned to the provinces since they are a natural resource is the sort of thing that, though you would not expect it to be understood by, perhaps, metropolitan newspapers, for anybody who has a simple knowledge of the fisheries, it is clear that it is not a tree, that it is not a piece of land, or that it is not a whole series of other resources which are defined by geography. It can never be defined by a line. That is why the issue of negotiations with France, as was the case with the United States, is complex. It is one more reason that the users of the resource—and I am not talking now about provincial politicians but about fishermen from the different provinces—should be and should have been involved to the very end. That is why I asked the question about whether they were in the ante-chamber, because that is where they have to be when their interests are being negotiated by representatives of the government holding jurisdiction, the federal government. So, on some of these issues, perhaps we do not divide as much as it would appear. The reality is that it is not the provincial governments that are being consulted, being re-united or being assembled, as they will be next week, that concerns me; but the representatives of the fishermen and of the industry, particularly the fishermen, whose livelihood is being debated in this issue.

It is my experience that creeping jurisdiction will not improve the condition of the fishermen. Forever, as it regards the issue of quota allocations, the federal government has stood for and has been supported by the fishermen who vote for members of Parliament. The debate of those members of Parliament in the house recently was, perhaps, one of the best and most moving debates that I have seen in the House of Commons for many years. It was evident, as it should be in the Senate, that the region was speaking. If anyone reads the speech given by Captain Morrissey Johnson, the honourable member for Bonavista-Trinity-Conception, who is a knowledgeable fishing captain, they will understand that the representatives of the Atlantic provinces are concerned and worried, as some of us are, that in the name of the "national advantage" or the "national interest" their interests have been somewhat sacrificed. I think that if we were able to hear witnesses, to hear why the experts think this way and why the negotiations went that way, perhaps it would be enlightening for all of us.

**Hon. H.A. Olson:** Honourable senators, I would like to intervene briefly in this debate because of arguments that have been made to the effect that if the Senate follows the proposed motion it will be following an improper procedure. I would like to say at the outset that I think that this is one of the most important and appropriate measures that has been brought before or initiated in the Senate for a very long time, indeed, for the entire time that I have been here. If I understand properly the purpose of the Senate and the reason why some of the Fathers of Confederation insisted that there be a second chamber known as the Senate, it was indeed to protect regional interests.

What we have now is a government that has made a deal, in this case with France, over which there is obviously a great deal of resentment in the region affected; namely, the fishery

of the Atlantic region. Therefore, I do not think that there is any question that it is appropriate for the Senate to involve itself in this issue. I might say that I am not particularly impressed by arguments advanced by the Leader of the Government with respect to what the provincial premiers have done. I understand why Premier Peckford called for that meeting and I understand other things, but I want the leader to know that I believe that the Senate is more appropriately involved in this issue than all the premiers. For one thing, it is an international matter. It falls exactly within the category of what the Senate was designed to do, to protect the interests of regions against what might happen in representation-by-population problems or situations, which is the case in the House of Commons. This is particularly the situation at this time because the government has the largest majority in Canadian history. The Fathers of Confederation could see, or at least they anticipated, that there might be a time when some regions of this country needed some defence against that overwhelming majority created in the process of representation by population.

I am not sure that this government deliberately set out on a course to damage one of the regions, but the people in the area apparently feel that way, according to what we hear not only from members on our side of the House of Commons but even from some members on the other side, from the Conservative Party. The minister responsible for Newfoundland has indicated that he is very unhappy with the consequences and, more particularly, with the process followed. Therefore, I think that it is very appropriate for the Senate to take up this matter. The argument raised, particularly, a few minutes ago, by Senator Roblin, that it is somehow wrong for the Senate to study this matter in Committee of the Whole as called for in the motion is, I find, ridiculous. I hope that it will not prevent the entire Senate from getting involved in a matter that is so important to this region. As far as I can see, it is certainly not an attempt to downgrade the committees of this house. Senator Roblin's argument is that by studying this matter in Committee of the Whole we are somehow downgrading the good record of the committees of this chamber. I do not agree with that point at all. Obviously, the matter would have been sent to the Fisheries Committee. However, that committee has left Ottawa and is now involved in some fairly important work.

It seems to me that we should recognize that this matter has created enough anxiety in the Atlantic area in their main economic activity which is fishing and protection of fishing grounds, that the Senate should be involved for as many hours and as many days as it takes to satisfy those people, that the Senate is doing what it was designed to do, to protect the interests of a region when it is being hurt by a government with an overwhelming majority in a democracy based on representation by population. As I said, I do not want to take a long period of time, but it seems to me that senators from all over this country recognize how intensely the people in the Atlantic area feel about what has happened in this agreement, and that we should come to their defence to make sure that the government does not proceed against their wishes.

• (1730)

When it is all sorted out, perhaps something useful will come out of the intentions of the government, but that is not the way the majority of the people down there feel at the moment—at least that is the impression I get. I would hope that the government could see that this is an appropriate action by the whole Senate, and not just one committee of the Senate, and that they would stop resisting having the whole Senate becoming involved in something that is so vital to a very important region of this country.

**Hon. John B. Stewart:** Honourable senators, I agree more with Senator LeBlanc than with Senator Olson. Obviously, the government feels that the substance of the agreement is sound. The Prime Minister has defended the agreement; the Minister of Transport, although he laments the lack of communication that took place, supports the agreement; the Minister of Fisheries obviously supports the agreement. The government feels that this is as good an agreement—perhaps not the best, but as good an agreement as could have been attained.

In those circumstances, I think it is unfortunate that because of a bungle in communications, the government feels under pressure to meet with representatives of the provincial governments in order to see if some new arrangement can be worked out; some new arrangement which, presumably, will not be as satisfactory as this arrangement, from the viewpoint of the federal government with national interest its main concern.

As Senator LeBlanc has said, provincial premiers have their own political axes to grind. I think we all should recognize that and not be prepared to duck too deeply when they start swinging those axes wildly, as some provincial premiers have been doing lately. They are not the champions of regional interests; they are the champions of provincial governments, and the Government of Canada, the House of Commons of Canada and the Senate of Canada have, in many ways, a better set of credentials to support the proposition that they are the champions of regional interests. That is why I think it is highly desirable that knowledgeable representatives of the government have an opportunity to come in and to speak to the house of Parliament which was intended to represent the various divisions of the country. This is a real opportunity for the government to put a statement of what I hope is a good case before the Senate and the people of Canada. I have a feeling that perhaps Senator Murray thought that there was some other intention. I hope there is not.

I did not intend to say anything, but Senator Murray said that a meeting had been arranged for next week. That may be unfortunate because the fisheries questions, as Senator LeBlanc implied, are far too important to be the subject of a meeting designed to mollify provincial premiers in what is clearly an embarrassing set of circumstances.

There is another reason why it is desirable that we should hear about this matter, and that the government should take advantage of this opportunity to put this matter before the country as early as possible: that is, that the proposed meeting is next week. If we wait for the Fisheries Committee which is

now in Alaska, they will be dealing with history. The time is now; the time is this week. I urge senators to find the procedures which will enable them to discharge their responsibilities to their provinces, to their regions and to the country as a whole.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, if I may, I will take a few moments of your time to make a few brief comments on this question.

First of all, I think we seem to be on two different tangents here. I have not heard anyone on this side of the house—or, indeed, on any side of the house—suggest that this question should not be heard by a committee, and I would like to make sure that it is perfectly understood that the government side is not only willing but very anxious to make sure that this question is heard.

For me, the question boils down to: Where and in what forum should it be heard? I was of the opinion before, and I am still of the opinion, that the Fisheries Committee is the appropriate forum to deal with this matter. I know that Senator Marshall and others have been lobbying, agitating and fighting for a separate Fisheries Committee in this place for years. It was only, I think, two years ago, or perhaps not that long ago, that they were successful in having established a separate committee for fisheries. They are now engaged in a very extensive review of the marketing of the Canadian product. This will be the first opportunity for that committee to get into a major fisheries question. Now it seems that they are not to be given the opportunity and that the matter is to be dealt with by a Committee of the Whole.

The question of the entire Senate being involved in the hearing of witnesses and the examination of the matter is certainly a specious one. I am sure we have all taken part in hearings of committees of which we are not officially members. I for one, before I was an *ex officio* member of the various committees, attended many hearings and questioned many witnesses on committees in which I had an interest. Therefore, to say that the entire Senate would not be able to become involved in this matter if it is dealt with by the Fisheries Committee is certainly not accurate. I think that the machinery, and indeed the mandate, of the Fisheries Committee and the talents of the people who are on that committee should be utilized in examining this question. I felt that from the beginning and I still feel that that is the best way to proceed.

As I sit here and let my mind wander back over various Committees of the Whole on which I have sat, I have tried to visualize the mechanism by which we examine witnesses from our places in the chamber while the witnesses sit out at some distance. I find that very difficult to visualize.

**Senator Olson:** They could sit right in front of you.

**Senator Doody:** No, the rules are very explicit on that. They say that ministers may sit here in front; they do not say that anyone else can sit there, and I for one would be very reluctant to turn over the floor of this chamber to people from outside of this chamber for any purpose. Premiers have their own legislatures; they use them very effectively and they speak from them. I cannot visualize my going down to Newfoundland and being invited to sit in on the floor of the legislature down there. I was invited by my constituents on many occasions to sit in there and speak for them, which I did, and I think, with some modesty, rather well. However, I do not expect to go back there now and be called in on the floor of the legislature to give testimony on an issue; I would be asked to appear before a committee down there, and I certainly do not feel that we should create that precedent here.

[Senator Stewart.]

**Senator Frith:** Why?

**Senator Doody:** I feel that it will open the floodgates for all sorts of questions to be aired here on the floor of the Senate. Should we then get rid of our standing and special committees? What function would they serve if an important regional question came up—and most questions that are heard in this place are, presumably, important regional questions. I cannot imagine anything taking the time of any legislature in Canada that is not an important regional question.

Nevertheless, now that we do have an important regional question, we are proposing to take it from the committee that is set up primarily to deal with that very subject, namely, fisheries. Obviously, many senators opposite feel that that is not so and that they will have no problems with this matter in a Committee of the Whole. I anticipate that there will be some difficulties, but we will see. It has not yet been tried. However, any Committees of the Whole that I have participated in in my previous incarnation, as well as in this one, have dealt with matters of legislation through a clause-by-clause study of that legislation. From what I can find out from questions I have asked of the research staff of the Senate, that has been the case in this particular institution as well, with the exception of two occasions back in the dim ages when rules revisions were submitted to the Senate.

● (1740)

**Senator Frith:** How are you using the word "dim"?

**Senator Doody:** The "dim ages" were before I arrived here.

That is my position on which committee of the Senate should be charged with the responsibility of hearing this matter.

I have said that I do not like the idea of having witnesses brought on to the floor of the chamber. In my opinion, they would have to be heard from outside the bar. Calling witnesses before the bar of a legislature is a drastic measure and invokes images of somebody who has been involved in some contempt of Parliament or has done something dastardly and is called before the bar of the legislature to answer to the legislature through the Speaker. We will have to make some sort of arrangement for that to be changed, because the witness will not be talking through the Speaker but through the Chairman of the Committee of the Whole. I assume that honourable senators have given thought to the mechanics and how we are going to work that out.

I have also wondered about how we will deal with the questions themselves. Are we going to have 104 senators going full bent at this poor individual cowering behind the bar of the legislature in absolute abject terror while the Gentleman Usher of the Black Rod stands over him with his black baton ready to whip him into shape if he dares to answer incorrectly, or if he smiles, laughs or treats with a lack of dignity the 104 howling witches inside the chamber?

**Senator Frith:** He always speaks highly of you.

**Senator Doody:** Honourable senators, I envisage some small problems with that matter.

In any event, as Senator Roblin has said so accurately, the majority will have its way, but, nevertheless, a voice crying in the wilderness sometimes gets attention.

Senator LeBlanc (Beauséjour) spoke of his interest and of his history in the fishing industry. I am certainly well aware of that and have spoken highly of him on many occasions during his tenure of office in Ottawa and, indeed, have had many pleasant, and some not so pleasant, experiences in dealing with him when he was the federal fisheries minister. I am the first one to admit that there are certain jurisdictional questions between the provinces and the federal government in terms of fisheries. I have some difficulty accepting the reasoning that this fisheries question is only a regional problem. It is true that it is regional, but it is far more important to one part of the region than it is to another part of the region. There is no part of Canada so completely dependent on the fishing industry—there may be exceptions, but I do not think there is any other province in Canada that is completely dependent on a single industry, the fishing industry—than is the province of Newfoundland.

To say that Newfoundland should not have some major input into matters that affect so vitally its very existence, its very reason for existence, as the fishery does in that province, is to understate the case badly.

When I was in the provincial government, and even before that, one of the favourite cries of anguish was that there is a fisheries policy affecting Newfoundland made by experts who sit on the banks of the Rideau Canal. I heard that over and over again, and I was certainly one of those who said that. There can be no misunderstanding or misstating of the anguish, the despair, the frustration and the anger felt by the people of my province over the breakdown of communications or the lack of consultation in this particular pact with France. I doubt that anyone who knows the history of Newfoundland, who knows how deeply ingrained the fisheries industry is, who knows that the people's lifestyles there are so closely associated with the fisheries industry, could be anything but amazed at the fact that such a treaty was entered into in the absence of representatives of the Government of Newfoundland.

This is where I disagree somewhat with Senator LeBlanc (Beauséjour), who feels that the Government of Newfoundland should not, perhaps, have as much involvement as the fishing industry or the fishermen themselves. I submit that the Government of Newfoundland speaks for all segments of the industry far better than individuals in it. Senator LeBlanc (Beauséjour) is more aware than I am of the conflict between the inshore and offshore fisheries, and the conflict between the plant workers and the fishermen. Each has a sphere of influence and a sphere of concern that must be looked after, but the Government of Newfoundland is deeply involved with all of them and certainly deserves, and should have been given an opportunity, to have a major input into any decisions that are made involving the fishery.

To its credit, the previous Trudeau government completely involved the Province of Newfoundland in the negotiations with France back in 1972. Then, the late Don Jamieson sent a telex to the provincial government inviting it to participate, which was followed by a letter. My memory tells me that Newfoundland was initially given observer status at that time, but that that was subsequently upgraded to full participation status in the delegation.

Right up to the signing of this current treaty with the French, the Government of Newfoundland and the industry of Newfoundland were involved in the process. Unfortunately, at the last moment, communications broke down and the people in my province, and I think to a lesser degree—I cannot say for sure—in other provinces of Atlantic Canada, were very upset. Now steps are being taken to return that system to what it was before the breakdown, and that is what this review process, as I understand it, is all about. The fisheries ministers will meet and be briefed on the progress to date on negotiations that will be ongoing. I see nothing wrong with that.

Senator Stewart (Antigonish-Guysborough) seems to think there is danger involved in bringing the fisheries ministers in to deal with matters that are absolutely vital to their very existence. I think for this thing to carry on without some involvement of the fisheries ministers or the provincial governments is an absolute invitation to chaos down the road. I congratulate the Government of Canada on getting the system back on the rails.

The debate in the House of Commons was certainly an important debate. I followed it and heard every word of it. I agree that there was a great deal of passion and emotion. I understand completely where it was coming from and why it was coming. The anguish and the hurt is not completely submerged yet, but I am of the firm opinion that this move by the Government of Canada to start the process back on track is an important one.

Honourable senators, I will not take any more of your time. I simply ask you to consider seriously the question of reference of this matter to a committee. In the interest of the regions and the provinces, I think the matter should be referred to the Senate Committee on Fisheries. I think all senators interested in the matter can be heard and can question witnesses who might appear before that committee. I suggest serious consideration of this matter before any decision is taken.

**Hon. John M. Godfrey:** Honourable senators, I should like to ask the honourable senator a question.

Senator Doody has said that our rules allow a minister to appear before the Senate as a witness. The only rule I have seen is to the effect that a minister may come and take part in a debate.

Is there some other rule? I ask that because when a minister has appeared before the Senate during my time here, that minister came as a witness, not to take part in a debate. Why can we not follow the same procedure we follow when a minister appears as a witness and not as a participant in a debate?

**Senator Doody:** There is no other rule of which I am aware. Rule 18 states:

> When a bill or other matter relating to any subject administered by a department of the Government of Canada is being considered by the Senate or in Committee of the Whole, a minister, not being a member of the Senate, may on invitation from the Senate enter the Senate Chamber—

And so forth.

**Senator Godfrey:** And take part in the debate.

**Senator Doody:** And take part in the debate. That is why ministers are admitted to this place, and that is why they are invited to participate in the explanation of the legislation that is before the Senate. It specifically says "minister", and that, I think, is where it should stop.

**Hon. Douglas D. Everett:** Honourable senators, as honourable senators know, I would not have objected to the Leader of the Government raising his points of order in his speech and, indeed, did not object to the Speaker's ruling. However, nothing I have heard in the argument that was put forward by the government would lead me to believe that we should not go ahead with this motion.

There is a long precedent for the Committee of the Whole. It has sat many times during my tenure in the Senate, and I believe that on a couple of occasions I have chaired it. It has worked admirably—perhaps not in the exact context that we see in this motion but, nonetheless, in context of dealing with matters that are tantamount to inquiry. In those circumstances, it has worked extremely well. I am sure that we can adapt to the requirements of the motion, and so I cannot see that the argument that there is no precedent for the Committee of the Whole undertaking an inquiry would hold much water.

● (1750)

The question then arises: Do we have an obligation to refer the matter to a committee? That is perfectly understandable: We have a Standing Senate Committee on Fisheries that can deal with the matter. But the fact that we have that committee does not necessarily indicate that we should not deal with the matter in the Committee of the Whole.

Then there was the argument that we should wait until the discussions have concluded. What we are dealing with here is an issue that has some considerable urgency. We have an opportunity to confront that issue now, and the entire Senate, in Committee of the Whole, can confront that issue. If we refer it to a committee then there is some delay, some lessening of the urgency that derives from going into the Committee of the Whole. The government should understand that; I am quite surprised that they have not supported it. Time and again in this Senate we have lost the opportunity to take the risk to do the things that we should do. Part of it is because we are timorous and we feel that because we are not elected, we do not have the powers to do what we know we should do, and the greater part is because we wish to be partisan.

This is an issue that goes to the very root of the existence of a region. This is an issue that should be dealt with, if the Senate means anything in respect of regional representation. I am surprised that the government, instead of trying to resist this and instead of trying to raise points of order, although I for one would have been quite happy to hear those points of order—could not, for a moment, submerge the partisan aspect and say, "Here is an opportunity for the Senate to set a precedent, to really do a job, and to take the risk as the real regional representatives of the country."

**Some Hon. Senators:** Hear, hear!

[*Translation*]

**Hon. Arthur Tremblay:** Honourable senators, I am more interested in asking a few questions than in taking a firm stand.

Earlier, Senator Frith asked us the following question: Were we afraid to innovate? He admitted that in the past when the Senate went into Committee of the Whole, it usually did so to receive a minister and explore matters related to a bill.

Perhaps some further explanation would be necessary, but I just wanted to bring this to your attention. Rule 65(1) indicates the exceptions that shall apply in Committee of the Whole. The third paragraph says:

> arguments against the principle of the bill shall not be admitted.

As for matters that are traditionally referred to a Committee of the Whole, the term "bills" not only restricts debate to the various clauses of the bill but also prohibits any debate on the principle of the bill. I do not claim this a hard and fast rule, but when we read this passage, it is easy to understand why it has always been customary to go into Committee of the Whole when inviting the minister who sponsors legislation in the Senate or in the other place. Thus, this rule implicitly applies to bills, first of all. Does this mean other matters are excluded? I do not necessarily draw that conclusion, but the way our rules are drafted gives us a better understanding why it has always been customary to limit debate to the consideration of bills.

However, suppose there is no basic objection to having a matter like the one mentioned in the motion referred to a Committee of the Whole.

Two points have been raised in the debate so far in support of referral to a Committee of the Whole instead of to the appropriate standing committee, and I am referring to the

committee whose terms of reference include consideration of our fisheries.

The first argument pointed out the urgency of the problem. There is an emergency situation, so the Senate has to deal with it quickly by referring the matter to a Committee of the Whole. The emergency can be dealt with just as well by a specialized committee as by a Committee of the Whole. So why the Committee of the Whole? The argument was raised that it was a matter of necessity and a unique opportunity to deal appropriately with a subject that is of interest to the entire Senate.

What I wonder is this: Assuming, on the basis of this argument, that it is a subject that is of interest to all senators, thus the entire Senate as such, and therefore a Committee of the Whole, who is supposed to deal with this matter? Does this mean that the Senate would sit as a Committee of the Whole all day long to face this emergency? And if it does, does it imply that no other Senate committee would sit at the same time? If other Senate committees were allowed to sit simultaneously, in view of the fact this matter would necessarily be of interest to all Senators, we would have a contradictory situation. During all the time the Committee of the Whole would sit, hypothetically speaking, the other committees would not sit.

If because of the urgency of the matter we should sit continuously, does this mean that all the other business of the Senate should be set aside? In short, is there such an emergency that within the next few days, the Senate should spend all its time and use all its facilities to consider this issue? Is that what you mean?

**Senator Frith:** There is something else to do.

**Senator Tremblay:** Committees are meeting right now. Would honourable senators please follow my argument: if there is some urgency to deal with this issue which is of concern to all senators, this will mean an end to the consideration of all other business.

Therefore, I conclude with a question: Is this really what is being proposed? Is that what we are going to do? If such is the case, why refer the matter to a Committee of the Whole?

My question may seem naïve, but I feel it is logically consistent with the very notion and the arguments put forward to convince the Senate to sit in Committee of the Whole instead of referring this matter to the standing committee.

• (1800)

[*English*]

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators—

**The Hon. the Acting Speaker:** Honourable senators, I wish to inform the Senate that if the honourable Senator MacEachen speaks now, his speech will have the effect of closing the debate on the motion.

Honourable senators, may I say that according to rule 12, at six o'clock I should leave the Chair. Is it your wish that I should remain in the Chair?

**Hon. Senators:** Agreed.

**Senator MacEachen:** —I am really not in any fighting mood. I do not think the issues that have been raised have done anything but underline the importance of the subject of this motion. I certainly appreciated the comments made by Senator Doody, who spoke with knowledge and understanding of the situation in his native province. If that were the only benefit of the motion, I think it might make it worth while. However, in addition to Senator Doody, we heard from Senator LeBlanc and Senator Stewart, both of whom have been interested in the fisheries for quite some time. I join with them two prairie senators who have been made conscious of the regional importance of the subject. Others have participated, including Senator Tremblay who raised some philosophical questions about time and space which I hope to deal with in a more concrete way.

Senator Roblin said—and it was repeated by Senator Doody—that there is a majority on this side of the house and it will have its way. I must remind honourable senators that since this session opened the minority has had its way. Every item of legislation proposed by the government has been dealt with expeditiously by the opposition. The majority opposition has, I think, cooperated in facilitating government business when it has, in fact, come forward. If we in the opposition had resorted to procedural obstacles, we could have shown the government how difficult it could be to make progress in its legislative program.

Here is a motion in this session, the first proposed by the opposition—in this case the Leader of the Opposition—and the government, rather than facilitating the matter, as we have done with their business, has opposed the motion. Not only that, it has resorted to procedural obstacles to prevent us from reaching this particular objective. I hope, in light of the discussion we have had, that the Leader of the Government will drop his intention to raise further procedural difficulties.

**Senator Murray:** You would not let me raise any.

**Senator MacEachen:** That, of course, is his right. I had hoped that he would follow the example we set in this session in facilitating government business by facilitating this particular motion so that the Senate could come to a decision in order that the subject matter could be dealt with in Committee of the Whole.

Senator Roblin made the point that it was only in urgent circumstances that Committee of the Whole is convoked to deal with bills and to hear ministers. During this session, on at least two occasions, ministers have come before us on urgent occasions in Committee of the Whole, subjecting themselves to interrogation by senators. We were in full assembly. Each of us who wished to ask questions could do so, and I believe that the ministers found the experience at least bearable and, possibly, that some light was thrown on their problems. We heard from the then Minister of State (Finance), Ms. McDougall, on the Alberta banks, and we heard from the Minister of Labour with respect to the labour problem on the west coast. I regard that to be an unusual practice in unusual circumstances

and believe it is a real justification for going into Committee of the Whole with respect to what is an urgent question of people crying out for explanation and clarification.

It is a very complex matter. The premiers were absolutely right in that anyone who has wrestled with the problem, such as the former Minister of Fisheries, knows how complex it is and how difficult it is to bring together all the considerations and finally reach agreement with another country on the allocation of fishstocks and, in this case, on the arbitration of a boundary dispute whose settlement and resolution is of vital concern to Canadians and, particularly, to the people of Newfoundland. It is complex and I have a lot of questions to ask.

I am satisfied that the information has not come out in detail in the House of Commons and it has not come out in the Senate. As I have already said, and as my colleague has said, we certainly have no complaint about the efforts of the Leader of the Government to co-operate, but the fact is that we have had no real or detailed information and we would like to have it.

Why do we suggest a Committee of the Whole? It so happened that last Thursday, when we reached the conclusion that we ought to provide a forum in which we could get further information, the Standing Senate Committee on Fisheries had a mandate to go to Alaska. Furthermore, it so happened that there was no government business before the Senate. We do not have any government business this week. Why not take advantage of that combination of circumstances to go into Committee of the Whole to deal with the matter? I do not for a moment think it is a reflection on the standing committees or, indeed, that it will open a floodgate in which the Committee of the Whole will be totally transformed. But it is, in my view, desirable to adapt to changing circumstances. I believe that if we get into the Committee of the Whole, it will be possible to reach solutions to the problems raised by Senator Doody. I think it can be managed. It may require new solutions, but I believe we can hear ministers, officials and any other witnesses, including provincial premiers, without putting them in the prisoner's dock—as was inferred by Senator Doody if they were to be heard at the bar—and, at the same time, without detracting from the dignity and decorum that we expect to prevail in this chamber. I think we are moving on to new ground and I think we ought to be ready to do that.

Honourable senators, I conclude with one final point. This motion which I have proposed is really somewhat neutral politically. The Leader of the Government has said that we are off on a partisan gallop. Well, if he thinks that we are off on a partisan gallop, he hasn't much of an appreciation of our political skills. If we were really galloping, we would have done much better than this particular neutral resolution, which simply calls for the Senate to go into Committee of the Whole to hear evidence. That is all. It does not denounce the treaty; it does not denounce the agreement; it does not denounce the Prime Minister or any minister; it does not call for rescinding of the agreement. It simply calls for fact finding in the Committee of the Whole. It may be that if we hear a lot of evidence that is useful, we might make a report, but that is something that I have not even considered beyond the possibility that it could happen.

Therefore, I believe that in the interests of its own situation, the government ought to open the doors and pass this resolution so that we can hear the evidence. I believe that there must be reasons why the Government of Canada signed this agreement. There must be reasons why Premier Peckford, quite apart from the process, finds the substance of it unacceptable. There must be reasons on both sides that we would like to hear and know about. I assure honourable senators that at the end of that process we will all be wiser. The Senate will have fulfilled one of its functions, which is to be concerned about regional issues. It may be that the Senate itself will have proved that it has a relevance to problems of this kind.

Honourable senators, those are my comments. I assure Senator Murray and his colleagues that we are not on a partisan gallop and that we are not in full flight. We may be in full flight someday, but he will detect the difference between this mild effort and that passage which we would describe as full flight.

**Some Hon. Senators:** Hear, hear!

REFERRED TO COMMITTEE OF THE WHOLE

**The Hon. the Acting Speaker:** Honourable senators, it was moved by the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:

> That the agreement on fisheries and boundaries between Canada-France, recently tabled in the Senate, be referred to a Committee of the Whole for the purpose of hearing Ministers and officials and other interested parties, including provincial Premiers.

Is it your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** Yea.

**Some Hon. Senators:** Nay.

**The Hon. the Acting Speaker:** I declare the motion carried, on division.

MOTION TO RESOLVE INTO COMMITTEE OF THE WHOLE—DEBATE ADJOURNED

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I move that the Senate do now resolve itself into Committee of the Whole to deal with this reference.

**Hon. Lowell Murray (Leader of the Government and Minister of State fer Federal-Provincial Relations):** Honourable senators, chastened by my experience of the weekend and of earlier today, I wish to state at once that I have a number of points of order that I wish to raise with regard to the motion just moved by the Deputy Leader of the Opposition. I do so not in any effort to obstruct an investigation or an inquiry into this agreement.

Honourable senators will recall that on the very first day the matter came up in this place last week, I indicated an interest—as a matter of fact, a strong desire—to have the matter

go to a Standing Committee so that responsible ministers and/or officials might be questioned in order to provide senators with further details on the agreement. As the Leader of the Opposition has pointed out, the Standing Senate Committee on Fisheries has a mandate and is out of town. That committee will return tomorrow night. It would also have been possible to refer the matter to the Standing Senate Committee on Foreign Affairs since it involves an international agreement, and that committee is authorized to consider international agreements.

Honourable senators, I want to raise these points of order because, as the Leader of the Opposition has pointed out, and as the Deputy Leader of the Government and Senator Everett have said, we are venturing on to new ground, completely new ground. We are proposing that the Committee of the Whole be used for a purpose for which, to the best of my knowledge, it has not been used before.

**Senator Frith:** Not true, but not often.

**Senator Murray:** Well, we are venturing on to new ground with no precedents and no rules to guide us.

**Senator Frith:** No, that is not true.

**Senator Murray:** We are therefore obliged to make our own rules as we go along.

**Senator Frith:** Hear, hear!

**Senator Murray:** Before we get to that point, I think that at the very least I have some duty, as Leader of the Government, to place before honourable senators, and ultimately before the Chair, several procedural questions that I would like to get settled. If we proceed to refer this matter to Committee of the Whole, I have no doubt that such referrals will be repeated again and again in the years to come. If this is going to be the practice, we had better settle what the procedures are going to be, and settle them now.

I would suggest, without wanting to be disputatious, that in the process of creating new rules and procedures to govern this practice, we will find ourselves in a process that is far less expeditious than would have been the case had we allowed the matter to go to the Standing Senate Committee on Fisheries or to the Standing Senate Committee on Foreign Affairs. We are not simply setting one precedent in asking the Committee of the Whole to do something which it has not done in the past. We will, as I can show, be setting quite a number of precedents, some of which were alluded to by the Deputy Leader of the Government.

In any case, I have a number of points of order I wish to raise. I am prepared to make them now or later, as honourable senators wish.

**Senator Frith:** Honourable senators, as Senator Murray has stated, we all agree that we are breaking some new ground. Some of us think that is desirable and some of us have reservations. There is no issue about that. Perhaps the best way to accommodate Senator Murray in raising his procedural questions would be by my adjourning the debate on the motion. He will not be out of time tomorrow if he wishes to reflect on these points. Also, I hope to consider some of the comments that were made in the course of the debate on the main motion, which did have some application to some of the questions which the Leader of the Government wishes to raise.

● (1820)

So, if honourable senators agree, I will move the adjournment of the debate. It will appear tomorrow afternoon in my name and the Leader of the Government can then elaborate on the points of order which he has indicated he wishes to raise.

**Senator Murray:** I thank the Deputy Leader of the Opposition for that suggestion, and I will see honourable senators at 2 o'clock tomorrow afternoon.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, February 11, 1987**

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

## THE LATE DAVIDSON DUNTON

TRIBUTES

**Hon. Jerahmiel S. Grafstein:** Honourable senators, when one of our nation's wise men passes, it is appropriate to pause and mark the nation's loss.

The late Davidson Dunton, writer, journalist, academic, public servant par excellence, and visionary, served Canada with distinction. In his multi-faceted career, he was editor of the *Montreal Star*, co-chairman of the Royal Commission on Bilingualism and Biculturalism, head of the CBC, and President of Carleton University. Schooled in the depression, leavened by war, Davidson Dunton was one of Canada's transitional leaders who, by their collective wisdom and commitment to the public service, guided Canada's transition from an economy dependent as a colony into a vibrant, independent post-industrial power.

The nation generally deserves the leadership it gets. Canada deserved and gratefully accepted the wise, sound leadership of Davidson Dunton who was noted for his internationalism, his grace, his culture, and by his efforts he helped the fragile bloom of Canadian culture blossom and grow.

At a time when our cultural institutions are once again under massive attack, it is important to remind ourselves of the work of our great men, quiet Canadians like Davidson Dunton who were proud to stand for Canada and who were proud to give identity and definition to our independence.

It is no small consolation to his wife and daughters that their loss is shared by thousands and thousands of grateful Canadians.

**Hon. Senators:** Hear, hear!

**Hon. Heath Macquarrie:** Honourable senators, I am honoured to associate myself with the eloquent and sensitive words of my colleague, Senator Grafstein.

I did not know Davidson Dunton as well as did Senator Grafstein, but I certainly knew of his work and knew what he had done for Canada in so many worthy fields. I think of him at Carleton University, an important institution which grew and developed magnificently under his leadership. I think of him on important commissions dealing with vital, serious and sensitive questions regarding our country. I think of him as a great communicator in the very important field of radio and television which has meant so much to the national unity and cultural maturity of our country.

He was a man of whom it can be said, and should be said, that he wrought well and wisely for his nation, and the people of his country mourn him today because of his worth and his works.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I welcome this opportunity to add just a word about Davidson Dunton.

I knew of him when he was editor of the *Montreal Star*. In fact, when I was living in Montreal, I seem to remember him being associated with the *Montreal Standard*. I also remember him at the CBC.

From the time he left journalism and entered what might be described as a more public life, he was always being asked by Canada to solve difficult problems of the time, and he had great success in doing so.

I remember him when he was chairman of the Canadian Broadcasting Corporation, because I was a young lawyer then, doing some work in broadcasting. In those days, the CBC was not only a national broadcasting service but a regulator as well. For that reason, to be chairman of the CBC then was even more difficult, if that is possible, than it is now. Anyone who wanted a licence to operate in Canada had to go before the CBC to apply for it, and the chairman had that to contend with as well as running the corporation.

The Broadcasting Act then set up the BBG, the Board of Broadcast Governors, which was the predecessor of the CRTC. It was the first independent regulator in Canada. Davie Dunton brought to that very difficult problem what he brought to everything else in his career—great sensitivity, an open mind, and close attention to detail. He always approached any problem by listening to what people had to say about it. He was not without passion nor was he without conviction, but he had a cool head and sure-footed judgment. His approach to problems always involved listening. And he brought to them that most uncommon commodity called common sense.

I worked with Davie Dunton for seven years at the B&B Commission as a member of the commission. This commission was set up during what might be one of the most radical periods of Canadian history. It was established, really, in answer to bombs in mail boxes. These were times of political violence in Canadian history—quite uncharacteristic behaviour and not the usual Canadian way to solve problems. In that position he was the perfect balance to André Laurendeau, who died in the course of the commission's hearings.

Davie then went on to become president of Carleton University. Honourable senators may remember that that was also a difficult period—one in which there was much unrest and a

certain amount of violence on university campuses. My recollection is that of all universities, Carleton was the one that best managed to survive these uprisings, if they can be termed that way. After serving in that office, he went on to the Press Council.

Honourable senators, Davie Dunton spent his whole life solving difficult problems for his nation. He had a wonderful career. I think he was one of the most knowledgeable Canadians I have ever met. He understood Canada, he was informed about Canada, and he had sensitivity and feeling for Canada.

I believe it was yesterday morning on the Arts Report of the CBC that Mavor Moore delivered a short obituary for Davie Dunton. He said it is too bad that Davie Dunton has left us now, when, as in the past, we could use him. It is probably the first and only time that he ever let his country down!

**Hon. Senators:** Hear, hear!

## LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have two notices of motions, both of which deal with committees seeking permission to sit this afternoon while the Senate is in session. We had several yesterday. I would not want to give honourable senators the impression that we are trying to encourage the sitting of committees while the Senate is in session. The current rash is partly my fault. Up until 2 p.m. on Thursday of last week, I had told the chairmen of Senate committees that to the best of my knowledge the Senate would not be sitting this week. However, circumstances have evolved in such a way as to make that statement untrue, and I suspect that many committees had arranged sittings and had called witnesses.

With that brief explanation, honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senatore, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## FINANCIAL INSTITUTIONS

CANADA DEPOSIT INSURANCE CORPORATION—IMPLEMENTATION OF RECOMMENDATIONS OF BANKING, TRADE AND COMMERCE COMMITTEE

**Hon. Ian Sinclair:** Honourable senators, I have a question for the Leader of the Government. First, may I say that I believe his new appointment gives him greater power, and, therefore, I look to him at this time for more action; but I do congratulate him on the recognition that he has recently received.

My question deals with the Canada Deposit Insurance Corporation. The corporation has issued a release in which it has announced a payment of $275 million to trust companies in Alberta to assist in the restructuring of those companies on the basis that as a result of negotiations, such payment enables them to take action to limit claims that could be made upon CDIC.

Honourable senators, last year, under the direction of the Leader of the Government, the Standing Senate Committee on Banking, Trade and Commerce issued a report dealing with the CDIC which included a strong recommendation about setting up pools that would reflect in a more even-handed way the liabilities and problems that arise from time to time in financial institutions, resulting in claims that could be made, or might be made, or should be made upon the Canada Deposit Insurance Corporation.

• (1410)

Now, no action has been taken by the government, notwithstanding the idea of pools—separate pools for trust companies, separate pools for banks and separate pools for various institutions. I wonder, in view of the fact that a new minister now has responsibility for that portfolio, if the Leader of the Government would use his good offices to urge him to take a good look at this problem so that the fairness that was implicit in the recommendations that the committee made would receive some attention?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, yes, I shall do that. I must confess that I am unaware

of the announcement to which the honourable senator has drawn my attention, but I shall take a look at that as well.

## BANKING

### INTERNATIONAL BANKING CENTRES—PROPOSED LEGISLATION—GOVERNMENT POLICY

**Hon. Jerahmiel S. Grafstein:** Honourable senators, I, too, would like to add my words of congratulation to the Leader of the Government in the Senate on being elevated to his new post as a member of the cabinet Committee on Priorities and Planning. I am sure that his added knowledge will widen the scope of our information and debates in this place.

Honourable senators, I have a question on the issue of the proposed legislation respecting international banking centres. The Leader of the Government in the Senate, in his capacity as Minister of State for Federal-Provincial Relations, was quoted yesterday in the *Toronto Star* as saying the following: "It is truly incredible, the reaction that this"—"this" referring to the proposal on the international banking centres—"has created among a certain group of people." Could the Leader of the Government in the Senate advise us who "that certain group of people" is?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Yes, honourable senators. It is the opponents of the government's initiative.

**Senator Grafstein:** Does the Leader of the Government in the Senate realize that that "certain group of people" includes the Premier of Ontario, the cabinet of Ontario, the Chairman of the Metro Council in the Municipality of Metropolitan Toronto, the Metro councillors who are members of all parties, the Mayor of Toronto, Toronto councillors and Conservative Members of Parliament from Metropolitan Toronto, including Paul McCrossan and Don Blenkarn, who was quoted in the *Globe and Mail* of today saying that everybody who has met with the Minister of Finance on this issue has said it is "a crazy idea." Could the Leader of the Government, who is responsible for federal-provincial affairs, give us some explanation of this "crazy idea"?

**Senator Frith:** Easily!

**Senator Murray:** Honourable senators, as far as Mr. McCrossan and Mr. Blenkarn are concerned, I am reminded of the story that was once told about President De Gaulle. One of his ministers came to see him and said, "Mr. President, all my friends are against your policy." To which President De Gaulle replied, "Then, make new friends."

**Senator Grafstein:** Honourable senators, could the Leader of the Government in the Senate explain, in his capacity as the minister responsible for harmonization of federal-provincial relations, how this measure will soothe the feelings of the citizens of Calgary, who will be a net loser in this proposal because Calgary now conducts some international banking business?

[Senator Murray.]

**Senator Murray:** Honourable senators, I do not agree. I do not know what the factual basis is for the honourable senator's statement that Calgary, or, for that matter, Toronto, would be a net loser from the decision that has been taken by the government. Toronto will be losing nothing. Perhaps some other jurisdictions outside Canada will lose something, and Montreal, Vancouver and Canada will gain something from this policy.

**Senator Grafstein:** The Board of Trade in Toronto gave us that information. When I have had it confirmed, I would be glad to pass it on. Could the Leader of the Government advise us whether or not the Province of Ontario has confirmed that it is now prepared to introduce tax legislation to offset any beneficial effects of the government's proposed legislation?

**Senator Murray:** Honourable senators, I am not aware of any communications from the Government of Ontario to that effect, but, subject to the usual conditions involving federal-provincial relations and correspondence, I will check on that matter and see what report I can bring back to the honourable senator.

## CANADA-UNITED STATES RELATIONS

### BILATERAL TRADE—REQUEST FOR REMOVAL OF TARIFF ON U.S. CHRISTMAS TREES

**Hon. M. Lorne Bonnell:** Honourable senators, I have a further question for the Leader of the Government in the Senate. Last week I asked the government leader to look into the possibility of having the government remove the tariff on Christmas trees imported from the United States to Canada.

I notice that on Friday in Atlantic City, the United States Christmas Tree Association decided to pursue trade penalties against Canadian Christmas trees in retaliation for the Canadian tariff against American trees. However, the group gave the Canadian growers time to try to have the tariff removed, and said that if that happened, their retaliatory course would be stopped.

Can the minister tell us whether or not he is making any headway with the Minister of Finance or the Prime Minister in having that tariff removed?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the honourable senator asks whether I am making any headway with the Minister of Finance or the Prime Minister. The action taken by the government to retaliate against discriminatory action taken by the United States in the shakes and shingles matter is under review by the Minister of Finance, and he has already so stated in the House of Commons. The honourable senator will be aware that the action relating to Christmas trees and books was accompanied by action concerning the export of cedar logs to the United States.

The honourable senator will also be aware that, notwithstanding the discriminatory action taken by the United States in the shakes and shingles case, that industry is working at

capacity, or near capacity, so it is appropriate that the minister and the government should review the retaliatory action that we took at that time. I assure the honourable senator that this is being done.

**Senator Bonnell:** I thank the Leader of the Government in the Senate for his answer. I know that the honourable leader has a feeling for Atlantic Canada, and particularly for Nova Scotia, and that he is prepared to put his shoulder to the wheel on their behalf. If any action is taken in this matter, I know it will be through the efforts of the honourable leader, since neither the Minister of Finance nor the Prime Minister will do it on their own.

## FEDERAL-PROVINCIAL RELATIONS

EQUALIZATION PAYMENTS TO ATLANTIC PROVINCES—PROVINCIAL ACTION

**Hon. M. Lorne Bonnell:** Honourable senators, I ask the Leader of the Government in the Senate whether any of the provincial Ministers of Finance from Atlantic Canada—or, indeed, from any part of Canada—is suing the Government of Canada because of the poor equalization payments that they are receiving in Atlantic Canada? In other words, are they suing the federal government?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, equalization is a federal program, and the formula and the amounts to be paid are wholly within the control and jurisdiction of the Parliament of Canada. I myself am not a lawyer, nor is my honourable friend, but I doubt very much that any reputable lawyer would counsel one of the Atlantic provinces to sue the Government of Canada on the grounds suggested by Senator Bonnell, although some might be found who would take the case.

**Senator Bonnell:** Honourable senators, perhaps I should inform the Leader of the Government in the Senate that the provincial ministers of finance had a meeting in Halifax, and apparently since then have all written letters to the federal Minister of Finance.

However, the Minister of Finance of Prince Edward Island, while addressing the Rotary Club in Montague, Prince Edward Island, said that not he but one of the other ministers of finance of Atlantic Canada was contemplating suing the federal government. Since the Minister of Finance of Prince Edward Island was speaking at the time, that would indicate that he was referring to the appropriate ministers of New Brunswick, Nova Scotia and Newfoundland. Perhaps the Leader of the Government in the Senate could find out from the Minister of Finance whether or not he is being sued for not paying equal shares to the provinces of Atlantic Canada, as guaranteed under the Constitution.

● (1420)

**Senator Murray:** Equal shares, as the honourable senator has put it, is not what the Constitution provides for.

**Senator Bonnell:** I will let the courts decide what the Constitution provides. Lawyers have to make a living, too.

## CANADA POST CORPORATION

REPLACEMENT OF MINISTER RESPONSIBLE

**Hon. M. Lorne Bonnell:** Honourable senators, while I am on my feet, I should like to take this opportunity to thank the Leader of the Government in the Senate for his fast action on my request last week regarding the Canada Post Corporation. He got rid of the minister responsible for the Post Office!

**Some Hon. Senators:** Hear, hear!

**Senator Frith:** He made new friends.

**Senator Bonnell:** I knew that when Senator Murray became the Leader of the Government in the Senate we would get action in the rural areas of the country.

I see that a postmistress from Elmira, Prince Edward Island, near Souris, is quoted in a local newspaper as saying, "Côté's remarks degrading to Elmira postal operator." After 30 years, she is not one bit pleased to think that the minister responsible for the Post Office would say that the super mail boxes will be better than some of our senior postmistresses or postmasters. She was rather insulted by that statement and is pleased to see he has been replaced, thanks to the Leader of the Government in the Senate.

**Senator MacEachen:** He has a big job ahead of him. There are many others.

**Senator Steuart:** What about Brian tomorrow!

## DRUG TRAFFICKING

COASTAL PROTECTION—GOVERNMENT ACTION

**Hon. M. Lorne Bonnell:** I should now like to ask the Leader of the Government in the Senate what the federal government is doing to protect Nova Scotia and Prince Edward Island from the importation of illicit drugs into that part of the country, since those drugs are no longer brought into North America through the southern United States because that government has cracked down on drug trafficking.

We have had a lot of talk in Canada about combatting illicit drugs. In fact, the very week the President of the United States said something about that subject, the Prime Minister had something to say as well.

What is the government doing to prevent illegal drugs from landing on the shores of Prince Edward Island and Nova Scotia? Is there any coordinated plan by the Department of Fisheries and Oceans, the RCMP and the Coast Guard to protect Canada's shores?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, with regard to this question, I will ask the Solicitor General to obtain a full report from the Royal Canadian Mounted Police.

## CANADA POST CORPORATION

REPLACEMENT OF MINISTER RESPONSIBLE

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** With regard to Senator Bonnell's earlier question, I sometimes wonder, given the amount of political pressure that exists with regard to the Post Office, why the previous government ever decided to designate the Post Office a crown corporation, because the ministers responsible for that corporation seem to be under as much political pressure as they ever were.

I make the point that Mr. Côté did an excellent job as minister in charge of that crown corporation. I am sure that Mr. Andre will also do his very best, given the financial constraints on the government and the problems that that organization has had with labour relations, and so forth, over the past ten years or more.

I am glad the honourable senator is satisfied that the situation is improving in Prince Edward Island. I myself have recently had occasion to assure the people of Pakenham in Lanark County, where I live, that their post office would not be closed.

**Senator Frith:** Hear, hear!

**Senator Murray:** This is a matter I thought would be of interest to the honourable Senator Frith, who is sitting in the Senate as a senator from Lanark County and should have been taking up these matters, but I was glad to do it on his behalf.

**Senator Frith:** If ever I am Leader of the Government in the Senate, I will continue Senator Murray's good efforts.

**Senator Roblin:** That may be a long time away.

**Senator Frith:** It may very well be. It will not be a long time until we are over there, but perhaps it will be a long time before I am Leader of the Government in the Senate.

## ABORIGINAL PEOPLES

NATIVE ECONOMIC DEVELOPMENT PROGRAM—INCLUSION OF PRIMARY RESOURCE INDUSTRIES—GOVERNMENT ACTION

**Hon. Len Marchand:** Honourable senators, my question is for the Leader of the Government in the Senate. The Leader of the Government may know that there has been concern in the native community for some time regarding the inclusion of primary resource industries as being eligible for funding under the Native Economic Development Program. I have been seeking some information recently and I have had trouble finding it. Could he tell me this: Has the government made a decision to include primary resource industries for funding under the NEDP, and when will it be announced, if a decision has been made?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my information on that matter is not as up to date as it should be. I will make an inquiry and report back to the honourable senator.

[Senator Murray.]

## INDUSTRY

SYDNEY STEEL CORPORATION—DISCUSSIONS WITH CN CONCERNING LONG-TERM RAIL CONTRACTS—MODERNIZATION PLAN—STATUS

**Hon. B. Alasdair Graham:** Honourable senators, I have a question for the Leader of the Government in the Senate. Last week in response to a question, the Leader of the Government indicated that an announcement concerning the agreements between Sysco and Canadian National and the go-ahead for phase two of the modernization plan was imminent.

Could the Leader of the Government bring us up to date on both pending announcements with respect to the future of Sydney Steel?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I ask the honourable senator to give me a day to look into that matter. I thought that some announcements had been made on the weekend in that regard, but I will have to look into it.

**Senator Graham:** Well, it is true that the Minister of National Revenue, on Friday night at the opening of the annual meeting of the Progressive Conservative Party of Nova Scotia, said that "the deal will assure Sysco of its traditional share of CN's market—"

But he did not give any figures. Almost immediately, the Premier objected to Mr. MacKay's use of the word "domestic," when he referred to the "domestic market and domestic requirements of CN," saying that "Sysco must get 75 to 80 per cent of all of CN's purchases, not just those made in Canada."

What people are looking for is a commitment with respect to a "traditional market," because certainly neither the federal government nor CN will admit to a traditional percentage. What the Premier of Nova Scotia, as I understand, is looking for is a guarantee that 75 to 80 or 85 per cent, which has been traditional, will be awarded to Sysco.

**Senator Murray:** Well, honourable senators, part of the problem seems to centre on the actual need of CN for rails and whether that crown corporation should be required to purchase more rails than it needs.

I thought that there was, or was about to be, a communiqué issued from the management of CN on this matter. If that has not happened, I will look into it and see what the status is.

**Senator Graham:** I do not think that they are looking for a guarantee with respect to tonnage; it is a guarantee with respect to percentage.

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## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

MOTION TO RESOLVE INTO COMMITTEE OF THE WHOLE—DEBATE CONTINUED—POINTS OF ORDER

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, P.C.:

That the Senate do resolve itself into a Committee of the Whole to consider the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada-France.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I yield to Senator Murray.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I indicated yesterday that I had a number of points of order that I wanted to raise on this matter. I shall do so now—I hope, briefly—and ask honourable senators to address themselves to these points and ultimately, perhaps, ask the Chair to rule on them.

• (1430)

My opening remarks will be brief and I shall conclude by putting three questions on points of order to the Senate and to the Chair.

I must confess that many of the points I am about to raise were alluded to in the discussions in this chamber yesterday. As I said yesterday, the rules of the Senate specify the subject matters which are to be referred to each standing committee. Thus, for example, at page 30, rule 67(1)(*n*.1) says that it is appropriate that matters relating to fisheries generally shall be referred to the Standing Senate Committee on Fisheries. Again, on page 27, rule 67(1)(*h*) says that international agreements should be referred to the Standing Senate Committee on Foreign Affairs.

I should make the point that exceptions to the rule of referring certain subject matters to certain standing committees have, in the past, required the leave of the house. On November 7, 1985, when Senator Doody suggested that certain tax bills be referred to the Standing Senate Committee on National Finance rather than to the Standing Senate Committee on Banking, Trade and Commerce where they belonged, he moved, seconded by the Honourable Senator Phillips, with leave of the Senate and notwithstanding rule 67(1)(*l*), that the Standing Senate Committee on National Finance be authorized to examine the subject matter of Bill C-80, an act to amend the excise tax, and so on.

I suppose that some honourable senators would argue that the Committee of the Whole, because it is composed of all senators, is, in fact, some kind of superior body. I can find no support for that contention in our rules, although it may be that someone can draw my attention to some support for that idea. In fact, on page 2 of our rule book, Part I, rule 5(*b*) states:

"committee" means a committee of the whole, a select committee, whether standing or special, or a joint committee;

Therefore, honourable senators, I should like honourable senators and/or His Honour to address the question of whether, in order to have the matter under consideration, that is, a fisheries agreement, referred to a committee other than the Standing Senate Committee on Fisheries or the Standing Senate Committee on Foreign Affairs, leave is required of the Senate.

Honourable senators, as I pointed out yesterday, the purpose of the Committee of the Whole and its role over the years has been to examine legislation, including tax measures, clause by clause. On two occasions that I am aware of, proposed new rules of the Senate were sent to Committee of the Whole, but I can find no occasion when the Senate dealt with inquiries. Yesterday the Deputy Leader of the Opposition indicated that there were some precedents. I would be interested in hearing today what they are, because I do not pretend that my research is the last word on this matter.

However, I do draw the attention of the Senate to *Beauchesne's* fifth edition, page 161, citation 461, where it says:

The function of a Committee of the Whole House is deliberation, not enquiry. All matters concerning the imposition of taxes must be considered in a Committee of the Whole . . .

And then it goes on to say:

. . . and any other questions which, in the opinion of the House, may be more fitly discussed in this Committee, are dealt with in a Committee of the Whole.

As I say, I can find no precedent for the Committee of the Whole to be conducting inquiries of this kind. The Committee of the Whole is clearly not the place to conduct investigations into public business or to hear from witnesses.

I should like to know what precedent there is in this chamber or, indeed, in the House of Commons for using the Committee of the Whole for this purpose.

I should also like to know what precedent there is for calling witnesses in Committee of the Whole either here in this chamber or in the House of Commons. Again, while I do not pretend that my research is the last word on the matter, I can find no precedent to that effect.

I would like to draw the attention of honourable senators to a rule which was referred to yesterday by Senator Godfrey and by the Deputy Leader of the Government. Rule 18 states:

When a bill or other matter relating to any subject administered by a department of the Government of Canada is being considered by the Senate or in Committee of the Whole, a minister, not being a member of the Senate, may on invitation from the Senate enter the Senate Chamber and, subject to the rules, orders, usages, forms and proceedings of the Senate, may take part in the debate.

As was pointed out yesterday by the Leader of the Opposition, there have been quite a few occasions over the years, and several in the course of the current Parliament, where ministers have come into this chamber to Committee of the Whole as witnesses to explain bills for which they were responsible. On occasion, as is the custom, we have turned a blind eye to

the fact that there was a small table in front of the minister's desk at which were seated several public servants, but those public servants did not take part in the proceedings and spoke only through their minister.

My research indicates that whatever precedents we have for people who are not ministers of the Crown being heard in this chamber do not apply to Committee of the Whole. On a number of occasions before the turn of the century, people involved in divorce cases, usually lawyers, came to the Bar of the Senate to testify that they had served papers on respondents in divorce cases. All the other cases I am aware of where people came before the Bar of this place or the other place were people who were summoned there because of some alleged misconduct or contempt.

I contend that while ministers of the Crown who are not members of the Senate may, according to our rules, enter the chamber to answer questions about bills and to take part in the discussion, officials cannot come in here and be heard. Other interested parties referred to in an earlier motion of the Leader of the Opposition cannot, under our rules, come into this chamber and be heard. Within our rules, provincial premiers cannot come into this chamber and be heard.

**Senator Frith:** Where does it say that?

**Senator Murray:** Honourable senators, it specifies in rule 18 that ministers of the Crown may come in. Surely the honourable senator is not suggesting that it is open for anyone he wants to come in here to take part in our deliberations.

**Senator Frith:** The Senate can so decree.

**Senator Murray:** I am going to ask for a ruling on that matter. I am going to ask honourable senators to defend the proposition that we can open the door and have whoever we want come in here to take part in our proceedings. I am going to ask senators to defend the proposition that that can be done within our rules. It seems to me that we are setting quite a major, and not necessarily desirable, precedent. That is a matter to which honourable senators may want to address themselves.

• (1440)

Needless to say, the procedure for hearing people who come to the Bar of the Senate or the Bar of the other place is extremely complicated. The rules provide that when an honourable senator wishes to put a question to one of these people, the question must be put in the form of a motion, moved, seconded and passed, and then His Honour must put the question to the witness who comes to the Bar. As I have said, all of those cases apply to the Senate's sitting as such. None of the cases that I am aware of apply to the Committee of the Whole.

There is a great deal more that I could say, but I think I will wait for another occasion. We have to confront the fact, as I said yesterday, that this motion would have us enter into uncharted territory, without the benefit of rules or precedents to guide us. We shall have to make them up as we go along, if this motion succeeds. I think that this is going to be a cumbersome and difficult process. I think that we would have been much better off to have agreed to send this matter to the Standing Senate Committee on Fisheries or the Standing Senate Committee on Foreign Affairs.



Therefore, honourable senators, let me for the moment simply put to the Senate the three procedural questions that I want dealt with. We shall see what honourable senators have to say about them. Ultimately, perhaps, I would ask to have the Speaker rule on them.

The questions are as follows. First, is leave of the Senate required to refer this matter to a committee other than the Standing Senate Committee on Fisheries or the Standing Senate Committee on Foreign Affairs? Second, is it within the rules of the Senate to have an inquiry conducted by the Committee of the Whole? Third, can persons other than senators and ministers of the Crown be heard within the Committee of the Whole?

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I would like to make a brief comment on the views expressed by the Leader of the Government. It seems to me that the questions which he raised have already been answered by the Senate.

Yesterday the Senate decided that the agreement should be referred to Committee of the Whole. The Senate has already decided that it is appropriate to do so. I do not see why it is necessary to ask the question again when, in a formal decision, the Senate answered the question yesterday. I think that disposes of the first question asked by the Leader of the Government. Is it appropriate for the Committee of the Whole to conduct an inquiry? Yes, the Senate has so decided. I do not think we can reverse a decision taken yesterday.

The Leader of the Government then asked: Is it possible for persons other than senators and ministers of the government to come into the chamber? The Senate also decided that yesterday, because the motion states:

> That the agreement on fisheries and boundaries between Canada-France . . . be referred to a Committee of the Whole for the purpose of hearing Ministers and officials and other interested parties, including provincial Premiers.

Yesterday, therefore, the Senate also answered that question. It is possible to hear in the Senate persons other than ministers and senators. The Senate said so yesterday. I think it is quite unnecessary to continue a debate on a matter which has already been decided. Would it not now be ridiculous for the Senate to take the view that we cannot have an inquiry in the Committee of the Whole when we decided yesterday that we could have one? It would be equally ridiculous to say today that we cannot hear witnesses other than senators or ministers when yesterday we decided it was appropriate to go into Committee of the Whole for the purpose of hearing ministers and officials and other interested parties, including provincial premiers.

I suggest that the questions which have been raised have already been decided by the Senate. A reading of the motion will make it clear, I believe, that the questions put by the

Leader of the Government have already been answered. Indeed, if we decide at this stage to answer in the negative the questions he has put, then we would be negativing the motion passed yesterday.

**The Hon. the Speaker** *pro tempore:* Does any other honourable senator wish to take the floor to speak to the points of order which have been raised by Senator Murray?

**Senator Murray:** Honourable senators, I tried to raise these points of order yesterday in connection with the motion to which the honourable senator refers. I was not able to do so for reasons which are well known. I said at that time, and I still insist, that my points of order are as relevant to the present motion, which is that the house resolve itself into a Committee of the Whole, as they were to the previous motion which was passed.

The Senate took a vote on the substance of the motion moved by the Leader of the Opposition. The Senate has not—has not, I repeat—addressed itself to the procedural problems that I have raised. I would like to have the Senate address itself to those problems, and I would like to have a ruling from the Speaker on those matters. The honourable senator is basically arguing that my point of order is out of order and that I have no right to raise such a point of order at this time.

**Senator Frith:** Honourable senators, as the proposer of the motion before us, I want to underline that it is a motion that the Senate resolve itself into Committee of the Whole. The context for the motion is a decision made by the Senate yesterday that this matter be referred to Committee of the Whole. I reiterate that the motion before us now is that we should resolve ourselves into Committee of the Whole, and it seems to me that all of these points of order are completely irrelevant to it.

[*Translation*]

SPEAKER'S RULING

**The Hon. the Speaker** *pro tempore:* Honourable senators, the Chair has been asked to rule on the point of order raised by the Leader of the Government in the Senate.

[*English*]

Honourable senators, I was not here yesterday to follow the deliberations of the Senate, but before coming into the chamber this afternoon I looked at the proceedings. I realize that a decision was taken by this house that the matter should be referred to the Committee of the Whole.

[*Translation*]

Honourable senators, if we look at *Beauchesne's Parliamentary Rules and Forms*, Citation 315.(2) on page 103, we see the following:

> It is irregular to reflect upon, argue against, or in any manner call in question in debate the past acts or proceedings of the House . . .

I may also refer you to *Beauchesne's*, Citation 416.(1) on page 152, which says:

> An old rule of Parliament reads: "That a question being once made and carried in the affirmative or negative, cannot be questioned again but must stand as the judgment of the House." Unless such a rule were in existence, the time of the House might be used in the discussion of a motion of the same nature and contradictory decisions would be sometimes arrived at in the course of the same session.

Regarding the point raised by the Leader of the Government, I do not think it is well founded. Since the decision was made by this chamber yesterday, we cannot ask the chamber today, be it indirectly, to hand down a reversal of that decision, and that is why we will have to live with the decision made by the Senate yesterday.

Regarding the other question raised by the Leader of the Government in the Senate, namely, who should be allowed to appear before a Committee of the Whole, the answer is not quite as straightforward. I believe that according to custom the minister responsible for the legislation appears before the Senate, accompanied by assistants who are not given the floor but who may advise the minister on his answers.

I would like to hear about some precedents. I have been here since 1972 and I have yet to see witnesses appear before a Committee of the Whole and come to the bar of the Senate to testify.

It is possible, but precedents are hard to find. However, Bourinot, in Privileges and Immunities of Parliament, at page 70, says the following:

• (1450)

[*English*]

> When the evidence of any person is shown to be material in a matter under consideration of the house, or a committee of the whole, a member will move that an order be made for his attendance at the bar on a certain day.

[*Translation*]

It is possible, but I don't think I know of many precedents where this procedure was used. I believe that selecting the witnesses to be asked to appear before regular committees of the house is done by the chairman of the committee, in consultation with the steering committee.

I do not think it is up to the Chair to decide that such and such a witness should appear before the Senate in Committee of the Whole.

An agreement should be reached by the government and members of the opposition on who shall appear before the Committee of the Whole.

As I said before, precedents are hard to find. Obviously, the Chair can hardly inform the Senate that it is going to hear such and such a witness, since the role of the Chair is to carry out the orders of the Senate.

Regarding the fact that leave must be asked of the Senate to sit in Committee of the Whole, that was decided yesterday. I cannot reverse that decision.

In the circumstances, the arguments raised in support of the point of order made by the Leader of the Government are not well founded and hence the Chair must rule them out of order. [*English*]

SENATE RESOLVED INTO COMMITTEE OF THE WHOLE

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, speaking to the motion itself, I do not believe that I can add anything useful to what has already been said or what the motion itself says. The Senate has decided that the agreement shall be referred to a Committee of the Whole in order to hear the types of witness listed. Therefore, I ask that the motion be put, that is, that we resolve ourselves into a Committee of the Whole for that purpose.

**Hon. C. William Doody (Deputy Leader of the Government):** Your Honour, I wonder if I might be permitted a question of clarification? I have no intention of questioning Your Honour's ruling. It is merely a question of clarification. In your citation from *Bourinot* on the calling of witnesses, I gained the impression from listening that we are considering witnesses called before the Bar of the chamber rather than witnesses in the chamber itself. Is that correct?

**The Hon. the Speaker** *pro tempore:* That is right.

**Senator Frith:** Honourable senators, on that question, I would suggest that all honourable senators—and I hope that His Honour would agree—should consider the fact that a Committee of the Whole, like any other committee of the Senate, is the master of its own proceedings. I believe that some of the points raised by Senator Murray can properly be raised for the consideration of the Senate when we are in Committee of the Whole. For example, the committee, being the master of its own proceedings, might very well say, "The Senate has authorized us to hear this type of witness. There is authority for certain witnesses to appear at the Bar of the house, but we propose to have a table set up in the chamber, in the aisle, in order to hear them in that context."

If the Committee of the Whole decides to do that, I do not believe there is any doubt at all that it has the right to do so. But that does not mean that Senator Murray or any other senator cannot rise and say, "I do not think that is a good way to do it." It will then be debated in the committee, and the committee, being the master of its own proceedings, can decide how it wants to deal with the question. I believe those are matters for the committee itself, and we can get to that, if the motion now before us is passed.

**Hon. George van Roggen:** Honourable senators, on that same point, I have some difficulty in following the reasoning of the Leader of the Government. I would draw the attention of honourable senators to Part I, Interpretation, of our rules. Rule 5(*b*) says:

> "committee" means a committee of the whole, a select committee, whether standing or special, or a joint committee;

So, a committee is a committee. There are four different kinds: a Committee of the Whole, a select committee, whether standing or special, or a joint committee. Rule 5(*c*) says:

> "Committee of the Whole" means a committee composed of the whole body of the senators.

I submit that the only difference between a special committee, a standing committee, a joint committee and a Committee of the Whole is that all senators are members of a Committee of the Whole whereas only a few senators are members of a standing or special committee. Other than that, there is nothing in our rules to suggest that a Committee of the Whole would operate any differently from any other committee. It would be master of its own arrangements.

**The Hon. the Speaker** *pro tempore:* I think the committee itself is the master of its rules. It is up to the committee to decide which type of witness it wishes to hear; but on each occasion the committee would have to decide. A motion can be put by an honourable senator to object to a witness or to put forward the name of a witness who should appear before the committee. That is up to the committee itself; it is not for the Chair to decide what will be the conduct of the Committee of the Whole.

• (1500)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, for the record, I think I should point out that it is at least a slight exaggeration to say that committees are masters of their own rules and their own procedures. There are matters that are reserved for the Senate as such and that committees cannot decide upon by themselves. There are occasions when committees have to come back to the Senate for permission. However, we may be hearing something of that later.

While I am on my feet, I simply want to say that honourable senators know my views and the views of the supporters of the government on this matter. I do not favour what is being proposed. I am very much concerned about the procedure, or, indeed, the lack of procedure, the lack of precedent, the lack of rules to guide us, and the fact that we are going to make them, as it were, flying by the seat of our pants. I have made all these arguments before. I simply want the Senate to know that we are opposed to this procedure. Because we are opposed to it and want it to go on record, I call for a standing vote on the motion.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen:

> That the Senate do resolve itself into a Committee of the Whole to consider the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada-France.

Is it your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**The Hon. the Speaker** *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker** *pro tempore:* Will those honourable senators who are against the motion please say "nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker** *pro tempore:* In my opinion, the "yeas" have it.

*And two honourable senators having risen.*

**The Hon. the Speaker** *pro tempore:* Please call in the senators.

• (1530)

Motion carried on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|---|---|
| Adams | Leblanc (*Saurel*) |
| Anderson | LeBlanc (*Beauséjour*) |
| Barrow | Lefebvre |
| Bosa | Lucier |
| Buckwold | MacEachen |
| Cools | Marchand |
| Cottreau | Marsden |
| Everett | McElman |
| Fairbairn | Neiman |
| Frith | Olson |
| Gigantès | Riel |
| Godfrey | Rousseau |
| Grafstein | Rowe |
| Graham | Sinclair |
| Guay | Stewart (*Antigonish-Guysborough*) |
| Hastings | Stollery |
| Hébert | Turner |
| Hicks | van Roggen—39. |
| Kenny | |
| Langlois | |
| Lawson | |

NAYS

THE HONOURABLE SENATORS

| | |
|---|---|
| Atkins | Macquarrie |
| Balfour | Muir |
| Barootes | Murray |
| Bélisle | Nurgitz |
| Cogger | Robertson |
| David | Roblin |
| Doody | Rossiter |
| Doyle | Simard |
| MacDonald (*Halifax*) | Spivak |
| Macdonald (*Cape Breton*) | Tremblay—20. |

ABSTENTIONS

THE HONOURABLE SENATORS

Pitfield—1.

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CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the agreement, the Honourable Senator Rhéal Bélisle in the Chair.

• (1540)

**The Chairman:** Honourable senators, I thank you all for permitting me to preside as chairman of the Committee of the Whole. I promise to be impartial, as I have been in the past. May I ask all of you to maintain the good decorum of the Senate. I am your presiding officer and servant. May I ask for your guidance on how we are to proceed.

**Senator MacEachen:** Thank you, Mr. Chairman. Honourable senators, may I begin by assuring you, Mr. Chairman, that we appreciate your task as chairman of the Committee of the Whole. I can assure you that we will pay attention to your admonition to maintain the decorum of the Senate, and I believe that with good will on all sides we can maintain that decorum and establish the necessary procedures as we move on to what is new ground.

I have already indicated, Mr. Chairman, my interest in hearing a number of witnesses before the Committee of the Whole, and I believe I should indicate to members of the committee persons whom I would like to see appear before the Committee of the Whole.

At the outset, I should like to indicate the persons I have in mind. Other honourable senators may have other persons in mind and, certainly, which witnesses we hear can certainly be worked out by agreement. I think the Minister of Fisheries should be given an opportunity to appear before the Committee of the Whole and to take whatever time he needs to explain the recent agreement. The negotiators who were responsible for putting their signatures to the record of decision were Mr. Lorne Clark of the Department of External Affairs and Mr. Applebaum of the Department of Fisheries, and I think both of them have a good deal of information which would prove valuable.

There is a reference in the motion to provincial premiers. It is my view that the Premier of Newfoundland and the Premier of Nova Scotia, if either of them wishes to do so, ought to be given an opportunity to give their views to the Committee of the Whole. The same would apply to their counterparts, the leaders of the opposition in those two provinces, if they wished to express their views.

It is my understanding, and as Senator Doody mentioned yesterday, that insofar as Newfoundland is concerned, the question is really a non-partisan one in that province. It might, therefore, be interesting to have a broad spectrum of opinion from the political side.

It would also be of interest to hear Mr. Cashin and Mr. Cummings, the head of National Sea, who made some comments about the impact of this agreement on the industry. There may be others in that category who might be asked.

Finally, I would be interested in hearing, if possible, the Canadian Ambassador to France, Mr. Bouchard, who, I believe, could give us insights into this matter.

I could explain in detail my reasoning for mentioning each of these witnesses, but I will only say that that is my list at this moment which I would like to have considered by my colleagues in the Senate.

Mr. Chairman, you asked for some suggestion as to how we should proceed. I believe that simplicity should be our watchword.

Therefore, I suggest that a table be placed in the gangway and that witnesses, other than the minister or the premiers—if that is a courtesy which we wish to extend to premiers—should take their places at a table in the aisle and give their evidence from that point. It has been customary to seat a minister adjacent to the Leader of the Government, and that procedure could be followed. If a premier wished to appear, I am sure we would want to extend the same courtesy to him, but other witnesses could take their place at a table within easy hearing of the questions which will be addressed to them.

**The Chairman:** Any other comment?

**Senator Murray:** Honourable senators, I do not know that any comment is required from me or from this side. The committee is aware of my views on the desirability of proceeding in this way. However, that has been settled to this point by a vote of the Senate. The committee will find me and my colleagues in a constructive mood, although "goodwill" might be an exaggerated description of my attitude toward this process. Nevertheless, I am, and we are, desirous of seeing that events unfold in as proper, as dignified and in as decorous a way as possible under the circumstances.

My colleagues or I may have names of other witnesses to suggest in due course. At any rate, I have none to suggest today. I have no objection to any of the names that have been proposed by the honourable Leader of the Opposition.

As to how we proceed from here, I really do not know. I have been a chairman of a standing committee of this place as well as a member of various committees. The practice of those committees has been to appoint a steering committee which considers the matter of what witnesses to invite, in what order, and according to what schedule. Then the chairman, usually through the clerk of the committee, gets in touch with the ministers and others who are invited to appear. That procedure has served us well in those standing committees and, I presume, would be the most practicable way for us to proceed in this instance.

I suppose we ought to leave it to the chairman and the clerk to make those contacts and report back to us in due course, although we might consider giving some instruction to the chairman and the clerk as to what days we are prepared to sit as a committee for the purpose of hearing witnesses and considering this matter so that they will have some framework within which to operate in issuing these invitations. Again I say that I have no names to add to the list at this time; I may have later. I have no objection to any of the names that have been proposed by the Leader of the Opposition. We are desirous to see this matter conducted in as expeditious a manner as possible.



• (1550)

**Senator Frith:** Honourable senators, I wish to support and add a word to what the Leader of the Government has said. I suggest that the chairman and the clerk be authorized to contact the witnesses on the list—and this may be an appropriate time to say that this list is not meant to be exhaustive; others may wish to add to it—and invite them to attend. I suggest that they try to make the arrangements themselves to the extent they can, matching to the extent possible the urgency of the matter, from the Senate's point of view, and the convenience of the witnesses, as much as it can be so accommodated.

Further, I suggest that we do establish a steering committee. It might consist of the mover of the motion, the Leader of the Opposition in the Senate, Senator Doody, Senator Murray, and as many others as honourable senators might wish to add. But I think the initial steps might be taken without consulting the steering committee. There is a certain precision to the reference and there is a precision to the list. If, however, the chairman and the clerk feel that they need any help, they can consult with the two leaders or the two deputy leaders.

As to our schedule, I suggest, for the consideration of honourable senators, that we inform the chairman and the clerk that we are prepared to sit in Committee of the Whole tomorrow, which would include tomorrow evening, if that is suitable to any witness, Friday morning, afternoon and even evening, and Monday. I say this by way of information for the chairman so that when he asks the witnesses when they can come, it will be made clear that we are treating this matter as an urgent one and will accommodate them to the extent possible. I think it would be inconsistent or inappropriate for us to say to such witnesses that we cannot hear them at any time other than tomorrow afternoon or Tuesday afternoon.

**Senator Murray:** As I understand it, honourable senators, at the beginning of each day the Senate will sit as usual and then resolve itself into Committee of the Whole, which will report back to the Senate at the end of the day.

**Senator Frith:** That is correct. If my suggestions are acceptable to honourable senators, then I propose to move that the committee rise and that the chairman report progress and ask leave to sit again. The Speaker, I take it, will ask when the committee will sit again, and I will then propose that it be the next sitting. I am not doing that at the moment because I want honourable senators to say whether they encourage me to do so, but that is how I see the unfolding of events.

**Senator Doody:** I would ask for some elaboration on the steering committee in terms of its functions, scope and so on. How much of the detail will be decided in the main committee

and how much of it will be left to the steering committee? I have no problem with the principles set forth by the honourable senators opposite; they all sound very accommodating. I do have one major problem, however, and it is this: In light of the fact that Senator van Roggen today insisted that a committee is a committee is a committee, that one committee is the same as any other, and in view of the fact that yesterday Senator Stewart and Senator LeBlanc expressed so eloquently concern for the fishermen and said that it is directly to the fishermen that we should be speaking rather than to representatives of provincial governments, and so on, is it the intention of this committee to ask permission to travel from place to place, with a view, perhaps, to visiting all of the fishing communities in the province of Newfoundland, or will we leave that to the steering committee to decide?

**Senator Frith:** I have not had a fast look at the rules, but, although we are masters of our procedure, unless I am mistaken, the rules provide that senators participating in Committee of the Whole do so in their places. We could change that, however.

**Senator Olson:** Mr. Chairman and honourable senators, I think we should have at least a brief discussion of how we expect the witnesses to behave and perform once they get here. Whether the witness be a minister, a premier or an official, I suggest that the chairman, the clerk or whoever advise the witness that we would expect him to do what is considered to be the normal procedure in any standing committee; that is, that he make an opening statement describing his part in the situation, say anything else he might wish to say, after which he will answer questions from members of the committee.

**Senator Doody:** Honourable senators, that is precisely the reason why I asked about the duties and powers of the steering committee. Are we going to get into all of that detail here in this chamber? This is what I anticipated yesterday. If so, we will be bogged down in a lot of detail, and a committee of 104 members is rather hard to manage. When will the steering committee be named? What powers will it have, and when will it meet?

**Senator MacDonald (Halifax):** Honourable senators, this is the first time I have not felt the need to apologize for my ignorance, being a member of this chamber for only two years. I gather that all of us are in the same position. We all find ourselves in what appears to be a totally unprecedented situation. There are just a couple of things that stick in my craw.

I would like to encourage Senator Pitfield to attend, should he wish to, but as an abstainer to this motion, he may not. I have observed ministers who have appeared before the Committee of the Whole and they, quite naturally, have been supported by public servants. What bothers me is that we would call a public servant, a bureaucrat, before this chamber to answer questions rather than wait for the minister, who is the person bearing the ultimate responsibility. It strikes me as being either imprudent or improper to call a public servant to answer questions on behalf of his minister. I would think that if we cannot hear from the appropriate minister, we should wait for him or her. Somehow, I think that we would be acting imprudently or improperly if we were to call a public servant before this chamber and ask him for information which is readily available to the minister—the minister who is accountable for the actions of that public servant. Why drag a public servant before this house? I cannot quite understand the reasoning behind that, but I am sure that the distinguished former clerk of the Privy Council might express some interesting opinions on this subject. Somehow, it does not strike me as a proper procedure.

● (1600)

**Senator Buckwold:** Honourable senators, in this rarefied atmosphere, I am a little reluctant to raise the question of budgets; but I am wondering whether arrangements will be made for the expenses that will be incurred as a result of this process. There may be expenses involved in bringing in witnesses or in connection with people travelling—or a variety of things. Will the normal procedure be followed? Since the Committee of the Whole will be functioning as a committee, will it require a budget approved by the Internal Economy, Budgets and Administration Committee? How will that be handled?

**Senator Bosa:** Honourable senators, would the steering committee, in determining the procedure to be followed concerning witnesses when they appear before the Committee of the Whole, also consider if questions to the witnesses—more specifically to the provincial premiers, if they decide to appear before the committee—will be limited to the Canada-France agreement, or whether questions can be put to them as to whether they see any desirability of establishing a formal channel of communication between the Senate and the provincial governments such as was outlined in a letter that was circulated to honourable senators some time ago?

**Senator Murray:** Profitez de l'occasion!

**Senator van Roggen:** Honourable senators, in response to the point made by Senator MacDonald a moment ago, I refer to my remarks during the course of the debate on the establishment of the Committee of the Whole, namely, that we are now functioning as a committee of the Senate, like any other committee, except that this committee consists of all honourable senators. In an ordinary inquiry before a committee, a number of witnesses are called, including officials of the department concerned, before the minister is called. We invariably call the minister as a matter of courtesy, but often it is for the purpose of finding out what government policy is. I submit that by calling officials first, before the minister, they will make it quite clear that they will not express opinions but will only give facts and background information. The Committee of the Whole would then be properly informed of the background, of the facts, of where the fishing areas are located, the tonnage involved, and so on, so that when the minister appears before the committee, as we hope he will do, we would be informed and would be able to put intelligent questions to him. So, I do not believe that there is anything different from the procedure that we normally follow in a standing committee in having departmental officials appear before the appearance of the minister.

**Senator MacDonald (Halifax):** Honourable senators, if that is an analogy, I am not prepared to accept it. I understand the procedure that is followed in regular standing committees; but in this particular instance, for reasons best known to honourable senators, we have refused to refer this matter to what one would have thought was the appropriate committee. And since it is intended to invite ambassadors and premiers, with all due respect, senator, in my view this is a totally different situation and your analogy fails.

**Senator van Roggen:** Is this or is this not a committee?

**Senator MacDonald (Halifax):** Since you attach a great deal of importance to this, why not call the minister, the person who is responsible?

**An Hon. Senator:** He is on the list.

**Senator MacDonald (Halifax):** If all of the ministers who are involved in this matter are available, then why do we need to call the bureaucrats?

**Senator LeBlanc (Beauséjour):** Honourable senators, I have listened to the list of suggested witnesses. As I look at the map of the area affected, I am of the view that we cannot discuss fish stocks in the Gulf of St. Lawrence, at the entrance to the Gulf, such areas as 4VN, 3PS, 4T, 4S and 4R, without at least inviting the representatives of the other Gulf area provinces such as Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland. Since the discussion of the management of those stocks takes place in a committee called the Atlantic Ground Fish Committee, which assembles representatives of all provincial governments involved in the area, plus fishermen and processors, the representatives should be invited. They may choose not to appear, but it seems to me that we owe them the courtesy of ensuring that their point of view is heard—because if you move fishermen from 3PS or 4VN and move them into 4S and 4R, you are affecting not only the interests of Nova Scotia and Newfoundland but also the interests of five provinces.

**Senator Frith:** Honourable senators, it seems to me that there may be three or more outstanding matters. With regard to the steering committee, I should make a formal proposal. I have jotted something down—

**Senator Murray:** Mr. Chairman, I suggest that the Deputy Leader of the Opposition should make his proposal concerning the steering committee, stating how many members from either party, but he should not identify the names. He mentioned the Deputy Leader of the Government. It is with considerable sadness that I have to advise the house that the Deputy Leader of the Government will be out of town next week on parliamentary business. His good fortune in that respect is exceeded only by that of the Secretary of State for External Affairs.

**Senator Doody:** It is a sense of responsibility. I wish to tell honourable senators, and the rest of my colleagues, that I am willing to turn in my gold star.

**Senator Frith:** The motion that I had written down did include the Deputy Leader of the Government, but the point raised by the Leader of the Government is valid. So I will change it to have my motion read:

> That a steering committee, composed of three members from the opposition and two members from the government side, plus the chairman—

Which would then equalize it:

> —perform the usual functions of a steering committee for this matter that is before the Committee of the Whole.

There is a technical term for it. What we call a steering committee is formally called a subcommittee on agenda and procedures.

**The Chairman:** Honourable senators, we will deal first with Senator Frith's motion regarding the subcommittee on agenda and procedures. The motion is:

> That a Steering Committee consisting of three members of the opposition and two members from the government be established to assist the Chairman to perform the usual functions of a Sub-committee on Agenda and Procedure.

Did you wish to include the chairman?

**Senator Frith:** Yes.

**The Chairman:** May I ask that the motion of the Leader of the Opposition be read by the clerk at the Table.

**A Clerk at the Table:** It is moved by the Honourable Senator MacEachen, seconded by the Honourable Senator Frith:

> That the following witnesses be called:
>
> The Minister of Fisheries and Oceans;
>
> Mr. Lorne Clark of the Department of External Affairs and Mr. Bob Applebaum of the Department of Fisheries and Oceans;
>
> The Premiers of Nova Scotia, Newfoundland, Prince Edward Island, New Brunswick and Quebec as well as Leaders of the Opposition or their representatives;
>
> The Secretary of State for External Affairs;
>
> Mr. Cashin and Mr. Cummings, head of National Sea, and additional fishermen's associations to be chosen by the Steering Committee;
>
> The Canadian Ambassador to France, Mr. Lucien Bouchard; and
>
> Others to be determined at a later date.

● (1610)

**Senator Murray:** No. Senator LeBlanc of Beauséjour has suggested—

**Senator Leblanc (Saurel):** They are to be included in the others.

**Senator Murray:** That is fine, but he suggested the premiers of the other Atlantic provinces and Quebec.

**The Chairman:** Is it agreed, honourable senators?

**Senator Frith:** Mr. Chairman, are both suggestions, the one on the steering committee and the one on the list, agreed to?

**The Chairman:** Yes, they are. That is what I have.

**Senator Bonnell:** What is agreed to, Mr. Chairman?

**The Chairman:** What was said by Senator Frith and the two motions that were read by the assistant clerk.

**Senator Bonnell:** Are both motions agreed to? Did you put both motions at once?

**The Chairman:** No, I did not.

**Senator Bonnell:** Would you start off with the first motion and read it slowly, please?

**The Chairman:** The first motion is what Senator Frith requested.

**Senator Bonnell:** What is that?

**The Chairman:** I shall ask the assistant clerk to read it again.

**A Clerk at the Table:**

That a steering committee be—

**Senator van Roggen:** Excuse me. Have we concluded debate on these motions?

**Senator Bonnell:** We have not put the motions yet.

**Senator Hicks:** Let's put the first one.

**The Chairman:** Honourable senators, we will put the first motion, the one which Senator Frith mentioned.

**Senator Doody:** The one that we approved.

**Senator Bonnell:** Mr. Chairman, I suggest that you say the one that Senator Frith "moved" rather than "mentioned". I think that we should make a motion of it.

**The Chairman:** I presume that the motion was seconded by Senator MacEachen.

**A Clerk at the Table:**

That a Steering Committee consisting of three members of the opposition and two members of the government be established to assist the Chairman to perform the usual Functions of a Sub-committee on Agenda and Procedure.

**Senator Hicks:** Namely, the Chairman.

**The Chairman:** Honourable senators, are there any questions?

If there are no questions, is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

**The Chairman:** And those against? The motion is carried unanimously.

The second motion is the one moved by the Honourable the Leader of the Opposition.

**A Clerk at the Table:**

That the following witnesses be called:

The Minister of Fisheries and Oceans;

Mr. Lorne Clark of the Department of External Affairs and Mr. Bob Applebaum of the Department of Fisheries and Oceans;

The Premiers of Nova Scotia, Newfoundland, Prince Edward Island, New Brunswick and Quebec as well as Leaders of the Opposition or their representatives;

The Secretary of State for External Affairs;

Mr. Cashin and Mr. Cummings, head of National Sea, and additional fishermen's associations to be chosen by the Steering Committee;

The Canadian Ambassador to France, Mr. Lucien Bouchard; and

Others to be determined at a later date.

**Senator LeBlanc (Beauséjour):** Mr. Chairman, I really do not want to be difficult here. However, we have to try to maintain some balance. If we invite the Leader of the Opposition from a province and a designated individual representing the fishermen, of course I do not object. But I think we should make a slight improvement by stating in the motion that we invite the premiers of the Gulf provinces and representatives of the fishing industry—fishermen and processors—or some words to that effect, so that they do not appear to be left out if there is a news item about this tonight.

**Senator van Roggen:** Mr. Chairman, my observation is very much along the lines of Senator LeBlanc's observation. We are putting a motion which will bind the committee and the steering committee that these specific individuals be invited. What if one of the premiers of one of those Gulf provinces is unable to come, but his minister of fisheries is able to come?

I would like to see us simply put forward a recommendation to the steering committee to the effect that the steering committee come back with a list of witnesses which would include the witnesses named in this resolution, or such substitutes or other witnesses as they may recommend. Speaking in practical terms, we are going to have to get on the telephone and start inviting these people. Some will say, "I can come," others will say, "I cannot," and others will say, "I would rather that you invite Mr. So-and-So in my stead." I think that we are being unwise in tying ourselves down to the specific resolution rather than giving general instructions to the steering committee.

**Senator Bonnell:** Honourable senators, I would like to see the phrase "send for" replaced by the word "invited". If you send for somebody by an order from the Senate, it is, in my view, a pretty serious command.

**Senator Frith:** "Called" is the word that was read out.

**Senator Bonnell:** "Send for" is what is written in the motion that was read out to me. If you invite people, that is a different situation. I would also say that when we think about the industry we must think about, for example, the Maritime Fishermen's Union, because a lot of our fishermen are members of that union. A lot of our fishermen are also members of the Eastern Fishermen's Federation. These are two groups of

fishermen who believe in different philosophies of life, and both groups should be invited.

**Senator LeBlanc (Beauséjour):** That is what I said.

**Senator Bonnell:** Also, the processors who process the fish should be invited. As to trying to pin down a list this afternoon here among ourselves as to whom we should invite and whom we should not invite, I think it would be wiser to leave that matter to the steering committee.

**Senator Robichaud:** Honourable senators, I would like to elaborate on the point raised by Senator Bonnell. We have just appointed a very competent steering committee. I suggest that because of his experience with people involved in the high technology of the fisheries, we include Senator LeBlanc on the steering committee as well. The steering committee should determine who shall appear and who shall not appear before the committee. I do not think that the Committee of the Whole can establish that list, although some suggestions have already been made. I suggest that we look upon this partial list of witnesses merely as suggestions, and that the steering committee determine who shall and who shall not appear.

[*Translation*]

**Senator Leblanc (Saurel):** Honourable senators, rule 64 states the following:

> When the Senate is put into Committee of the Whole every senator shall sit in his place.

I have just heard Senator Robichaud speak, and he was not in his place.

[*English*]

**Senator Frith:** Honourable senators, I would like to say something on this question of the witnesses. Let me take it one step at a time. We have to remember the order that the Senate gave this committee, which was to hear certain witnesses. That is the starting point. It referred to ministers, provincial premiers, and so on. Then, it seems logical to take the next step, and that is Senator MacEachen's motion that names certain people who should be invited. I thought that we had made it clear that that list was not an exhaustive one. The next logical step is Senator Bonnell's step. That is to say, we have been asked to hear certain categories; then Senator MacEachen says, "Here are some of the people in those categories," and names them. Then, we leave the rest of it to the committee with directions from the Senate to look into people such as those mentioned by Senator Bonnell. It seems to me that we have proceeded in a logical sequence.

**The Chairman:** Since the motion of the Leader of the Opposition has been approved, may I ask the Leader of the Opposition if he would like to amend his motion or include what was said—

**Senator Frith:** The motion has not been approved yet.

• (1620)

**Senator MacEachen:** Mr. Chairman and honourable senators, the suggestions made by Senator LeBlanc and Senator Bonnell are quite acceptable to me, and I am agreeable to having my motion amended accordingly. I understand that Senator LeBlanc would like to include similar persons, the Premiers and Leaders of the Opposition from all the Gulf provinces. That is a suggestion which I accept, and I would, therefore, ask if the motion could be amended to include, in addition to the Premiers of Nova Scotia and Newfoundland, the Premiers of Prince Edward Island, New Brunswick and Quebec, and the Leaders of the Opposition, if they wish.

[Senator Bonnell.]

**Senator Frith:** Or their representatives.

**Senator MacEachen:** There was then suggested that in addition to Mr. Cashin, there was another fishermen's association—

**Senator Simard:** There are several fishermen's associations.

**Senator MacEachen:** There was suggested an additional fishermen's association, and I am quite prepared to add representatives of additional fishermen's associations, to be chosen by the steering committee.

I believe that that covers all the suggestions, and I believe that all honourable senators understand what is now in the overall motion which includes, I think, all of the suggestions that have been made, with the additional authority to the steering committee to add to it as it proceeds with its deliberations.

**Senator MacDonald (Halifax):** Mr. Chairman, I am wondering whether Senator MacEachen would accept the suggestion to include another person. You have named the minister of one department involved and not the minister of another. I suggest that you consider inviting the Secretary of State for External Affairs, who would obviously be accompanied by the two gentlemen, Messrs. Clark and Applebaum, whom you originally named and who are the two senior people in that department most familiar with this particular agreement. Why would the Secretary of State for External Affairs not be called if the Minister of Fisheries and Oceans is called?

**Senator MacEachen:** Mr. Chairman, if Senator MacDonald is suggesting, as I think he is, that the motion be amended to include the name of the Right Honourable Joseph Clark, then, of course, I think that is an excellent addition. I should explain that I did not include the Secretary of State for External Affairs at this stage because, knowing that he had been in India, I was not sure that he was, in fact, in the country. However, if he is available, then, of course, it would be quite acceptable.

**The Chairman:** Honourable senators, is it agreed that the motion be amended as suggested by Senators MacEachen, MacDonald, LeBlanc and Bonnell?

**Hon. Senators:** Agreed.

**Senator Frith:** Honourable senators, I have a couple of items left. Senator Buckwold raised the question of expenses of witnesses. Rule 83 of the rules of the Senate says:

> The Clerk of the Senate is authorized to pay every witness invited or summoned to attend before a select committee a reasonable sum . . .

Et cetera. The reference in this rule is to a select committee. I suggest that we apply that rule to the Committee of the Whole. It probably applies in any event, but we might as well have it recorded that the same authority the clerk has to pay the expenses of witnesses for a select or standing committee should be applied here. Therefore, Mr. Chairman, I move:

> That the provisions of rule 83 of the rules of the Senate with respect to the payment of expenses of witnesses shall apply to witnesses appearing before the Committee of the Whole.

**Senator Hicks:** Mr. Chairman, I think that is correct. Senator Buckwold or someone else suggested that the matter should be referred to the Internal Economy Committee. In my opinion, the Senate Committee of the Whole should not subject itself to scrutiny by the Internal Economy Committee.

**The Chairman:** Honourable senators, is it agreed that Senator Frith's motion shall carry?

**Hon. Senators:** Agreed.

**Senator Frith:** Honourable senators, I have one outstanding item on my list that might be a little more controversial. I have been contacted by the CBC who have indicated an interest in having the right to televise these proceedings. From what they tell me, this would not involve as elaborate a set-up as does the Speech from the Throne, but they would like the opportunity—probably with hand-held cameras—to cover these proceedings in the same way as they might cover a committee of the Senate.

However, honourable senators, that is not something I am proposing at this moment. I am merely asking you to consider the proposition which I may propose when we are in a position to actually hear witnesses. I do not imagine that the CBC are interested in televising what is going on today.

**Senator Bosa:** Mr. Chairman, what would happen if other channels requested the same privilege?

**Senator Frith:** If other networks made the same request, they would use a common feed.

**Senator Murray:** I am sorry, Mr. Chairman, I very much apologize to the honourable senator.

**Senator Frith:** I always pay attention to you, senator.

**Senator Murray:** I apologize to the honourable senator. I gather that he was talking about broadcasting the proceedings. I would like to ask whether, in fact, he has made a motion.

**Senator Frith:** No, Mr. Chairman. I have simply advised the members of the committee that I have heard from the CBC. This contact occurred on Monday when they realized that this motion was before this house. I was told that if the motion carried, they realized that it would be up to the committee to decide, but that they would be interested in televising the proceedings of the Committee of the Whole of the Senate on this matter.

What I said a moment ago was that because that is something we might want to consider and not decide until the witnesses are actually here, honourable senators might think about it and then I will make the proposal when there is a reason for putting it into effect.

**Senator Doody:** Mr. Chairman, I would like to ask: How long did it take from the time the motion was placed on the table until the CBC heard about it? Was that three, four or five days?

**Senator Frith:** No, the motion was moved on Thursday.

**Senator Barootes:** Did you phone them?

**Senator Frith:** No, I did not. I am glad you asked that question, senator. I did not phone them, but there was probably news about it on the weekend or at the first of the week, because the call came to me on Monday.

**Senator Doody:** Would it be fair to say that it took four days for the news to leak out to the CBC? That says something either about the CBC's news-gathering ability, or the importance of the Senate to the CBC!

**Senator Frith:** I do not think that is fair to the CBC. Just because it took them until Monday to call or to decide that they were interested does not mean that it took that long for the news to get to them.

**Senator Doody:** Perhaps it says something, then, about their bureaucracy, if it took them four days to make a decision.

**Senator Frith:** Look at how long it took your side to make a decision.

In any event, Mr. Chairman, I merely put this proposal before the committee as a matter of information.

**Senator Olson:** I am ready to decide today.

**The Chairman:** Honourable senators, as part of his motion, the Leader of the Opposition has asked that any witness called before the Committee of the Whole be permitted to enter on to the floor of the Senate and sit at a special table set in place for that purpose. Is that agreeable, honourable senators?

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**The Chairman:** Motion agreed to, on division.

• (1630)

**Senator Frith:** Honourable senators, I move that the committee rise, report progress, and request leave to sit again.

**The Chairman:** It is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, P.C., that the committee rise, report progress, and request leave to sit again. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

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[*Translation*]

**The Hon. the Speaker** *pro tempore:* Honourable senators, we shall resume our sitting.

REPORT OF COMMITTEE OF THE WHOLE

**Hon. Rhéal Bélisle:** Honourable senators, the Committee of the Whole, to which the Canada-France Fisheries and Territorial Boundaries Agreement had been referred, reports having made some progress and asks for leave to sit again.

**The Hon. the Speaker** *pro tempore:* Is it agreed?

**Some Hon. Senators:** Agreed.

Motion agreed to.

## POST-SECONDARY EDUCATION

NATIONAL FINANCE COMMITTEE AUTHORIZED TO EXTEND DATE OF PRESENTATION OF REPORT

**Hon. Fernand-E. Leblanc** moved, pursuant to notice of Tuesday, February 10, 1987:

> THAT the Standing Senate Committee on National Finance, which was authorized by the Senate on October 9, 1986, to continue its examination of the activities of the Government of Canada in its financial support of post-secondary education and vocational training, be empowered to present its report no later than April 2, 1987.

He said: Honourable senators, I shall restrict my comments in support of this motion to the strict essential so as not to drag out the debate any longer.

When the Senate resumed its sittings last October for the second session of this Parliament, I was certain that the motion introduced and agreed to on October 9, 1986, would give the Committee on National Finance enough time to complete its examination of post-secondary education financing. At the time, I had indicated that the report would be presented to the Senate on February 26, 1987. Naturally, I had thought that this would give the committee enough time. However, I now realize that the date of presentation is nearly here.

Because of general opinion, or perhaps I should say media opinion, this report required a lot of work throughout the summer and during the adjournment of Parliament. Indeed, somewhat before the beginning of the second session, the draft of the first report was completed. This draft was distributed to the members almost immediately after our return, but officially, it was distributed only after reconstitution of the committees.

Committee members have worked very hard and, in spite of the many short adjournments of the Senate, they attempted to meet the February 26 deadline. I will say further that during two of these adjournments, revised copies of the report were mailed to the residences of these members and to their Ottawa offices. The dedication of the committee was such that this report had to be drafted several times and the findings amended at least five times.

The report and its recommendations are quite valid, but I feel—I assume it might also be the opinion of a number of other committee members—that this report contains some controversial and involved matters, which explains all the time devoted to it.

I am happy to advise you that the work is now completed. We have met the situation head on. The report has been approved by the committee. It is being translated and the English version was sent yesterday to the printer's office.

This being a critical period of the year because of the budget and supplementary estimates, the printing delays are beyond our control and I ask that the date for tabling the report in the Senate be posponed to April 2, 1987.

I will conclude by saying that those who are most interested in these matters may find solace in the fact that the committee will not need additional funds.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, February 12, 1987**

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

## MARRIAGE (PROHIBITED DEGREES) BILL

FIRST READING

**Hon. Nathan Nurgitz** presented Bill S-5, to amend and consolidate the laws prohibiting marriage between related persons.

Bill read first time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Nurgitz, bill placed on the Orders of the Day for second reading on Tuesday next, February 17, 1987.

[*Translation*]

## NATIONAL ARCHIVES OF CANADA BILL

REPORT OF COMMITTEE

**Hon. Joan B. Neiman,** Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, February 12, 1987

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRD REPORT

Your Committee, to which was referred the Bill C-7, An Act respecting the National Archives of Canada and records of government institutions of Canada and to amend other Acts in relation thereto, has, in obedience to the Order of Reference of Thursday, February 5, 1987, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN B. NEIMAN
*Chairman*

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*English*]

## SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE

REPORT OF COMMITTEE ON SUBJECT MATTER OF BILL C-37 ADOPTED

**Hon. Ian Sinclair,** Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, February 12, 1987

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

TENTH REPORT

Your Committee, to which was referred the subject-matter of the Bill C-37, An Act respecting the imposition of a charge on the export of certain softwood lumber products, in advance of the said Bill coming before the Senate or any matter relating thereto, recommends, in accordance with the Order of Reference dated 5th February, 1987, that it be empowered to adjourn from place to place within Canada for the purpose of the said examination.

Respectfully submitted,

IAN SINCLAIR
*Chairman*

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

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I wish to ask a question. I have no intention of trying to impede in any way the committee's travelling or hearings—I just wanted to make sure that all of our procedures are followed. Is the budgetary procedure all in order and, in this case, do we have a budget presented? Or is that necessary in this particular case?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the procedure that we have been following recently is that when a committee is established to do a study of this kind and asks the Senate for authority to do a study, if it asks the Senate for the power to travel and to retain services, it does not ask for those powers in the original motion but only when it has a budget ready and approved. The reason is that senators have asked that they have an opportunity to know, when they are considering whether they should give those powers, how much it will cost.

Under the present system, the motion would pass without the power being given to the committee to travel or to hire assistance. Then, in accordance with the plans of the committee, a budget would be prepared and would be sent to the Standing Committee on Internal Economy, Budgets and Administration. The chairman of the committee would then come to the Senate and ask for approval of the travel expenses.

**Senator Doody:** Thank you. I simply wanted the procedure to be put on the record.

**Senator Sinclair:** Honourable senators, my understanding was that after presenting the report, as I have done, and once it has been adopted—and I ask that it be adopted this day—we would then prepare a budget with the knowledge that we were going to travel. If the budget were not approved, of course, the committee would have the right to travel, but without being granted its expenses, and knowing some senators, that would have the same effect as not permitting the committee to travel.

I suggest that the proper procedure would be for the Senate to grant the committee the right to travel. Then the committee could present its budget, which would leave the matter wholly in the hands of this all-being, all-seeing body. I would suggest that is a proper procedure.

**Senator Frith:** I personally support the idea of this committee's travelling to study this particular subject, but the system proposed by Senator Sinclair is one that the Senate has changed. To have the authority to study a question, to have the authority to travel, and then to present a budget does not solve the problem raised by the chairman of the subcommittee on budgets, which is as follows: When a committee chairman comes to him with authority from the Senate for the committee to travel and to retain assistance but the Senate makes no mention of a budget, then the subcommittee chairman finds that he has nothing left to do. The Senate has no knowledge as to how much it will cost, but it has granted authority.

When the Senate gives authority for a committee to travel, unless there is an intervening stage where all of us can vote on the matter, no one knows how much it is going to cost. The Internal Economy Committee has no authority to turn down a budget, because the Senate has already given the authority to travel.

As Senator Barrow used to say, the only role that you leave the committee is for it to suggest that the committee is charging too much *per diem*, or some such thing. There is no other control.

The Standing Committee on Internal Economy, Budgets and Administration is now suggesting that we furnish it with a budget so that the Senate will know how much it is going to cost when it authorizes travel and professional assistance.

This problem arose with the committee which Senator Kelly chairs and other committees. It does sound awkward to present it to the Senate in these two stages, but the reason for it is that senators were complaining about a committee wanting power to travel and the power to retain services and asking for that authority without telling the Senate how much it was going to cost.

**Senator Sinclair:** Honourable senators, I listened with a great deal of awe to Senator Frith. He said that what I proposed was a procedure that had been adopted in the past and that that procedure had been changed. Yesterday I heard that this Senate could do whatever it wanted about procedures. So, at this time, I am asking you to revert to your former practice.

**Hon. Senators:** Oh, oh!

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, that this report be taken into consideration now, with the restrictions mentioned by Senator Frith?

**Hon. Senators:** Agreed.

**The Hon. the Speaker** *pro tempore:* Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), it is moved by the Honourable Senator Sinclair, seconded by the Honourable Senator Stewart, that this report be now adopted, with the restriction above-mentioned. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

**Senator Frith:** Just to make sure it is even more confused, I should say on the point of order that unless I misunderstood, if this is the regular work of the committee—that is, it is not a special study—then probably what we just did is in order. It would be nice, would it not, if it were?

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

On Notices of Motions:

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, this is the time at which I usually present to the house the adjournment motion. I have been given a motion, but I am not in a position to give any explanation of it. Perhaps the chairman of the Committee of the Whole, or whoever, can tell us the order of battle for next week. As a mere government house leader, I hesitate to ask, nevertheless, I feel it incumbent on me, on behalf of my colleagues, to ask the chairman of the committee to tell the house leader what we are supposed to do next week.

**Hon. Rhéal Bélisle:** Honourable senators, I intend to make my report when Order No. 2 is called.

**Senator Doody:** Under those circumstances, I feel it expedient that we stand the motion until later in the day.

# QUESTION PERIOD

[*English*]

## FISHERIES

CANADA-FRANCE AGREEMENT—STATUS OF AGREED RECORD OF NEGOTIATIONS—REQUEST FOR COPY OF NOTE VERBALE

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I ask the Leader of the Government if he could give me some information with respect to the agreed record of negotiations between Canadian and French representatives, which was tabled in the Senate on February 4 and which is found in *Debates of the Senate* at page 448.

My question is a very simple one: Is this agreed record of negotiations between Canada and France the binding agreement? Did Mr. Lorne Clark have the authority to bind the Canadian government? Did his signature bind the government, or was there a further exchange of notes which would constitute the agreement? While I am asking, if there is a further exchange of notes, could we have that documentation before we resolve into Committee of the Whole?

Further, could the Leader of the Government take a look at the unofficial English version of the French note in which the Ministry of Foreign Affairs of France presents its compliments to the Canadian embassy? It then refers to the embassy's Note Verbale No. 353 of December 30, 1986. Could we be given a copy of that note, if possible, for next week?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, with regard to the second part of the question, I shall inquire. I do not know whether it is customary to table that kind of document, but, if it is, I will naturally bring it in and table it here. As to the first part of the question, the document referred to was tabled in response to a request from the Leader of the Opposition. I asked for the agreement and tabled it. I hope and expect that nothing was withheld.

**Senator MacEachen:** I assure the Leader of the Government that there is nothing sinister about my question. I ask it simply to know whether Mr. Lorne Clark had the power to bind the Canadian government. In other words, was he a plenipotentiary acting for the government with the capacity to bind? If he was not, then presumably there was a further instrument, probably signed by the Canadian ambassador. That is all I want to know. It is a little point, that's all.

• (1410)

**Senator Murray:** Honourable senators, subject to correction, my information is that Mr. Clark was so authorized.

## COMMUNICATIONS

SALE OF TELEGLOBE CANADA—INVESTIGATION OF INSIDER TRADING

**Hon. H.A. Olson:** Honourable senators, I have a question for the Leader of the Government concerning the sale of Teleglobe Canada. He will know, of course, that there is an investigation under way by the Toronto Stock Exchange because there appears to have been some unusual trading in Teleglobe shares prior to the announcement of its sale to one of several bidders. Is the government undertaking an investigation to ascertain whether or not there was a departmental leak which led to the unusual trading on the Toronto Stock Exchange taking place before the formal announcement was made by the government?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I received a quick verbal briefing on this matter before entering the chamber a few minutes ago, in the course of which I was assured that the investigation by the Toronto Stock Exchange is a perfectly routine matter. However, experience has taught me to be somewhat sceptical of those quick and general assurances, and therefore I will take the question as notice and will look into it more closely. At the present time, the information I have been given, and what I convey to the honourable senator, is that the investigation is a routine matter.

**Senator Olson:** Honourable senators, the information that so far as I know is public knowledge is that the Toronto Stock Exchange is investigating whether or not there has been what is called "insider trading" that was unknown to the general public. I have seen nothing in the reports so far that would expand that investigation to ascertain whether or not there had been a leak, prior to the government's announcement, that of all the bids submitted, Memotec Data Inc.'s bid was going to be accepted. Therefore, I am wondering whether the government feels that it should look into this matter, because one does not need to be very suspicious to understand that there could have been a leak.

**Senator Murray:** Honourable senators, I will make inquiries.

## SPORT

CANADA WINTER GAMES, SYDNEY, NOVA SCOTIA—ATTENDANCE OF PRIME MINISTER

**Hon. B. Alasdair Graham:** Honourable senators, can the Leader of the Government confirm that the Prime Minister will be present for the opening of the Canada Winter Games in Sydney this coming Sunday?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I had a brief conversation with the Prime Minister yesterday morning, which ended with his saying to me, "I will see you in Cape Breton!" I therefore assume that he is going there, and for that purpose.

While I am on my feet, I might say that our colleague, Senator MacDonald, will be there, as will be the Honourable Flora MacDonald and a number of others. I hope also to see my honourable friend and others there.

**Senator Frith:** Including the Leader of the Government in the Senate.

**Senator Murray:** Including the Leader of the Government in the Senate.

**Senator Graham:** Honourable senators, I am sure that other honourable senators from Cape Breton will also be present.

**Senator Muir:** I was invited, but he did not mention me.

**The Hon. the Speaker** *pro tempore:* Order, please!

**Hon. Charles McElman:** No honourable senator has called for order. I would like that to be shown on the record. No honourable senator has called for order.

## INDUSTRY

### SYDNEY STEEL CORPORATION—DISCUSSIONS WITH CN CONCERNING LONG-TERM RAIL CONTRACTS—MODERNIZATION PLAN—POSSIBILITY OF ANNOUNCEMENT

**Hon. B. Alasdair Graham:** Honourable senators, could we anticipate that a positive announcement will be made with respect to the future of the Sydney Steel Corporation, either before or during the Prime Minister's visit to Cape Breton?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, two matters affecting the Sydney Steel Corporation have been raised on several occasions recently by the honourable senator, and I should like to refer to them.

First of all, with regard to the purchase of rails by Canadian National, my information is that in order to allay various concerns or, indeed, misunderstandings that seem to have arisen about the matter, the two crown corporations—Canadian National and Sysco—are now preparing an agreement which they will both sign and which will put the arrangement on a clear and secure footing.

● (1420)

With regard to the modernization plan, I have nothing further to report. I am aware that my colleague, the Honourable Michel Côté, Minister of Regional Industrial Expansion, met the other day with the Premier of Nova Scotia on the matter, but I have not had an opportunity to discuss it with him since that time. As soon as I have done so, I shall report back to the Senate. However, I have no reason to believe that any announcement on that matter will be made during the Prime Minister's visit.

**Senator Graham:** Honourable senators, the announcements with respect to Sydney Steel and phase two of the modernization program, which is known as the Sydney Steel Business Plan, were made both by the Government of Nova Scotia and the Government of Canada on several occasions in 1985. In February 1986, an agreement between the Government of Nova Scotia and the Government of Canada was signed.

**Senator Murray:** To which we are committed for $110 million.

**Senator Graham:** Yes. I am glad that we have that on the record as well. The Government of Canada is solidly committed for the amount of $110 million.

[Senator Frith.]

The Premier of Nova Scotia has said that the future of Sydney Steel is tied to an agreement between CN and Sysco for the purchase of rails. Those negotiations between the province, CN and Sysco have been going on for some considerable period of time. What I am asking the Leader of the Government is: Can he give us a time frame as to when that agreement will be signed?

**Senator Murray:** Honourable senators, I cannot specify an hour and a day as to when this will happen. The honourable senator pointed out yesterday that the Minister of National Revenue had made an announcement over the weekend which he thought, and we all thought, conveyed the information that was sought and required. It appears that the announcement seems to be subject to different interpretations and, perhaps, to some concerns and misunderstandings which have arisen. That being the case, it was decided that CN and Sysco together should prepare an agreement which both of them would sign and which would put the arrangement on an unmistakable and secure footing. As I understand it, what we are talking about is an agreement to give effect to the traditional arrangement between these two companies with respect to the supply of rails.

**Senator Graham:** Honourable senators, with respect to the traditional arrangements, it is hoped that we can anticipate that that arrangement will include all CN purchases in the future, not just domestic purchases.

**Senator Murray:** Honourable senators, there are various nuances and various implications to that question. I do not think that I should run the risk of creating any further misunderstanding on the matter. There will be a piece of paper signed, understood and agreed upon by both parties, and that agreement will be made public. As I told the honourable senator, it is being worked on now, and I can only conclude that it should not be very long before it is signed and made public.

**Senator Graham:** Honourable senators, may I just make one point so that we all understand perfectly clearly what is at stake here, and that relates to the offshore purchases as well. For instance, in the calendar year 1986-87, CN has already purchased, or is in the process of purchasing, offshore, some 30,000 tonnes of rail. In the previous year, 1985-86, they purchased, offshore, 26,000 tonnes of rail, and in the year before that, some 6,700 tonnes of rail. Therefore, we see there is an escalating trend.

I also understand that some of those rails are head-hardened rails which Sysco, at the moment, is incapable of producing. However, as soon as the Business Plan Phase Two is completed, or is into its tenth or eleventh month, as I understand it, then Sysco will be able to produce the head-hardened rails.

Notwithstanding that, in this current year, 1986-87, CN purchased offshore some 12,000 tonnes of rail of an intermediate calibre which Sysco was quite capable of producing.

**Senator Murray:** What the honourable senator has said does conform to what I understand from government sources. I do not know the extent to which the offshore purchases by CN

could have been effected in Canada. That is why it is, perhaps, a little difficult—and can lead to misunderstanding—to talk too casually about what the tradition has been. In other words, in terms of traditional purchases, are we talking of a percentage of the Canadian rails that CN normally purchases, or are we talking about the entire rail order, including offshore? As I said, I do not want to add to the misunderstanding. We can probably wait for a few days until the agreement is signed, sealed and delivered by the two crown corporations, and then we will know where we are.

**Hon. Robert Muir:** Honourable senators, I have a supplementary question following upon Senator Graham's questions. The response given by the Leader of the Government in the Senate was that the Minister of National Revenue had made a statement in Halifax. That is quite true; I happened to be there when he made it. However, following that, within minutes the Premier of Nova Scotia spoke and he was not at all happy with the statement of the minister, and I am sure the press releases will indicate that.

Perhaps the Leader of the Government in the Senate, as a member of cabinet, could tell us when this agreement will be signed, on paper "and in blood, if necessary," as the Minister of National Revenue is reported in the press as saying. In any event, perhaps the Leader of the Government could tell us something concrete to the effect that this matter is definitely going ahead.

**Senator Murray:** Honourable senators, I am aware of the two statements to which my honourable friend refers, the one by my colleague, the Minister of National Revenue, and the subsequent statement by the Premier of Nova Scotia. It is precisely because this misunderstanding has arisen, or these concerns have been expressed, that it was decided that the best course would be to have the two crown corporations prepare an agreement which both of them would sign, indicating what the plans of CN would be in this respect, in order to put this situation on a secure and predictable footing.

As we speak, the two crown corporations are, according to my information, meeting to prepare this document. In view of the fact that both understand what is involved, I cannot believe that its publication will be delayed very long.

## CANADA-UNITED STATES RELATIONS

### IMPOSITION OF U.S. TARIFF ON CANADIAN POTASH

**Hon. Sidney L. Buckwold:** Honourable senators, I have a question for the Leader of the Government in the Senate. It seems that hardly a month goes by without the appearance of another crisis in our trade relationship with our friends in the United States. I am now referring to a proposed penalty on Saskatchewan potash producers of 43 per cent, which is being sought by the American producers as a dumping duty because they claim unfair competition in that regard.

The potash industry is a major industry in Saskatchewan. Many people find it unusual to learn that Saskatchewan is a major mining province. Potash exports to the United States in the first nine months of 1986 were 270 million tonnes.

**Senator McElman:** Including New Brunswick's exports?

**Senator Buckwold:** Yes. That figure is for all of Canada, and New Brunswick is coming into the picture.

**Senator McElman:** As a major.

**Senator Buckwold:** As a major, but not a real "major".

**Senator McElman:** Coming from Saskatchewan, you know that New Brunswick's industry is "major".

**Senator Buckwold:** It is a Class B baseball league, without denigrating our friends from New Brunswick.

But it is a serious situation and the industry is certainly perturbed.

The Minister of State (Forestry and Mines) has indicated the federal government will follow its traditional procedure of assisting the industry in fighting that imposition.

I am hoping that the Leader of the Government in the Senate will, in due course, be able to outline to the Senate some of the procedures that may take place and that may be slightly different from the normal routine of objecting. We do not seem to have been very successful at avoiding such duties in the past. We have seen that in the softwood lumber industry, and we have heard it talked about in the steel, hydroelectric power, natural gas and other industries.

My question to the Leader of the Government in the Senate is: Is the leader aware of any different approach, or is it just a matter of dealing with the niceties, or how far will we get in finally being able to say, "This is enough," because, as far as I know, and the industry has said this, there are no unfair trading practices. The application of a 43 per cent dumping duty would be an impossible burden and would result in hardship to an industry which is already suffering from very low prices and difficult markets.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the basis of my friend's question is still quite hypothetical. What has happened is that a United States senator from New Mexico has been pressing strongly for action for either anti-dumping duties or countervail against imports of Canadian potash.

The Canadian government views this seriously because that United States senator has managed to obtain some kind of assurance from the U.S. Secretary of Commerce that officials of the administration will assist the New Mexican producers with the filing of such a petition. However, I must say that, first of all, the potash producers have not yet filed such a petition with the United States Department of Commerce, so I cannot speculate on what might happen there; second, that the Canadian government is monitoring the situation closely. We have been in touch with Canadian producers and have assured them that they will receive assistance from the Government of Canada.

**Senator Olson:** That is the way all of the others started!

**Senator Buckwold:** I have a supplementary question. I think the situation may have been advanced further than has been

indicated in the response given by the Leader of the Government. I am quoting now from today's Montreal *Gazette*, which states:

• (1430)

> Two major potash producers from New Mexico, accusing Canadian companies of dumping potash into the U.S. market at less than fair market value, have asked U.S. trade authorities to impose a penalty duty of 43 per cent.

So, it is not merely a senator deciding to stir up a little action for his own benefit; it has got to the point now that I gather that a petition has been made officially to move in the direction that I have pointed out.

**Senator Murray:** Honourable senators, my honourable friend's information may be more up to date than mine. It is, I suppose, possible that since I was briefed on the matter a petition has actually been filed with the U.S. Department of Commerce.

In any case, my answer remains that the Canadian government has been in touch with the Canadian producers to offer our assistance and support.

## INTERNATIONAL TRADE

### SOFTWOOD LUMBER—IMPOSITION OF DUTY BY EUROPEAN COUNTRIES

**Hon. Gildas L. Molgat:** Honourable senators, my question is to the Leader of the Government in the Senate. Yesterday the head of the Canadian Lumbermen's Association issued a warning that a number of European countries were considering putting a duty on Canadian softwood in the aftermath of the Canadian government's export tax on softwood going into the United States.

Could the minister confirm whether or not this is a possibility and that the Europeans will act in that way? If so, what action has the Canadian government taken to forestall this serious threat?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my information is that the Canadian government does not foresee a significant diversion of softwood lumber to the European market. The Canada-United States softwood lumber agreement was not an admission by the government of subsidization, rather, it was a negotiated settlement to protect those who work in the industry, while protecting the right of the provinces to manage their resources and to keep forestry revenues in Canada.

**Senator Molgat:** I have a supplementary question.

**Senator Frith:** Well, are you going to let that go by?

**Senator Molgat:** The minister has not indicated whether there is a possibility that the Europeans will act in this way. Are they, indeed, thinking of this? If so, what action will Canada take?

[Senator Buckwold.]

**Senator Murray:** Honourable senators, again, I do believe that while concerns have been expressed by European lumber producers, and they have sent a letter to the European Economic Commission requesting the imposition of a 15 per cent duty on Canadian softwood, we say that the application of the export tax was consistent with our obligations under the GATT. Therefore, we do not see how the European Economic Commission could contemplate any action as a result.

**Senator Molgat:** But it is correct, then, that some European countries have made application to the E.E.C.?

**Senator Murray:** Some European producers have.

## FISHERIES

### CANADA-FRANCE AGREEMENT—REPRESENTATION AT FEDERAL-PROVINCIAL CONSULTATIONS

**Hon. M. Lorne Bonnell:** Honourable senators, I have in my hand a letter from the Prime Minister of Canada to the Honourable John Crosbie, P.C., M.P., dated February 10, 1987. It did not come in a brown envelope; it came in a press release! It was put out by John Crosbie's office. It scares me, because it states in paragraph three—and I would like to put it on the record—that:

> At the outset, I want to assure the people of Newfoundland, through you, that they can count on you, as their cabinet representative, and Morrissey Johnson and Joe Price to speak for them effectively and permanently on this issue.

**Senator Doody:** Hear, hear!

**Senator Bonnell:** That is the cod issue. He goes on to say:

> You are to be fully involved with the Secretary of State for External Affairs and the Minister of Fisheries on all further negotiations on this subject. Your counsel will be sought, together with that of Captain Johnson and Mr. Price on all matters affecting the fishery of Newfoundland and Labrador and matters involving the well-being and the interests of the people of Newfoundland and Labrador.

I thought, after listening to the five premiers or their representatives in Toronto last week, that the Premier of Newfoundland said that he had a written agreement with the Government of Canada that the Government of Canada would negotiate with that province before any agreement would be signed with any foreign country about the fish. Now the whole thing is left in the hands of the "Czar of the Gulf," John Crosbie.

**Senator Doody:** Hear, hear!

**Senator Bonnell:** What is the sense of asking the premiers for their opinions? What is the sense of asking the members of Parliament or the members of either house when the whole thing is in the hands of Morrissey Johnson, Mr. Price and John Crosbie, P.C., M.P.?

I ask the Leader of the Government in the Senate this: Maybe this is a mistake on the Prime Minister's part; maybe

he will consult the Premier of Newfoundland; maybe he will consult the Premiers of Prince Edward Island, Nova Scotia and New Brunswick; maybe he will consult his cabinet representatives, Mr. McInnes and Mr. Tom McMillan, Mr. Merrithew from New Brunswick and Mr. Elmer MacKay from Nova Scotia; maybe he will interview Mr. Pat Binns, the Parliamentary Secretary of Fisheries in Prince Edward Island, or Mel Gass, the former one. Otherwise, you might as well send them all home when it comes to fish.

What about our Standing Senate Committee on Fisheries—and our senator from Newfoundland—which studied the west coast fishery with some terrific recommendations, when compared with the study of the east coast?

**Senator Doody:** They took it away from him.

**An Hon. Senator:** Hear, hear!

**An Hon. Senator:** What's his name?

**Senator Bonnell:** His name is Senator Marshall, a good Newfoundlander.

**An Hon. Senator:** What about Bill Doody?

**Senator Bonnell:** My question is: First, will the Leader of the Government in the Senate speak to the Prime Minister and tell him that there are other people representing that region besides the "Czar of the Gulf," namely, John Crosbie? Will he be consulted? And, second, will he tell him, "Don't forget Premier Peckford."?

**An Hon. Senator:** Is that "sire" or "squire"?

**Senator Bonnell:** Will he also tell him, "Don't forget to consult Senator Doody as well, the deputy leader of this house—and don't put the whole thing in the hands of Mr. Crosbie."?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the honourable senator has given me an opportunity to add to the list of those who are being consulted closely—the names of my colleagues, Senator Doody, Senator Marshall and Senator Cochrane. The honourable senator has added, himself, a number of names from various other maritime provinces.

**Senator Doody:** The problem in that is to include himself.

**Senator Murray:** The point of the Prime Minister's letter was to reinforce the important role that is played in these matters by the ministers and members of Parliament in Ottawa. Unlike a previous Prime Minister, Mr. Mulroney does not believe that members of Parliament are "nobodies".

**Senator Frith:** Only provincial premiers; that's all!

**Hon. John B. Stewart:** Honourable senators, we have a letter here from the Prime Minister giving assurance to the people of Newfoundland that their representatives in the House of Commons and in the government will have an opportunity to determine the outcome of the present discussions.

It is incumbent upon me to ask if a comparable letter has been written to the ministers from Nova Scotia and a letter containing assurances that all the members of Parliament from that province, which is, indeed, also a fishing province, will be included in these crucial discussions.

**Senator Murray:** Honourable senators, I have no hesitation in pointing out—because it is a fact—that in the course of the current controversy, some highly placed people in Newfoundland have taken the occasion to try to cast some doubt on the role played by, and the effectiveness of, their minister and their members of Parliament in Ottawa. That did not happen in Nova Scotia, Prince Edward Island or New Brunswick.

• (1440)

While I cannot say what was in the Prime Minister's mind when he wrote that letter, I think it is entirely proper and correct that he should have taken the occasion to reinforce the importance of the contribution that is made and the role that is played by the minister and members from the province of Newfoundland, given that background.

**Senator Stewart:** Then, we may conclude that the letter is not intended to imply that Mr. Crosbie is to be more influential in this matter than either Mr. MacKay or Mr. McInnes, or, indeed, that the members of Parliament from Newfoundland are to weigh heavier in these discussions than the members of Parliament from Nova Scotia. That is a fair conclusion?

**Senator Murray:** It would be a fair conclusion to say that the letter was not intended to be exclusive.

**Hon. Roméo LeBlanc:** I have the very strong impression that there may have been another letter written by the Prime Minister indicating that the next time a decision is made by the Prime Minister's Office, the Minister of Fisheries will be consulted.

**Senator Murray:** Honourable senators, there are several hypotheses to that question, none of which I accept.

**Hon. Charles McElman:** I have a supplementary question. Could the answer given by the Leader of the Government be categorized by this interpretation of it—that it was a letter to mend political fences in Newfoundland rather than to look after the administrative needs of the situation?

**Senator Murray:** No, honourable senators, it is not a question of mending any political fences at all, it is a matter of—

**Senator Molgat:** Rebuilding.

**Senator Murray:** —reinforcing for the people of Newfoundland the importance of the role played by their minister and their members in Ottawa, in view of the fact that the media and some highly placed people in Newfoundland have taken the occasion to stir up controversy to try to cast some doubt on that matter. I think it was a perfectly responsible initiative by the Prime Minister of Canada under the circumstances.

## INTERNATIONAL TRADE

FOOTWEAR—REMOVAL OF IMPORT QUOTAS—GOVERNMENT ACTION

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, for several days Senator Bosa has been patiently awaiting an answer to his question about shoe imports.

For the moment, I simply wish to report to him that the Minister of International Trade met with representatives of the industry yesterday afternoon. I hope to have a further report on that matter within a day or two.

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## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

CONSIDERATION IN COMMITTEE OF THE WHOLE CONTINUED

On the Order:

> The Senate again in Committee of the Whole on the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada-France.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the agreement, the Honourable Senator Rhéal Bélisle in the Chair.

**The Chairman:** Honourable senators, I can assure everyone that the Committee of the Whole has no intention of travelling outside of this building!

**Some Hon. Senators:** Oh, oh!

**Senator Doody:** The people of Canada may have something to say about that!

**The Chairman:** Honourable senators, your Sub-committee on Agenda and Procedure has the honour to report to the Committee of the Whole.

Your sub-committee met last night, and I instructed the clerk, the assistant clerk and Mr. O'Brien to contact Mr. Siddon, the Honourable Minister of Fisheries and Oceans; the premiers of the Gulf provinces; and any other premier who might wish to appear before this committee.

I have been informed that the Honourable Thomas Siddon, Minister of Fisheries and Oceans, is prepared to appear before your committee on Tuesday, February 17, at 11 o'clock in the morning, and that Mr. Lorne Clark and Mr. Robert Applebaum will also try to be present at that time with the minister.

If our sitting is not concluded after hearing these three gentlemen, we will continue in the afternoon, after the Orders of the Day, to hear from Mr. Gordon Cumming from National Sea.

That completes the information I have to report to you thus far.

I have therefore pointed out to the Leader of the Government that there will be no necessity for the Senate to sit

[Senator Murray.]

tomorrow or on Monday but that we should resume our sitting at 11 o'clock on Tuesday morning.

**Senator Godfrey:** Would the chairman take us into his confidence and tell us who the members of the sub-committee are?

**The Chairman:** It is comprised of Senator MacEachen, the Leader of the Opposition; Senator John B. Stewart; Senator Jean-Maurice Simard; Senator Finlay MacDonald; and Senator Roméo LeBlanc.

Is it your pleasure, honourable senators, to adopt this short report?

**Hon. Senators:** Agreed.

**Senator Marshall:** Mr. Chairman, is this the Mr. Cumming of National Sea? How were the witnesses determined? Was this done in consultation?

**The Chairman:** This list was suggested on the motion of the Leader of the Opposition. It was discussed yesterday during your absence.

**Senator Doody:** I should add, honourable senators, in all fairness, that at the time it was suggested that any other senators in the Committee of the Whole who wished to add names to that list were perfectly welcome to do so. It is also fair to say that yesterday Senator Marshall was in Juneau, Alaska, on official business. He was not just absent.

**Senator Muir:** He was there in his capacity as chairman of the Fisheries Committee.

**Senator Marshall:** I wonder if I could put this to the Leader of the Opposition: Since he considered Mr. Cumming of National Sea, did he consider any of the management of the fishery, the FBI in Newfoundland?

**Senator MacEachen:** Honourable senators, the name of Mr. Gordon Cumming was mentioned in particular, but I had in mind—and I think I mentioned it at the time—that it would be appropriate to add other representatives of the industry. It is clear from the motion itself and from the discussion we had that it would be appropriate for other names to be suggested. I assure the honourable senator that at least insofar as I am a member of the steering committee, I would be happy to cooperate.

**Senator Frith:** Mr. Chairman, I assume that we have the assurance that the committee on agenda will continue its attempt between now and next Tuesday to arrange for witnesses to attend. In other words, between now and next Tuesday, we will continue to arrange for the attendence of some of the other witnesses on the list, is that correct?

**The Chairman:** Yes, it is correct. All of the premiers and all of the people who have been mentioned have been contacted by telephone and have received a telegram. Unfortunately, we must keep in mind that this happened less than 24 hours ago. Thus far we have not received correspondence or approval other than that which I have mentioned.

**Senator Frith:** Honourable senators, unless there are other questions, I move that we rise, that the chairman report progress and request leave to sit again.

**The Chairman:** It is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, P.C., that the committee rise, report progress, and request leave to sit again. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

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**The Hon. the Acting Speaker:** Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

**Hon. Rhéal Bélisle:** Honourable senators, the Committee of the Whole, to which the France-Canada Fisheries and Territorial Boundaries Agreement had been referred, reports having made some progress and asks for leave to sit again.

**The Hon. the Acting Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NINTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Ninth Report of the Standing Committee on Internal Economy, Budgets and Administration (supplementary budget of Social Affairs, Science and Technology), presented in the Senate on February 5, 1987.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I move that the report be adopted.

By way of explanation, I remind honourable senators that this was a special request of the Standing Senate Committee on Social Affairs, Science and Technology for the work of one of its subcommittees on employment training. The subcommittee had an agenda planned for work of the committee in Europe. There was a requirement for additional funds, some $4,000. Since we were not then sitting, the Speaker and I authorized that funding according to the rules. The main committee approved that decision and this report was tabled. Honourable senators are asked to consider and to adopt the report.

I was told by the chairman of the subcommittee that, as it turned out, he did not actually need to use this additional money, but I think we should get this matter off the order paper. The quickest way to do so, it seems to me, is to adopt the report.

**The Hon. the Acting Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## THE SENATE

DELAY IN PRODUCTION OF *DEBATES* AND *MINUTES*—MOTION TO CALL PRINTING BUREAU OFFICIALS BEFORE THE SENATE—MOTION WITHDRAWN AND ORDER DISCHARGED

On the Order:

> Resuming the debate on the motion of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:
>
> > That officials from the Canadian Government Printing Bureau be called before the Bar of the Senate to explain the delay in the publishing of the Minutes of the Proceedings of the Senate and the Debates of the Senate.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators will remember that we have had an investigation of this matter by the Speaker. We have had assurances from the department which, in my view, are satisfactory ones. Therefore, I ask leave to withdraw this motion.

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

**Hon. Senators:** Agreed.

Motion withdrawn and order discharged.

[*Translation*]

## A PEOPLE APART-NATIVES IN SASKATOON

SPECIAL NEWSPAPER REPORT—DEBATE CONCLUDED

On the Order;

> Resuming the debate on the inquiry of the Honourable Senator Buckwold calling the attention of the Senate to a special report by the *Saskatoon Star-Phoenix* entitled "A People Apart - Natives in Saskatoon".—(*Honourable Senator Corbin*).

**Hon. Eymard J. Corbin:** Honourable senators, even though I have been preparing notes to take part in this debate for the last few months, in view of the complexity of this issue, I have decided on reflection that it would be better for me to withdraw from the debate.

If other senators wish to speak, the way is clear for them to do so.

**The Hon. the Acting Speaker:** Honourable senators, if no other senator wishes to intervene, this item on the Order Paper is deemed to have been debated.

[*English*]

## NATIONAL FILM BOARD

REFERRAL BACK TO SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE OF REPORT ON FILM ENTITLED: "THE KID WHO COULDN'T MISS"—INQUIRY STANDS

On Inquiry No. 4:

**Hon. Jack Marshall:** Honourable senators, I have postponed this inquiry because there are certain documents that we had requested of the National Film Board as a result of the meetings we held last session. We have not yet received them, but I expect them soon. I regret that this inquiry has remained on the order paper for this long.

## ADJOURNMENT

Leave having been given to revert to Notices of Motions:

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I ask leave of the Senate to present the adjournment motion now.

With leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 17th February, 1987, at 11 o'clock in the forenoon.

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I ask the Deputy Leader of the Government if his intention is to ask leave on Tuesday to proceed immediately to Committee of the Whole and not to deal with other matters that would normally be considered during Question Period and those that would appear on the order paper.

● (1500)

I understand that we will be hearing from the minister at 11 a.m. Will leave be sought to proceed immediately to that order, and when the Senate resumes its sitting later revert back to the other orders? Because, if not, we might adjourn until 10.30 a.m. and this order would come up after Question Period. It seems to me that the best way to deal with it would be to assume that we will seek leave to proceed immediately to the order on Committee of the Whole and later seek leave to revert to the first order on the order paper.

**Senator Doody:** Honourable senators, I am in the hands of honourable senators in this respect. I have no objection to our sitting at 10.30 a.m.; but the steering committee had decided that 11 a.m. was the appropriate time. If honourable senators would prefer to meet at 10.30 a.m., I will certainly move that the time in the motion be changed to 10.30 a.m. Also, I have no objection to our proceeding immediately to Committee of the Whole and have Orders of the Day stand until later. That would facilitate business more easily.

**Senator Frith:** I believe that would be the best way.

Motion agreed to.

The Senate adjourned until Tuesday, February 17, 1987, at 11 a.m.

# THE SENATE

**Tuesday, February 17, 1987**

The Senate met at 11 a.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

## BUSINESS OF THE SENATE

**Hon. Nathan Nurgitz:** Honourable senators, with leave of the Senate, I move that the Senate proceed to Order No. 4.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

CONSIDERATION IN COMMITTEE OF THE WHOLE CONTINUED

On the Order:

> The Senate again in Committee of the Whole on the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada-France.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the agreement, the Honourable Senator Rhéal Bélisle in the Chair.

**Senator Murray:** Mr. Chairman, I note that we have called witnesses before the committee this morning, and in a moment I will fetch the witnesses, who are now waiting in my office. However, before doing so, I would like to ask you, in your capacity as chairman of the Subcommittee on Agenda and Procedures, what other witnesses have been scheduled for this committee and when they are coming. I note that we have Mr. Gordon Cummings on deck for this afternoon, but I have no further information as to witnesses beyond this date. Can you give us a report on that matter?

**The Chairman:** Honourable senators, my information is that we will have before us today the minister who, as the leader has said, is waiting with his two officials, and also Mr. Cummings who would like to be heard today. As far as I know, these are all the answers that we have received.

**Senator Murray:** The Leader of the Opposition and other honourable senators had suggested a number of other names as possible witnesses before the committee. I do not want to press the subcommittee chairman and his staff unduly, but it would be useful to know whether these people have been contacted, what replies they have given and when we might expect to see them, because we do have to schedule the business of the Senate for the coming days and weeks.

**The Chairman:** Honourable senators, my information is that all of those persons who were mentioned in the motion were contacted by telephone and telegraph and thus far we have only heard from the four witnesses I have mentioned.

**Senator Frith:** I am sorry, "heard from . . ."?

**Senator Murray:** From the witnesses who are appearing today.

**Senator Frith:** Are you referring to those from whom you have merely heard, Mr. Chairman, or are you referring to those who have their confirmed attendance?

**Senator Murray:** I will let the chairman answer that question.

**Senator Frith:** Do I understand that the only confirmed attendances that we have to date are the four mentioned, Mr. Chairman? Is it not correct that there are discussions taking place in an attempt to settle times for others who are interested in attending?

**The Chairman:** Honourable senators, I have just been informed that the Premier of Nova Scotia and the Leader of the Opposition in Nova Scotia have declined to appear before the committee.

**Senator Frith:** And as to the others who have been contacted, do we have any definite response from them either for or against?

**The Chairman:** No. My information from the Clerk Assistant is that we have no other confirmation or reply.

**Senator Frith:** And are there discussions taking place about those who have not committed themselves one way or the other?

**The Chairman:** Yes, there are.

**Senator Frith:** Thank you.

**Senator Murray:** I think most of us saw a public statement attributed to the Premier of Newfoundland in which he also declined to attend. Is that the information that the subcommittee has?

**The Chairman:** No. I am informed that we do not have that information. He has not, either by telephone or telegram, informed the committee that he will or will not appear.

**Senator Frith:** Mr. Chairman, can you confirm whether or not there was some indication from your communications with the Government of Newfoundland that the Premier of Newfoundland might be interested in, or was considering, heading

an all-party delegation to come with colleagues from both sides of the legislature?

**The Chairman:** My information is that that is still under consideration.

**Senator Marshall:** Mr. Chairman, for the benefit of all senators, could we have, for the record, a list of all those who were asked to appear before the committee?

**Senator Frith:** That is already on the record.

**The Chairman:** Honourable senators, we will get that list shortly.

**Senator Murray:** I have just one question before I escort this morning's witnesses into the chamber. What about the unions and the company representatives, the industry representatives? Have they been contacted and are they coming?

**The Chairman:** The steering committee has not decided on the list of union representatives and other persons. We have met only once, and we will meet again this afternoon after the sitting.

**Senator Murray:** Thank you. We will return to this matter later in the week, because it is of some importance in connection with our future scheduling.

If it is the wish of the committee, I will now get the witnesses.

**Senator Bonnell:** Before you get them, I have a question to ask. If you have not contacted any of the factories, producers and companies, and if you have not contacted any of the fishermen's associations yet—and you have not even had your steering committee decide who you will ask—then do you know if we will be able to get all of the answers we need from our witnesses today, or will we need to sit tomorrow and next week? Do you not think it would have been wiser to have used the weekend to give those fishermen's associations an opportunity to decide whether they wanted to come or not? And, finally, have you decided that you will just ask those people like National Sea, to whom we have already given millions of dollars? What about some of the producers who are making a living by themselves in this country, who live on codfish, hake and haddock and other kinds of fish? Will you ask them, or will you just ask those who are heavily subsidized by the government?

**The Chairman:** Honourable senators, I have now been supplied with a list of those who were contacted. The following witnesses will be called:

> The Minister of Fisheries and Oceans;
>
> Mr. Lorne Clark, of the Department of External Affairs, and Mr. Bob Applebaum, of the Department of Fisheries and Oceans;
>
> The Premiers of Nova Scotia, Newfoundland, Prince Edward Island, New Brunswick and Quebec, as well as the Leaders of the Opposition or their representatives;
>
> The Secretary of State for External Affairs;
>
> Mr. Cashin and Mr. Cummings, head of National Sea, and additional fishermen's associations to be chosen by the steering committee;
>
> The Canadian Ambassador to France, Mr. Lucien Bouchard; and
>
> Others to be determined at a later date.

**Senator MacEachen:** Let us have a meeting of the steering committee.

**Senator Marshall:** The steering committee should meet now.

**The Chairman:** Honourable senators—

**Senator Frith:** Let us deal with the fish we have in the boat!

**The Chairman:** —as I mentioned to you, the steering committee will have a meeting after we rise today. So, how do you want us to proceed?

**Senator MacEachen:** I want to hear the minister.

**Senator Frith:** We want to proceed.

**Senator Argue:** It is the biggest fish we have had for a long time!

**Senator MacDonald (Halifax):** Honourable senators, because of the unusual, unprecedented meeting of the Committee of the Whole today, and because the witnesses will be sitting where they will be sitting, and because members may wish to change their seats and be able to face the witnesses and to speak from another place, I move, seconded by Senator Balfour, with leave of the Senate and notwithstanding rule 45(1)(*a*):

> That rule 64 of the Rules of the Senate be suspended with respect to procedure in Committee of the Whole.

**The Chairman:** Honourable senators, it is moved by the Honourable Senator MacDonald (Halifax), seconded by the Honourable Senator Balfour, with leave of the Senate and notwithstanding rule 45(1)(*a*):

> That rule 64 of the Rules of the Senate be suspended with respect to procedure in Committee of the Whole.

Is it your pleasure, honourable senators, to adopt the motion?

**Senator Frith:** This means that senators will not have to speak, raise questions or otherwise participate from their places, which is the normal rule.

**Senator Murray:** I am sorry to delay the proceedings further, but, if I am not mistaken, leave of the Senate would have to be sought from the Speaker. The Speaker will have to return to the Chair in order to effect Senator MacDonald's proposal.

**Senator Frith:** I do not think so.

**Senator Murray:** The motion is that, with leave of the Senate and notwithstanding one of the rules of the Senate, we proceed in a certain way. I hope my friend will agree with my point of view. If he does, it will only take sixty seconds to deal with this motion.

**Senator Frith:** The motion should be moved in committee, and we should not ask for leave of the Senate.

**Senator Bonnell:** On a point of order, Mr. Chairman, I tend to agree with the Leader of the Government in the Senate. We are dealing with a rule of the Senate and not a rule of the committee. If we want to change the rules of the Senate, the Speaker must be in the Chair. If we want to move the motion in committee, we have to have the leave of the Senate.

I think we should continue the tradition we have had in place since Magna Carta. That is, we should remain in our places and stand up like men to say what we have to say. I am not in agreement with changing the rules and, therefore, I think it is unnecessary for the Speaker to return to the Chair. Leave is not granted. I think if you cannot stand up and be seen, speak up and be heard, and sit down and be enjoyed, it is not worth the effort to speak in the first place.

**Senator Murray:** In that case, leave has not been granted and the matter is no longer before the committee—although I would point out that the leave that was sought was leave of the Senate, I suppose it is still open to an honourable senator to find some other way of accomplishing the same purpose.

Pursuant to Order adopted on February 11, 1987, the Honourable Thomas Edward Siddon, P.C., Mr. Lorne Clark and Mr. Robert Applebaum were escorted to seats in the Senate Chamber.

**Senator Murray:** Mr. Chairman, let me take thirty seconds to welcome for the first time to our chamber my colleague, the Minister of Fisheries and Oceans, the Honourable Tom Siddon. Mr. Siddon is the member of Parliament for Richmond-South Delta and has been since 1978. He was Minister of State for Science and Technology until November 1985, when he assumed his present portfolio.

Mr. Siddon is accompanied by Mr. Bernard Applebaum, Director General of International Affairs in the Department of Fisheries and Oceans, and by Mr. Lorne S. Clark, Senior Negotiator for Canada-France Maritime Affairs, from the Department of External Affairs.

Mr. Chairman, I understand that my colleague has an opening statement to make.

**Hon. Senators:** Hear, hear!

**The Chairman:** Honourable senators, may I be permitted to say to our witnesses that we welcome them in our midst and that we are pleased and honoured that they have accepted our invitation.

Witnesses, you are not in a court of law. You are not under oath. You are in the Senate of Canada. The Senate has a long-standing tradition of being factual. Of course, every word, either in English or in French, is recorded. You are at liberty to use either of the two official languages of our country.

The Senate, by a majority vote, has decided to resolve itself into a Committee of the Whole. This will be a journey of research into the reality of this very important problem.

We want you to feel at ease and to relax. We will give you all the time you need to answer the questions properly. You may consult your assistants or companions at any time.

We ask you to please keep your preamble brief; in other words, you should not make a speech in answer to any question. My honourable colleagues have the reputation of being fair and cooperative. With a mutual understanding of the need to recommend a possible remedy for this very important problem, let us work together for the benefit of our country.

• (1110)

I now call upon the Honourable Thomas Edward Siddon, Minister of Fisheries and Oceans.

**Hon. Thomas Edward Siddon, Minister of Fisheries and Oceans:** Thank you, Mr. Chairman. Honourable senators, in the spirit of the chairman's words of welcome, I already feel much at ease in this "other" house. I want to say how privileged I feel to be here today, having arrived, unlike other fisheries ministers, by a rather unorthodox procedure, that being a motion of the Senate. My principal purpose in being before senators today is to answer their questions in accordance with a motion, which I understand was introduced in the name of the Leader of the Opposition in the Senate, that the Committee of the Whole of the Senate be granted an opportunity to examine the various circumstances, merits and facets of the recently signed agreement between Canada and France on the maritime boundaries issue.

I will not take the time of this committee, Mr. Chairman, to repeat the introduction of the two officials who appear with me. Needless to say, I am accompanied by the two principal negotiators for Canada in the ongoing discussions with France on the interpretation and the implementation of initiatives which will resolve finally and permanently the boundary dispute in the vicinity of the islands of Saint Pierre and Miquelon. Mr. Chairman, before calling upon my officials, and in accordance with your request that I be brief, I would simply like to give a short historical account of the various steps that were taken leading to the conclusion of an agreement on Jaunary 24, which conclusion merely represents but the beginning of an important process for Canada.

Honourable senators, the question of the boundary delineation in the vicinity of the French islands of Saint Pierre and Miquelon has been before Canada for decades. In particular, however, since the declaration by Canada of our 200-mile economic zone in 1976, the question of how to define the boundaries around the enclosed islands of Saint Pierre and Miquelon became very important for Canada. From a time shortly thereafter, in 1977 I believe it was, when France and Canada agreed to begin discussions on this important question, there have been meetings each year, I am told, at the diplomatic level between Canada and France, with a view to resolving permanently this serious problem, which is of costly and historical significance to the fishermen of Atlantic Canada, especially those of Newfoundland and Labrador.

During 1986, with a view to resolving this issue, the momentum gathered, with the consequence that a series of meetings were held between our negotiators and their counterparts for France. Those meetings involved full participation and input by the affected industry representatives of Atlantic Canada

representing fishermen and processors and, as well, the Atlantic provinces that had an interest in this important process. Through a series of meetings leading up to mid-January, considerable progress was made in putting together a package of undertakings, a package of conditions under which Canada would be prepared to enter into the formal negotiation of a reference of this boundary issue to some form of international arbitration.

Mr. Chairman, the implications for a solution to this problem in the area of the outer mouth of the St. Lawrence Estuary, which we call in fisheries parlance 3Ps, will be very significant in an economic sense for Canada. At the present time in the disputed zone, where France claims an area extending some 180 miles to the south of the islands of Saint Pierre and Miquelon—an area as large as the entire province of Nova Scotia, I am told—French vessels fish in accordance with quotas which they set and which do not concur with quotas that Canada sets in the same area, which we claim as largely being Canadian territorial waters. As a result of this impasse and the insistence by France on fishing groundfish—cod in particular—at levels some six times the level of quotas which Canada concedes to France in that area, the cost to our fishermen and the risk of the permanent destruction of those important fishing grounds can be measured in the millions of dollars per year. At the present time, what we consider to be the over-fishing by the French national or metropolitan vessels amounts to at least 20,000 metric tonnes per year, which might be valued at upwards of $40 million per year. So, you can see that the financial, economic and social implications of this unresolved problem are significant, indeed, for all Atlantic Canadians, especially for the fishermen whose livelihood, in this case, is being exported to another country.

Mr. Chairman, on January 24 the Government of Canada concluded an agreement with France, the elements of which I shall leave to my officials to expain to you in greater detail. In essence, the agreement of January 24 merely sets out three things: first, a timetable for negotiating two parallel agreements; second, a commitment of a certain allocation to France, both to vessels based in Saint Pierre and Miquelon and the French metropolitan fleet, in 1987; and, finally, in the context of the two agreements to be negotiated, a set of interim arrangements encompassed in one of those agreements dealing with French fishing quotas in Canadian waters beyond the end of December 1987. So, to repeat, a timetable has been established within which the two negotiators, industry and provincial government representatives will be fully engaged to establish what is referred to in diplomatic jargon as the "compromis", or terms of reference under which the boundary issue would be referred to compulsory arbitration by a third party; and, second, parallel and coincident with that, an agreement to accept certain interim fishing arrangements between 1988 and 1991 by which time it is expected the boundary decision would be reached. I repeat, those interim fishing arrangements do not specify any particular quotas for France. There have been no *a priori* commitments to quotas or allocations beyond the end of 1987 contained within this agreement, but there is a controversial element in that a particular stock, known as the northern cod stock, in 2J+3KL, has been included in the agreement, the undertaking being by Canada to negotiate some undefined, but, we believe, modest, commitment beyond 1987 of allocation in that area on the Grand Banks as part of the package to persuade France to refer the boundary issue to this compulsory third party tribunal.

[Mr. Siddon.]

● (1120)

Mr. Chairman, I want to restate that there has been no numerical commitment of allocation in any of the waters of Atlantic Canada to France beyond the end of 1987. In coming to my conclusion, let me indicate that for 1987—and I think this point must be restated and stressed—French allocations of cod quotas in Canadian waters in 1987 will be one-half of what they were in 1986. There is a significant reduction of some 17,000 metric tonnes of cod because of the expiry. Because of an element of the 1972 treaty between Canada and France, that expiry after 15 years led to the withdrawal of the French metropolitan fleet from the Gulf of St. Lawrence. In the same package of quotas for France in 1987, I might indicate that there has been great misunderstanding of a reference to 15,600 tonnes of allocation to France.

Mr. Chairman, that 15,000 tonnes is part of the quotas to which Canada is obligated under existing treaties, and, as I said earlier, it represents a significant reduction of quotas to France over all previous recorded years. The 15,000 tonnes is comprised of some 10,000 tonnes of cod allocations, considerably less than in the previous period, as well as allocations of stocks which are surplus to Canadian requirements.

There is absolutely no substance to a suggestion that we have paid a significant price or given away additional fish in securing this agreement. The 15,000 tonnes was fully contained within the groundfish plan, which was published at the end of December 1986; fully negotiated with industry representatives through our groundfish planning process in the autumn months of 1986; and fully supported by Atlantic governments and Atlantic fisheries ministers, with whom I met most recently on December 1 to confirm those arrangements.

There is but one modest exception, which was agreed to by negotiators up to their most recent meeting in mid-January, and that is to allocate some 3,000 tonnes of what are referred to as surplus cod in the ice infested very northern waters between Labrador and Greenland, which are never fished to their full quota; and for that reason they are defined as "surplus", and in this case the various provincial and industry officials were fully aware that such an offer would be made for 1987 alone.

Mr. Chairman, as a result of what I consider to be a misunderstanding, and a procedural problem, for which the government has apologized to Premier Peckford, there has been, of course, a good deal of public controversy over this decision to conclude an agreement in Paris on January 24; but I might add that the coming together of premiers last Monday evening in Toronto and, again, my meeting yesterday in Moncton with the Atlantic Council of Fisheries Ministers have produced a very interesting and, I believe, encouraging result.

With the exception of Newfoundland, the provinces of Atlantic Canada—as I understand the statements and the evidence which was presented to me yesterday in Moncton—the Atlantic provinces, including Quebec, agree that this is an important initiative for Canada, and they will support and be full participants in the negotiations which will unfold between now and the end of December.

There is some concern about a process matter. That has been explained and an apology has been made. I want to tell all members of this chamber that the Atlantic provinces feel this is an important initiative for Canada. Newfoundland has been included in the ongoing negotiations. Newfoundland has been invited by the Prime Minister to subscribe to these negotiations. We are extremely pleased with the undertaking and the willingness of all Atlantic provinces to continue on track and to be a party to these important negotiations. There is, of course, a residual disappointment on the part of Newfoundland, but we feel that in time that will be resolved.

So, the conclusion of my message, Mr. Chairman, is that we are staying on track. This is an important initiative for Canada which will bring untold positive material and social benefits to the fishermen of Atlantic Canada, and it is in that spirit that we have entered into this process.

Mr. Chairman, if I may, the officials would like to make a short presentation on the geographical aspects of the problem and on some of its technical and legal aspects and the implications of this process.

Would that meet with your favour, Mr. Chairman?

**The Chairman:** Thank you, Mr. Minister.

**Senator Frith:** Mr. Chairman, are we to understand that after this technical background the minister will be able to stay for some time and that this will not abridge the time the minister is able to spend with us?

**Mr. Siddon:** Mr. Chairman, I am available until at least one o'clock today. If honourable senators are not satisfied, we will see what other times can be arranged.

I am not available later this afternoon, but I think it would be helpful if the officials could make a presentation. I am certainly willing to answer any and all questions.

**The Chairman:** The honourable Leader of the Opposition will start questioning.

**Senator MacEachen:** Mr. Chairman, according to the minister, it would be helpful for the presentation if we heard from the officials. I am quite prepared to hear from them, but I add that I hope we will have an opportunity to receive answers from the minister himself on some key questions today or subsequently.

**Mr. Siddon:** Absolutely. I might ask, then, the two chief negotiators for Canada to make a short but helpful presentation on the process and the elements of the agreement.

**Mr. Lorne S. Clark, Senior Negotiator for Canada-France Maritime Affairs, Department of External Affairs:** If honourable senators agree, Mr. Applebaum will indicate the key areas on the map that are of direct concern, then we will proceed with our presentation.

**Mr. B. Applebaum, Director General, International Directorate, Department of Fisheries and Oceans:** Mr. Chairman, I will not take long doing this. I know each senator has a map, but those maps may not be self-explanatory. That is why I think it would be helpful to sketch the various areas. This will help you to focus as we go through this discussion.

Area 2GH on the map is indicated by the letters as being in this area, but the actual area is within the 200-mile zone along the coast here. This is the 200-mile zone limit, and 2GH is this area off the northern coast of Labrador, between Labrador and Greenland, as the minister said.

• (1130)

The other area the minister referred to is 2J+3KL. Again, the letters are here, but the area is actually inside this red line, the 200-mile limit, and it incorporates all of the area down to the area within that line, but stops short of an area called 3Ps. It is not easy to see 3Ps from where the honourable senators are sitting, but if you trace it on your maps you will see the area it comprises. Each of these areas is a separate stock management area; each area contains a separate cod stock which is separately managed because it does not intermingle with the other stocks.

In this 3Ps area, as you can see, off the south coast of Newfoundland there is in red an approximation of the French claim. Their islands are marked; the green is their territorial sea limit, which they claim and we recognize, and which we state is the maximum claim to which they are entitled. They claim an equidistant line between the islands and all the territory, and that equidistant line gives them, according to their claim, a large area which encompasses most of the main fishing grounds in the 3Ps area.

The Gulf is indicated on the map and has two main stocks, the 4RS+3Pn stock, which moves between the Gulf and this little 3Pn area outside of the Gulf, and the southern Gulf stock, 4T+4Vn, which migrates outside the Gulf into an area just south of the Gulf.

Those are the basic elements that you will need to understand in order to comprehend when we talk about these various areas.

**Mr. Clark:** Mr. Chairman, perhaps I could review very briefly the 1972 Fisheries Treaty between Canada and France, because that is the cornerstone of all subsequent fisheries negotiations between the two countries.

In 1972 a formal treaty was signed which had four key articles. The first one—which was Article II—provided for permanent but unquantified rights for France in an eventual Canadian zone of extended jurisdiction. That, of course, later became known as the 200-mile zone. Article III, to which the honourable minister referred earlier, provided for a phase-out of the metropolitan French fleet from the Gulf of St. Lawrence over a 15-year period which ended in May of last year. Article IV provided for permanent and continuing rights for a small Saint Pierre and Miquelon fleet in the Gulf of St.

Lawrence, even after the phase-out of the metropolitan fleet. Article X provided for compulsory disputes settlement in the event of differences in interpretation or application of the 1972 treaty.

Since 1972 there have been periodic negotiations with respect to actual quotas. Since the 1972 agreement did not provide for any specific quotas, periodic negotiations have taken place over the intervening years for periods ranging from one year as a minimum to a maximum of five years, providing the French with precise quotas in Canadian waters.

Mr. Applebaum will continue with some comments on the recent implementation of the 1972 treaty.

**Mr. Applebaum:** The most recent arrangement with the French covering the last six years was negotiated in 1980, and came into force in 1981 for the six years remaining for the metropolitan vessels in the Gulf of St. Lawrence. In that agreement, it was agreed that the maximum catch in the Gulf of St. Lawrence, or of Gulf of St. Lawrence cod stocks, for the combined French fleet, both metropolitan and SPM vessels, would be 20,500 tonnes. That figure would run to the end of 1986, following which the metropolitan vessels, under the 1972 treaty, had to leave the Gulf. Therefore, following that date, there would have to be new consultations with the French in order to decide what the remaining Saint Pierre and Miquelon vessels would be allowed to catch in the Gulf for 1987 and beyond, because they had continuing rights to fish in the Gulf in perpetuity. Therefore, honourable senators, one element was the description of the arrangements for the Gulf stocks.

At the same time, during that period, problems developed in the area called 3Ps off the south coast of Newfoundland. Up until the early 1980s, the French had respected the quota that had been traditionally set aside for them as their customary share of that stock, which was in the range of 5,000 to 6,400 tonnes, depending on what the total allowable catch limit for that stock was. However, in the early 1980s and until recently, the French began to increase their catch in that area to the point where it was authenticated that in 1986 they actually caught something of the order of 26,000 tonnes of cod in an area where, as I stated, their fair share would have been 6,400 tonnes. Therefore, we were having serious problems at this stage.

The two things then came together: At the end of 1986, the deal with the French for the Gulf is at a conclusion, and the metropolitan vessels must leave the Gulf. Neither they nor the French government have made any provision for what they will do when they lose their fish in the Gulf. At the same time, the French had already begun the massive over-fishing in 3Ps. Those two situations created pressures between the two governments to try to resolve the problems that are there: the over-fishing problem and the problem of the boundary off the south coast of Newfoundland and off the south coast of Saint Pierre and Miquelon.

Perhaps Mr. Clark will continue from there.

**Mr. Clark:** The maritime boundary dispute dates back to before 1972. During the 1971-72 fisheries negotiations, parallel negotiations were held between Canada and France to try to resolve what was then a continental shelf boundary dispute, because, of course, this was prior to the 200-mile zone era. As a result of those negotiations, at the same time that the 1972 fisheries treaty was concluded, a boundary agreement was initialled by the negotiators of the two sides which provided for a 12-mile territorial sea around Saint Pierre and Miquelon, and an additional 12-mile continental shelf with certain provisions relating to hydrocarbon access and also to some ancillary fisheries provisions.

In 1972 the governments decided to proceed with full signature and implementation of the 1972 fisheries treaty, but not to proceed with the boundary agreement that had been negotiated in 1971-72. Therefore, the boundary agreement, in effect, was put on the shelf and was never given force by Canada and France.

In 1977, at the beginning of the year, Canada declared its 200-mile fisheries zone, in accordance with the new emerging international Law of the Sea. France followed suit almost immediately and declared a 200-mile exclusive economic zone, or EEZ, around the islands of Saint Pierre and Miquelon. At that point, of course, we had the massive claims of the two sides in creating a zone of overlapping jurisdiction or a disputed zone. Furthermore, whereas in 1972 the disputed zone was relatively small because it dealt basically with the continental shelf dispute, because of the new emerging and evolving Law of the Sea negotiations under the UN auspices, the EEZ concept had come to be accepted, and therefore the French took advantage of that and tried to maximize their claim, and the large disputed zone that faces us today was created at that point.

• (1140)

Between 1977 and 1986, as Minister Siddon indicated, there were a series of negotiations to try to resolve the boundary dispute. The two positions were narrowed only slightly, and by the end of 1986—November, to be precise—the two sides, Canada and France, agreed that the negotiation route had been exhausted and that it was not possible to arrive at a negotiated settlement of the boundary dispute. At that point, the issue was how we could move from the exhausted negotiation route to compulsory arbitration of the boundary: judicial settlement in place of negotiated settlement.

**Mr. Applebaum:** I hope it is clear from our presentation that the reason this overfishing has been taking place off the south coast of Newfoundland is because we have that large area of overlapping claims. The fact that the French claim this large area means that it is impossible for us to enforce Canadian fisheries regulations in that area to control the French within the quota that we have set for them. That is the reason we have that overfishing problem there. We do not have a problem with the French in overfishing in any other area in Canadian waters. In all undisputed Canadian waters, they fish to quotas, they are inspected, they have observers on board, and there is no overfishing by France in Canadian waters except in that disputed area, which we cannot control.

Now, going along still on background, one of the important parts of the background here is the Canada-E.E.C. agreement which, after some start-up problems, went into effect in 1983. As of 1983, Canada has allocated to the European Economic Community, for five years—a period that ends at the end of 1987—9,500 tonnes of 2J+3KL cod, that crucial cod stock that I indicated on the map that is not surplus—it is non-surplus cod. We have also allocated to the E.E.C., under that treaty, 6,500 tonnes of surplus cod in 2GH, to the far north; and there is a squid allocation as well.

The main allocation that I want to refer to is the 2J+3KL cod allocation of 9,500 tonnes of which France has been receiving 1,545 tonnes, because that is what the community allocated to France: 1,545 tonnes. Most of the remainder is caught by the West German fleet. As I said, that agreement ends at the end of 1987, so there is no obligation under that treaty to give 2J+3KL cod or, for that matter, anything else to the E.E.C. after 1987.

I would like to go on and describe the negotiations that brought us to this point of the January 24 agreement. The French had been starting to press us in 1985 for consultations or negotiations—however you want to put that—on what their quotas would be in Canadian waters after the metropolitan vessels had to leave the Gulf at the end of 1986. For various reasons, we put off those consultations. They began in a serious way last spring when the French sent a delegation to Canada and the Canadian delegation, with all advisers present, met with them and heard the French demands.

The French demands were really quite extraordinary—they are all in the public domain. To put them simply, the French said, "Yes, we are leaving the Gulf where we have been catching 20,500 tonnes of cod, but when we leave the Gulf, we want a total of 30,000 tonnes of cod to replace the 20,500 we have been fishing up to now." What they were saying was, "We have been fishing 20,500 tonnes of Gulf cod, but we want 12,000 of that to continue for the Saint Pierre and Miquelon fleet, which has the right to continue to fish in the Gulf, and we want 18,000 tonnes outside the Gulf and outside the disputed area,"—because, they said, "that is our area and we will not recognize it as yours. We want 18,000 tonnes of cod, primarily in 2J+3KL." At that point in that meeting we were under directions to listen to the French views and say nothing; to ask some questions about how they got to these numbers, but not to respond—and we did not.

A subsequent meeting was held in Paris with advisers present. We explored further what their numbers were and put our own positions forward, which were that, basically, they were not entitled to any of this. They had agreed under the 1972 treaty to leave the Gulf. When the metropolitan vessels left the Gulf, there was to be a small quota for SPM vessels that continued, but Canadians were supposed to get the benefit of the French departure from the Gulf. That discussion was simply that kind of a discussion; it did not come close to any conclusion.

There was a follow-up meeting with the French in St. John's. Again, it was a full meeting, with delegations present from both sides, where some numbers were tried on the French.

**Senator Argue:** What time, what date? Excuse me.

**Mr. Applebaum:** The exact date, sir?

**Senator Argue:** Approximately.

**Mr. Applebaum:** I think it was in November.

**Mr. Clark:** Mid-November.

**Mr. Applebaum:** November, mid-November was the date in St. John's.

**Senator Argue:** The first one in Paris, or was there a prior one in Paris?

**Mr. Applebaum:** October. At the November meeting we again tried some ideas on the French. One of the main ones we said to them was that in the area outside the Gulf, we were prepared to offer them not cod but a mixture of other species—9,000 to 10,000 tonnes of various other species like Greenland halibut, redfish and 2GH cod, surplus cod in that area that I have indicated, as part of a 1987 to 1991 quota arrangement, which would also be tied in to settling the boundary—we would have to negotiate a treaty to get the boundary settled—and also tied in to a rollback of their overfishing in 3Ps to the 6,400 tonne quota, which was their fair share of that stock, and which we had allocated to them over the years. That meeting was not productive; we were very far apart on the question of the French claims.

Discussions went on through the diplomatic channel, and in a subsequent meeting between, basically, heads of delegations in Paris in December, there was a kind of *modus vivendi* worked out—not an agreement to settle these problems but an approach that would say that "during the forthcoming meeting of Prime Minister Chirac to Canada in January, perhaps we can agree not on the quotas but on some sort of a program to solve these problems, and maybe leave aside 1987 quotas in some way while we work out 1988 to 1991 quotas and while we work out some way of dealing with the boundary problem." That turned into a meeting in Canada, in Ottawa, to which Prime Minister Chirac did not come. As you recall, his visit was cancelled, and the French Foreign Minister came. There was a meeting with the French to try to develop that program, but it did not succeed. So, at that point, the full delegation meetings with the French were over. Subsequent events developed after that which led to the January 24 agreement. Perhaps I could ask Mr. Clark to refer to those.

**Mr. Clark:** My colleague has mentioned that we listened to the French proposals in the early part of 1985 and then moving into 1986. The reason for this was that we had an arbitration on with France at that time called the La Bretagne arbitration. We had a dispute with France over filleting in the Gulf of St. Lawrence by a factory freezer trawler called the La Bretagne, which was registered in Saint Pierre and Miquelon. That dispute triggered the arbitration process, the compulsory dispute settlement process, for the first time under the 1972 treaty. Until the decision was rendered on that dispute, in effect, Canada wished to avoid substantive negotiations on

quotas. We wanted to see what the judges said in that case. So we had these meetings with the French where we listened to their position without countering them, because we were waiting for the verdict in the La Bretagne case. When the judgment was handed down in July of 1986, indeed, it was adverse to the Canadian position, and the French won that arbitration—which is the only example we have to date of dispute settlement under the 1972 treaty.

My colleague referred to the January 13-16 meeting in Ottawa with full delegations present, the results of which were not satisfactory in that we were not able to close the remaining gaps and arrive at an acceptable package along the lines he described, that is, an interim arrangement for 1987 which would be accepted by the French, leaving to future negotiations the 1988-91 quotas and the treaty to refer the boundary dispute to arbitration.

● (1150)

The following week the French contacted the Canadian side to ask if it would be possible to have a heads of delegation meeting in Paris that would look at the elements that had been on the table the previous week, and that had been discussed with the advisers on both sides, to see if among those elements, with a little bit of flexibility on both sides, a "window of opportunity," as it was expressed, could be taken advantage of to try to come to an arrangement which would initiate the program of future negotiations. It was recognized by both sides that a total package deal was not really feasible at that point. Therefore, the French indicated that if we could construct a bridge that would take us beyond the impasse we were facing for 1987, we could have allocations unilaterally provided by Canada, reluctantly accepted by France, indeed, under protest, for these minimal allocations and an agreement to continue two-track negotiations, one on the 1988-91 quotas and the other on the parallel treaty to refer the boundary to arbitration.

As a result of that meeting, which took nearly two days, with a great deal of intense discussion at the head of delegation level—without advisers on either side from industry or, from the Canadian side, the provinces; from the French side, there was no representation from Saint Pierre and Miquelon—a bridge package to launch this program of parallel negotiations was arrived at. Since the signature of the 1972 treaty, quotas had always been agreed upon either explicitly or implicitly between Canada and France. For the first time, because of the impasse in which we found ourselves, unilateral allocations, made by Canada, protested by France, were put in diplomatic notes which were linked to a document called "conclusions agréees" or "agreed record." Though France protested that these quotas were below their legal entitlement, they explicitly agreed that for 1987 they would, nevertheless, accept them on the basis that the negotiations would continue for firm agreed 1988-91 allocations in parallel with the boundary reference negotiations.

What did the January 24 agreement provide? It provided for the *status quo* in the Gulf of St. Lawrence. Thirty-five hundred tonnes of cod were allocated unilaterally by Canada and accepted reluctantly by France. Three thousand tonnes of surplus cod in the 2GH area was, again, unilaterally allocated by Canada and accepted by France.

It is interesting to note, Mr. Chairman, that Canadian fishermen are allocated 8,000 tonnes of cod in that 2GH area and they fish less than 2,000 tonnes of it. It is clearly surplus stock that is not only not overfished but quite extensively underfished by Canada and by other foreign states to which allocations are given.

There was no 2J+3KL cod given for 1987. The French had tried, by every means possible, to get even a minimal allocation for 1987 in that area. Recognizing the sensitivity of that stock, the Minister of Fisheries and Oceans instructed the negotiators that under no circumstances was any allocation to be given in that area for 1987.

It was agreed—as part of an overall package involving agreed 1988-91 quotas plus a signed, sealed and delivered treaty referring the boundary dispute to arbitration—that, in that context, the Canadian side could look at and have on the table some unquantified and still-to-be-negotiated quota of 2J+3KL cod for 1988-91. In addition, there was in the agreement an understanding that there would be a meeting of scientists reasonably soon to look at the whole question of the overfishing in the disputed zone, that is, in 3Ps. The idea was that the scientists would try to arrive at some joint recommendations, the eventual effect of which would be to get a roll-back, modest as it may be, of the French overfishing in the disputed zone in an area, of course, which Canada was not able to enforce because of the French claim.

The final two points in the January 24 package dealt with a continuation of the previous understanding not to board each other's vessels in that area in order to avoid confrontation; and, finally, a non-prejudice clause regarding the future negotiations with respect to the treaty on reference of the boundary dispute and with respect to the legal positions on the 1972 fisheries treaty so that the January 24 package could not be cited in a later arbitration or dispute settlement process as prejudicing either side.

As a result of the January 24 package, the main achievement was basically threefold. First, for the first time, there was a publicly declared commitment to go to arbitration on the boundary and to negotiate a treaty to ensure that a boundary reference would be placed before the judges by the beginning of 1988, if possible. Second, there was a very modest and tentative step in the direction of trying to move towards curtailing French overfishing in 3Ps by means of joint scientific recommendations. Third, the difficult, sensitive and emotional issue of 2J+3KL cod was avoided for 1987 and put forward to be dealt with and to be addressed in the context of the 1988-91 negotiations as part of the overall package.

**Senator Hicks:** I have a question for Mr. Clark. Does the agreement not to board apply only to the 3Ps area or to all the areas?

**Mr. Siddon:** The senator's question has to do with whether the agreement, in both of its components, applies only to the

3Ps area. Perhaps Mr. Applebaum or Mr. Clark would elaborate. Perhaps it was not made clear that the other element deals with interim fishing arrangements.

**Mr. Applebaum:** The agreement of January 24 does not establish quotas for the disputed area. The agreement of January 24 is actually a text which was signed and two unilateral notes, one by Canada to France and the other from France to Canada. It incorporates a number of things, but the key element is that it provides the French with 3,500 tonnes of Gulf cod for 1987, which was an approximation of their average catch over recent years for the Saint Pierre and Miquelon vessels. The Saint Pierre and Miquelon vessels have been catching roughly that average over recent years. That is continued as a *status quo* for 1987. As well, it includes the 3,000 tonnes of 2GH cod, the surplus cod, which is taken far north from the 3Ps area.

• (1200)

**Senator Hicks:** But the provision prohibiting boarding one another's ships applies to all of the areas, does it?

**Mr. Clark:** Senator, I think this is a very significant question and I will be absolutely precise. Because of the area of overlapping claims and because each side could treat such an area as being under its own jurisdiction, the potential for confrontation clearly existed. Therefore, it was agreed that a previously understood agreement dealing with that contested area should be renewed, but specifically limited to the area of overlapping jurisdiction, so that Canadian enforcement vessels are entirely free to enforce Canadian regulations against French vessels throughout the Canadian waters, including the Gulf of St. Lawrence and the areas of 3Ps which are not in the disputed zone. Indeed, we had an example of such enforcement just a couple of days ago.

The enforcement prohibition, therefore, applies only to the disputed zone *per se*, that part of 3Ps.

**The Chairman:** Before we pursue any further questions, are the witnesses prepared to summarize their presentation?

**Mr. Siddon:** If I might, Mr. Chairman, we have taken the time of the Senate long enough. At this time, I would like to make myself and these officials available for questioning by honourable senators.

**The Chairman:** I thank the minister, Mr. Clark and Mr. Applebaum. Honourable senators, we are ready for questions. They can be put directly to the minister, or he can possibly refer them to his associates. I call upon Senator MacEachen.

**Senator MacEachen:** Mr. Chairman, I should first like to thank the minister and his officials for their presentation, which has been thorough and helpful to our understanding of this very complicated subject. We understand the complexity of the matter and we understand, as well, the vital Canadian interests that are involved in achieving a satisfactory solution to the boundary dispute and to the negotiation on allocations. Therefore, certainly insofar as I am concerned, my intention is to support as strongly as possible Canadian efforts to establish the Canadian position, not only before the arbitration but in the negotiations.

I hope that in my questioning I will be able to live up to the high standards set by the chairman, who said that we were fair, cooperative, relaxed and easy.

**Senator Argue:** Let's not overdo it!

**Senator MacEachen:** I will attempt to live up to all of that as I ask my questions.

Mr. Chairman, I am sure that other senators have questions. I have three areas I would like to explore with respect to the agreement, and only the agreement. If you wish to interrupt me at any point, Mr. Chairman, I will give way and return to them later.

I presume that the agreement reached on January 24 still stands?

**Mr. Siddon:** Absolutely, senator.

**Senator MacEachen:** It is still the effective document, then. It has not been modified or altered in any way.

As we know, contained in Article II there is a two-track negotiation proposed, first, to establish third party compulsory arbitration settlement and, second, to establish the annual fishing quotas for French vessels in Canadian waters for the period 1988-1991, inclusive. I may add or interpolate at this point that I am not raising any points about the 1987 allocations. I do, however, have a question with respect to Article II(*b*), which reads as follows:

> (b) a procès-verbale establishing the annual fishing quotas for French vessels in Canadian waters for the period 1988-1991 inclusive . . .

As far as this agreement between Canada and France is concerned, what is included in the expression "Canadian waters"?

**Mr. Siddon:** Mr. Chairman, if I might give an initial response, the thrust of the honourable senator's question has to do with the extent to which these interim fishing arrangements to be negotiated would encompass arrangements within the disputed area known as 3Ps, or that portion of 3Ps which is in dispute. I sense in the honourable senator's question that, by underscoring the reference to Canadian waters, he is wanting to lead us to a discussion of what provisions within the interim arrangements, as set out in clause 2(*b*), would be put in place in that interim period to deal with what he characterized as the overfishing problem. If I have grasped the essence of the honourable senator's question, I would ask either Mr. Applebaum or Mr. Clark to respond. Is that a correct interpretation of the question, senator?

**Senator MacEachen:** I really wanted to know what is included in the term "Canadian waters" in this agreement. What does it include on the map?

**Mr. Clark:** Senator, the answer to your question is a twofold one. The Canadian position is that what is included in the term "Canadian waters" is the Gulf of St. Lawrence and, outside the Gulf, what is encompassed in the Canadian 200-mile zone.

There would have to be an allocation for the Saint Pierre and Miquelon fleet inside the Gulf, as provided for in the 1972 treaty, and an allocation for the combined metropolitan and Saint Pierre and Miquelon fleet outside of the Gulf in what we call the Canadian 200-mile zone. From the Canadian point of view, that would include the zone of overlapping jurisdiction, or the disputed zone.

From the French point of view, the definition of the phrase "Canadian waters" is the Gulf of St. Lawrence and the Canadian 200-mile zone outside the Gulf of St. Lawrence, excluding the disputed zone. Therefore, this does not, obviously, resolve the issue of the disputed zone, because that is to be addressed by the agreement in clause 2(*a*), and we are talking here about clause 2(*b*).

**Senator MacEachen:** Therefore, I am correct in concluding that there is no agreement between Canada and France as to what is covered by the term "Canadian waters". When the negotiators sit down at the table, the Canadian negotiators will say that "Canadian waters" includes all waters, including that portion of the disputed zone claimed by Canada, and the French will say that "Canadian waters" do not include that portion of the disputed zone which we claim.

First, I must say that I regard this as a very serious negotiating obstacle. The parties have come to the table with a vital concept unagreed and even disagreed. I believe that in that respect the accord may be seriously flawed, because there will be a battle at the very beginning over what is the meaning of "Canadian waters". The French, obviously, will not agree at all to establish quotas for French vessels in that portion of the disputed zone which they claim. Is that correct?

• (1210)

**Mr. Siddon:** Indeed. The conflicting interpretations, as described by Mr. Clark, underscore the difficulty of this whole process in which Canada has been engaged for many years. What we have here by way of the joint signature of the two nations to this document is a schedule and a joint undertaking to sit down and wrestle with this issue and a number of other serious, related issues, such as the question of 2J+3KL. I think that the honourable senator, from his previous incarnation in the other place, would agree that it would not be wise to write off the possibility of coming to grips with the control problem in 3Ps because of this difficulty. It merely underscores the ultimate importance of resolving the boundary issue once and for all. If we cannot put that at the top of our list as our ultimate objective, then, indeed, this question will remain unaddressed. Mr. Clark may have an elaboration to offer in the perspective of a previous negotiation of a similar nature.

**Senator MacEachen:** May I follow up on my point, as it is a very important one. By virtue of the wording and the disagreed understanding of what constitutes Canadian waters, there is no commitment by France to negotiate with Canada quotas in the disputed zone, which is now overfished and is now claimed by France. Is it right that there is no commitment to negotiate?

**Mr. Siddon:** Mr. Chairman, I might say—

**Senator MacEachen:** Yes or no?

[Mr. Clark.]

**Mr. Siddon:** —that that is the case, but there is no commitment by Canada to grant any quotas in 2J+3KL or any other region. So I have admitted—

**Senator MacEachen:** I will come to that later, but I want to understand clearly that there is no commitment by France to negotiate quotas for the period 1988 to 1991 in the disputed zone, which is flagrantly overfished and is claimed by France. I think that there are two implications. There is the very serious implication that this agreement does not provide any legal way by which we can get France to negotiate on the overfishing or to accept quotas for that period until we solve the main problem. I highlight that.

**Mr. Siddon:** Mr. Chairman, a legal way of solving this question has escaped successive Canadian governments for a decade. The only response that I would offer at this point is that it is worth the risk, because we have given nothing as a country beyond the end of this year to see if, during the process of negotiating the procès-verbale, this problem can be overcome.

Mr. Clark would like to give you another elaboration on this conundrum from an historical perspective.

**The Chairman:** Mr. Clark, are you a lawyer?

**Mr. Clark:** Yes. Mr. Chairman, this is a difficult and complex issue, and the senator has zeroed in on one of the key problems. However, we have faced this kind of problem before in the maritime boundary dispute over Georges Bank with the United States in which there was overlapping jurisdiction—a disputed zone similar to the one we now have with France. In the end, as all honourable senators know, we agreed with the Americans to go to the International Court of Justice to get a final decision on the boundary. During that period, we had a precisely comparable situation. There was an area in dispute where we were not able to enforce Canadian quotas, where the Americans insisted, since they claimed all of Georges Bank, in setting quotas for the entire region. The only way, of course, that we could get a definitive resolution was to put the matter before the judges of the International Court, and that is precisely our objective in this case as well.

So, whereas there is a difficulty with respect to what we claim as Canadian waters not being recognized as Canadian waters and, therefore, we cannot enforce our quotas, it was the same situation with regard to Georges Bank. We accepted a two-and-a-half year, nearly a three-year period, that it took to get a judgment on the Georges Bank. During that time, we lived with American overfishing and accepted the fact that we could not enforce quotas. In the end, the judges handed down their decision and gave Canada a substantial portion of Georges Bank, on which we have been able to fully enforce Canadian quotas and ensure protection of Canadian interests ever since. So, there is a precedent. The difficulty, and the heart of the matter, is that we could not agree on the boundary, and it would be circular to say that you have to agree on a boundary before you can have an agreement to refer the boundary to the International Court.

**Senator MacEachen:** Mr. Chairman, I understand the validity of the historical arguments. But it should be made abundantly clear, and the fishermen and all of us ought to understand, that there is no provision in this agreement by which we can bring France to the table to negotiate quotas in the disputed zone and to reduce overfishing in the period 1988 to 1991. The Prime Minister has indicated in his letter to Mr. Crosbie that a future agreement will not come into effect unless there is "a joint agreement on a total allowable catch for fishermen in the disputed zone during the period of arbitration in order to solve the problem of overfishing." Is it now the expectation that there will be a different track, a third track so to speak, not provided for in this agreement by which we can tackle the problem of overfishing?

**Mr. Siddon:** Mr. Chairman, the honourable senator touches on a very interesting facet of this entire process. I would respond by saying that as a former minister and member of the Privy Council, the honourable senator will fully understand that while this process of fully exposing ourselves by way of testimony in this chamber is to be commended, it is also perhaps not in the best interests of Canada; there are certain matters with respect to the strategic aspect of our approach to these negotiations which some would believe should not be explored at this time. I can only assure him, and reinforce the words of the Prime Minister he has quoted, that in Canada's interpretation, the question of French overfishing in the disputed zone we claim to be ours will form an essential core element of these negotiations. If the honourable senator accepts that that is an undertaking of the Government of Canada, recognizing all the difficulty that it enshrines, I am sure that it is fully evident to France that this will be an important bottom line which we will not waive if we are to successfully conclude these two agreements.

Mr. Applebaum would like to add another dimension, but I would suggest that it is not necessarily wise that we display all our cards here in this place.

**Senator MacEachen:** That is fine with me, but all I can say is that it would have been much better to have negotiated a system of dealing with these quotas over that period, rather than leaving it up in the air and saying, "We are going to try to do it." The French are not committed to doing anything at all, and let us understand that. I just want to understand the agreement.

**Mr. Siddon:** Mr. Applebaum would like to say one brief word of clarification.

**Mr. Applebaum:** I would like to try to help explain this situation by pointing out that the January 24 agreement was not expected to provide solutions to problems but was to establish a program for providing, we hope, solutions to problems. One of the key elements of that agreement was Article IV by which the French agreed to meet with our scientists to establish a fact base from which to work. A common situation that develops in these negotiations, and other fisheries negotiations as well, is the importance of developing a fact base upon which scientists or groups of scientists can agree, which helps to lead to conclusions about what the future quotas should be in various areas.

We hope that the particular arrangement which has been made will lead us toward some resolution of that overfishing problem. It is a hope, and at least we have set something in motion to try to lead us in that direction.

● (1220)

**Senator MacEachen:** Mr. Chairman, I acknowledge that. I think that the study of the cod stocks and possible recommendation is a good step. It does not confer any commitment by France to negotiate this problem and include it in the parameters of the January 24 agreement. I have finished with that area and will let others speak. However, I have another area on which I have questions.

**Senator Marshall:** Mr. Chairman—

**The Chairman:** Honourable senators, I seek your guidance. It would appear that we will not complete the questioning of the witnesses before 1 p.m. I am prepared to allow Senator MacEachen to follow his three areas, or to recognize Senator Marshall.

**Senator MacEachen:** Mr. Chairman, I am prepared to let Senator Marshall speak.

**The Chairman:** Honourable senators, should we not complete our questioning of the witnesses by 1 p.m., is it agreed that we ask them to return at 2 p.m.?

**Senator Murray:** Mr. Chairman, the minister indicated earlier that he could stay until 1 p.m., but that he was not available later today. Therefore, I think the Subcommittee on Agenda and Procedure should discuss with the minister, the officials and their staff a convenient time for them to return, if that is the wish of the committee.

**The Chairman:** I assume that we have leave to proceed with this particular order—

**Senator Murray:** Mr. Chairman, we have another witness this afternoon.

**The Chairman:** Perhaps Mr. Cummings will be patient, if it is the wish of honourable senators to examine these witnesses further, even in the absence of the minister.

**Senator Frith:** Mr. Chairman, did we not, in fact, include the names of Mr. Applebaum and Mr. Clark in the list? Certainly, when we are dealing with a bill, the minister usually appears with his officials. The officials do not speak but simply advise the minister, and we hear only from the minister. However, today we have established the procedure for this matter of having the officials speak separately, and we had them listed separately. I am wondering how the minister feels about having his officials appear as witnesses while we pursue some of these other areas.

**Mr. Siddon:** Mr. Chairman, perhaps I might respond to the question. I have indicated that I will not be available this afternoon because of other commitments, which honourable senators will appreciate. It would be my view that as these officials are here in the name of the government, they should

be accompanied by someone who speaks for the government; and we will try to arrange the appropriate company who should be available if the witnesses are to reappear in this chamber.

**The Chairman:** Honourable senators, is it agreed that if we do not complete the questioning of these witnesses by 1 p.m., then, in keeping with the minister's suggestion, we will hear the witnesses further, and we will suggest to Mr. Cummings that he appear later this afternoon?

**Mr. Siddon:** Mr. Chairman, I did not undertake to have someone on behalf of the government appear this afternoon with these witnesses. It will be necessary to grant us enough time to make appropriate arrangements.

**Senator Marshall:** Mr. Chairman, I believe that the question should be asked, beyond the range of the quota and the allocation of fish in the various zones, as to what has happened in past years with regard to settling boundary disputes between Saint Pierre and Miquelon and Canada. I followed with interest, from 1973 to 1982, the Law of the Sea Conference and Canada's declaration of the 200-mile limit. During the Law of the Sea Conference, when Canada was negotiating the various aspects of the offshore resources and minerals, was the question of Saint Pierre and Miquelon—and, indeed, the threat that could arise by the declaration of the 200-mile limit—discussed in any of the nine or ten Law of the Sea Conferences and the negotiations around the table?

**Mr. Siddon:** Mr. Chairman, in responding to the honourable senator's question, I would point out that while I, too, observed some of the process which was followed, and which led up to the declaration of the 200-mile limit, in accordance with the Law of the Sea article, it would be more appropriate for the Secretary of State for External Affairs or his representative—that being Mr. Clark who is here today—to deal with that question. I understand that the honourable senator himself had a considerable amount to say about that issue in 1976, when he was a member of the other place. I would like to ask Mr. Clark to comment directly on the extent to which during the course of the negotiations, in which Canada played a lead role in refining the Law of the Sea in all of its elements, the geological and other resource aspects of Saint Pierre and Miquelon were considered to be important by Canada. I might also ask him to comment on the previous attempts to resolve the boundary dispute in 1972 and again in 1982. Perhaps we could have a brief summary from that perspective.

**Mr. Clark:** Mr. Chairman, the negotiations under the UN auspices leading to the eventual adoption in 1982 of the United Nations convention on the Law of the Sea took place, of course, over a 12-year period. During the course of those negotiations, the particular issue of Saint Pierre and Miquelon was, of course, at the back of the minds of Canadian negotiators, and on occasion, for example, in dealing with the question of what later came to be known as the Archipelagic States article, we were always, as negotiators, very conscious of the fact that we should be careful to try to ensure that there was no language in the UN convention which gave particular care or comfort to the French in the event that they would seek to extend their jurisdiction over a wide area. But, at the same time, parallel with the UN negotiations, we did, in fact, have bilateral discussions with the French. Indeed, one negotiating round took place in New York, as we say, "on the margins" of the UN negotiations, and at that time the Canadian position, which had been adopted previously and which was maintained, was forcefully enunciated: that all that distant islands lying on the continental shelf of another coastal state were entitled to was a territorial sea and possibly as a result of negotiation—not as a result of legal right—a limited continental shelf beyond the territorial sea.

That Canadian position was enunciated over and over again. So, by 1977, when the French claim was in fact made immediately following the Canadian declaration of 200 miles, we were then addressing a factual situation, that we had an overlapping zone. But leading up to 1977 and that actual declaration, the efforts of the Canadian delegation in New York and in Geneva during the third UN Law of the Sea Conference were to avoid any language in the convention that could be of particular assistance to and a pretension of an eventual French claim.

• (1230)

**Senator Marshall:** I accept the answer, but it is not satisfactory. It was very obvious to many fishermen and others that if Canada were to extend the 200-mile limit, and France also, there was the danger of France using Saint Pierre and Miquelon as a weapon to extend limits to 200 miles, which France wanted to do, and did.

Was it not evident at that time that this could disrupt the situation, as is the case today with France claiming its right over the various zones and the amount of fish it is allowed to catch?

Can the witnesses tell the Senate why no one entertained the idea that Saint Pierre and Miquelon could cause serious problems? This occurred in 1976, which was prior to the declaration of the 200-mile zone.

**Mr. Siddon:** Mr. Chairman, in response to the honourable senator's question, our officials can speak from their recollection of events of those days, but I believe the honourable members of this illustrious house would have an even better recollection of what transpired at that time. Perhaps it would be interesting to comment on the extent to which we were close to an agreement with France in 1972, which agreement might have prevented this entire problem.

Mr. Clark, could you comment on that?

**Senator Marshall:** Could Mr. Clark tell us what the near agreement was? Was it the "12-and-12" extension?

**Mr. Siddon:** Mr. Clark will elaborate on that.

**Mr. Clark:** The agreement that was actually initialled by the negotiators in 1972 would have restricted the French to a 12-mile territorial sea and a 12-mile continental shelf beyond the territorial sea.

Until 1977, until the actual French declaration, even though the possibility of exorbitant and extravagant claims was obvi-

ously in the minds of Canadians—indeed, the honourable senator himself, when he was a member of the other place, sounded a number of warnings at that time about possible French extension—the legal basis for that claim was clearly defective. It was clearly defective during the period 1972 to 1977. The problem and the issue is that we are dealing with an evolutionary system of law.

The International Law of the Sea has evolved dramatically, and in most respects, of course, in Canada's favour. But it has evolved dramatically over the past decade. What would have been clearly unacceptable, illegitmate and, indeed, illegal at an earlier period was later sanctioned by the international community. All we have to do ourselves is think of the Arctic Waters Pollution Prevention Act. When that act was adopted in 1972, it was a centre of great controversy and protest by many major nations around the world, but the law evolved, and today not only are we absolutely confident of the legality and the correctness of the content of that legislation, we have even withdrawn the bar to compulsory jurisdiction before the International Court of Justice on matters relating to that legislation because of our absolute confidence that that is justifiable and legitimate legislation.

But in 1972 that was highly controversial. That is the situation now. We have had evolution whereby the French have tried to seize an opportunity to make what we still consider—and if and when we get before the judges we are quite confident we will be able to establish—is an unfounded, exorbitant and extravagant maritime claim.

**Senator Marshall:** Since the negotiators are from the Department of External Affairs, perhaps they could offer some comments on the ramifications of oil and mineral deposits in the disputed zone off Saint Pierre and Miquelon?

**Mr. Siddon:** Mr. Clark will to the extent possible.

**Mr. Clark:** Mr. Chairman, this is a time when one asks the indulgence of the chamber to be kind to the witness.

**Senator Frith:** We can get back to fish if you want to.

**Senator Marshall:** This is a serious situation. This has been going on for years. It is not only the fish that I am interested in. It is more than fish that the French want. If we want to discuss the problem, let us go back a few years to see what has happened. This is history repeating itself time and time again. The players are different, but the same questions were asked 10, 15 and 20 years ago. So let us get the whole story.

**Mr. Clark:** Mr. Chairman, in all of the bilateral negotiations with France between 1977 and 1986, representatives of the Department of Energy, Mines and Resources were on the Canadian team for the the very reason that the honourable senator has pointed out, the question of potential hydrocarbon resources in the disputed zone. The representatives of the Department of Energy, Mines and Resources on the Canadian negotiating team dealt with and addressed those questions.

The best way I can respond, and the most honest way I can respond to the question, is to make three points: First of all, there is a potential for at least limited hydrocarbon resources in the disputed zone, according to the hydrocarbon experts; the sites of potential hydrocarbon resources are, generally, at the outer limits of the area France claims, and we firmly believe that if we can get arbitration of the boundary dispute, the eventual area that is awarded to the islands of Saint Pierre and Miquelon will not include areas where there is potential for hydrocarbon resources.

**Senator Marshall:** It appears that France has agreed in principle to go to an international tribunal to settle the boundary dispute. Could the witnesses disclose what further terms we want agreement on during the course of the next year with regard to that referral to the international tribunal to settle this dispute?

**Mr. Siddon:** As I understand it, Mr. Chairman, there is a technical problem as to what technical elements would be contained in the "compromis" or the terms of reference.

We are not talking about the interim fishing agreement; we are talking about the treaty on the boundary referral. Again, Mr. Clark should attempt to deal with this.

**Mr. Clark:** Mr. Chairman, I can be very brief. The "compromis", or treaty, on the boundary reference will include, first of all, a decision on the forum; that is, whether it will be the International Court of Justice, a chamber of the International Court of Justice, or what is referred to as an *ad hoc* arbitral tribunal. It will then address the question of the specific judges. If it is a chamber of the International Court of Justice, there is some choice as to what judges will sit on the case; if it is an *ad hoc* tribunal, there is a complete choice as to who the judges will be. It will be a matter for agreement between Canada and France.

Next is the question of how the particular dispute that is put before the judges is phrased. We call it the "Question". There are legal niceties attached to how one phrases the dispute put before the judges. The precise question is to be negotiated between Canada and France; once that question is agreed upon, it is locked in and that is the precise dispute that is put before the judges.

Then come the terms of reference for the decision—that is, timeframes for the submission of what are called "memorials" and "counter-memorials" in an international legal case—and then time references for the oral argument. So, the overall timeframe for the conduct of the case is spelled out in the "compromis" or boundary reference treaty.

Then, at the end of the treaty, there is a specific indication, spelled out absolutely clearly, that the decision will be final and it will be binding on both parties. Therefore, by entering into the treaty, the two sides commit themselves that when the judges render their decision, the decision is unchallenged. Some questions can usually be asked within, normally, a 60-day timeframe about the decision, but the decision itself is unchallengeable and unappealable, and it is binding in the sense that it will be implemented by the parties. That is the content of a "compromis" or boundary reference treaty.

• (1240)

**Senator LeBlanc:** Mr. Chairman and Mr. Minister, I would like to make one or two comments and then I will ask a few questions.

With respect to the 1972 agreement, a lot of comments have been heard. I speak of it freely because I did not originate it; it was originated by my predecessor, Jack Davis. If anyone thinks that it is a bad piece of work—and that seems to have become the accredited version in a great many areas and in a lot of people's minds—I hope that they will go back and read the agreement that existed between Britian and France on the access to the fisheries of Newfoundland. That agreement makes the 1972 treaty look like an extraordinarily daring piece of international poker.

By the way, I might say that the advisers stay while ministers pass, so we see many familiar faces, and I welcome them.

Under the treaty between Britain and France, which was, as I am told, binding when Newfoundland came into Confederation, the French could fish practically off Don Jamieson's beach. That agreement was quite complete. In fact, as the access of Newfoundland was defined, both Newfoundland and France had equal access to that fishing and therefore the 1972 agreement was quite a progressive piece of diplomacy. In the Gulf of St. Lawrence, an area where some 20,000 fishermen were dependent on the resource, we were phasing out, over a period of years, nations that had fished in that area literally for centuries. Therefore, if I can, I would like to rehabilitate the 1972 treaty. We all have 20/20 vision in hindsight. The difficulty is that we are not dealing with the past; we are dealing with the next phase and, in that sense, I do not envy the negotiators. I recognize that there are certain things that they are not completely free to discuss in an open forum such as this one, because there are tactics and strategies which they have to propose and which ministers must accept or reject.

On the question of process, perhaps I may be allowed to put one or two questions to the minister while he is with us. I understand that between the meeting of the 24th and the previous meeting with the advisers, the request came for a head of delegation meeting only. I believe it can be historically sustained that even when there is a head-of-delegation discussion, the key advisers are sounded out and they sit, if I can use the term, in the antechamber in most cases, especially when there is to be a substantive change.

I would like to ask the minister why in this case the advisers were left out in the cold and not allowed at least to sit in the antechamber.

**Mr. Siddon:** Mr. Chairman, without in any way wishing to appear to skirt the question, I would repeat what Mr. Clark said earlier. Following the meeting in Ottawa in mid-January, on which occasion the French Foreign Minister was in Canada and exhibited considerable displeasure with Canada's intransigence in this matter, the French delegation had occasion to reflect, upon their return to France, as to the possible merits of the specific package of proposals that Canada had placed before France. Finding that those elements were not in excess of items which had been fully discussed with the industry and provincial representatives, they asked for a return to the table to be arranged between the heads of delegations. As nothing additional had been added to the package that the Canadian government had endorsed, I might say, Mr. Chairman, it was agreed that they should return and attempt to secure an agreement on that basis.

[Mr. Clark.]

During that period there were informal contacts, but, as has been conceded, there was really a breakdown of communications; one or two strategic phone calls had not been made at the right point, and we have fully apologized and atoned for that oversight to, in particular, the Premier of Newfoundland.

**The Chairman:** Honourable senators, there was an agreement that the committee would rise at one o'clock.

**Senator LeBlanc:** Mr. Chairman, I would not consider that this line of questioning is closed by the adjournment. We will come back to it.

**Mr. Siddon:** Mr. Chairman, perhaps out of respect for the honourable senator asking the question, I could take one more question. The honourable senator is, of course, very knowledgeable and has excellent recall of the history of that time in 1972 and in 1976, when he himself had something to do with the extension of jurisdiction. That extension made a lot of things possible and benefited greatly the Atlantic fishery; an event, incidentally, which we celebrate later this year. I think we could take another question, if it is the wish of the Chair.

**Senator LeBlanc:** I am invited in such a nice way to ask a question which I hope will not be a nasty one. If it is, then I am at a considerable disadvantage. Frankly, I do not expect the minister to be able to give a completely candid answer, because he, too, has to keep in mind cabinet solidarity. However, I would like to know whether, in his mind, there was a linkage between other imperatives of the government and the fisheries issue.

In asking that, I go back to what appeared to me to be a great deal of wisdom over many years, and that is that if you ever put fish against farming, or agriculture against automobiles, you end up having very serious imbalances in the country.

I would like to ask the minister: To what extent did he feel that there was pressure from above, in the name of some other priority or some other national goal? That somehow we had to settle with France? In saying that, I would underline to him two historical facts: There are two very powerful nations with whom we have had very difficult fishery discussions: the United States and the Soviet Union. In the case of the Soviet Union, we closed the ports on the Atlantic coast. We did not just threaten to close them; we closed them to get their full attention, and the matter did go to the highest level.

The other example I would use is the case of Alaska, where again the United States could not focus on the issue of the salmon interception until we started fishing heavily one of the rivers, namely, the Taku, that fed Alaska waters. Again, that produced the expected results.

Surely, with a country such as France, in the name of the fishery and not in the name of cultural interests or Francophonie or anything else, we have some other ways of exerting pressure. I do not feel any pressure being exerted. In fact, I felt in many cases that the government was presenting the case for France; not the case for Canadian fishermen.

**Mr. Siddon:** Mr. Chairman, in response to the honourable senator, I would categorically reject any suggestion that I or any of my colleagues experienced pressure from above, wherever that might be, in the same way that I am sure he never experienced such inspiration in his deliberations.

I would say that the course of action which was agreed to and the instructions which our officials carried to Paris were fully supported by the government and by ministers who speak in the name of the government, and that the sole objective in securing the preliminary agreement of January 24 was in order to resolve a long, lingering problem which can bring untold economic advantage to the fishermen and the people of Atlantic Canada. That is the sole objective. When the senator speaks of forms of linkage which have been applied to other nations such as the United States—which is an example he gives—the kind of pressure that was brought to bear was contained within the sector in which the benefit was being sought. I can assure all honourable senators that we are bringing to bear all forms of reasonable pressure which Canada, as a peace-loving non-confrontational nation, would be prepared to exert and in accordance with international protocol and mutual respect among nations. As we have said repeatedly—ministers of the government—if we cannot reach an agreement on terms acceptable to the fishermen and the interests in Atlantic Canada, who will benefit by an ultimate resolution of this problem, then I guess history will repeat itself and there will be no agreement.

● (1250)

It is my undertaking and it is the task of these negotiators, on behalf of their respective ministers and the government, to work in good faith persistently, with the bottom line being the interests of the fishermen of Atlantic Canada, to seek a resolution of this serious matter.

**The Chairman:** Thank you, Mr. Siddon. It is ten minutes after one. Senator Frith, did you have something?

**Senator Frith:** Yes, Mr. Chairman.

I move that the committee rise, that the chairman report progress and request leave to sit again.

**The Chairman:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

**The Chairman:** Thank you, Mr. Minister. Thank you, Mr. Clark and Mr. Applebaum.

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**The Hon. the Speaker** *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

**Hon. Finlay MacDonald:** Honourable senators, the Committee of the Whole, to which the France-Canada Fisheries and Territories Boundaries Agreement had been referred, reports having made some progress and asks for leave to sit again.

**The Hon. the Speaker** *pro tempore:* When shall this committee have leave to sit again?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Later this day.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

**Senator Frith:** Honourable senators, I suggest that in view of the time we resume at 2.15 p.m., or 2.30 p.m., rather than at 2 p.m.

**Hon. Nathan Nurgitz:** Honourable senators, I move that the Senate do now adjourn during pleasure, to reassemble at the call of the bell at approximately 2.30 this afternoon.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

The Senate adjourned during pleasure.

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At 2.40 p.m. the sitting of the Senate was resumed.

[*Translation*]

## CANADA-EUROPE PARLIAMENTARY ASSOCIATION

VISIT OF DELEGATION TO FEDERAL REPUBLIC OF GERMANY—NOTICE OF INQUIRY

**Hon. Fernand E. Leblanc:** Honourable senators, I give notice that on Thursday next, February 19, 1987, I will call the attention of the Senate to the visit of a Canada-Europe Parliamentary Association delegation to the Federal Republic of Germany, from January 15 to 27, 1987.

[*English*]

## DISTINGUISHED VISITOR IN GALLERY

MINISTER OF FOREIGN AFFAIRS, REPUBLIC OF INDONESIA

**The Hon. the Speaker** *pro tempore:* Honourable senators, I call your attention to the presence in our gallery of His Excellency Dr. Mochtar Kusumaatmadja, Minister of Foreign Affairs of the Republic of Indonesia.

We warmly welcome this high official of a country which is a very good friend of Canada's.

**Hon. Senators:** Hear, hear!

# QUESTION PERIOD

[*English*]

## BANKING

MATTERS WITHIN EXCLUSIVE FEDERAL JURISDICTION—GOVERNMENT ACTION

**Hon. Ian Sinclair:** Honourable senators, my question is for the Leader of the Government in the Senate in his capacity as Minister of State for Federal-Provincial Relations.

One bank has now incorporated a subsidiary in one province to deal in securities. There has been an announcement from another province that they intend to deal with this matter and with the extension of the powers of banks in matters of dealing in securities. We have had ongoing conversations in another province with representatives of the industry, including banks, regarding this issue.

In view of the fact that banks and banking are within the exclusive legislative power of the federal government, could the Leader of the Government inform us as to what action the government will take respecting the powers of banks regarding securities and matters of financial institutions within the exclusive power of the federal government?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, that is far too important and complicated a question to be dealt with off the top of my head in Question Period. I will consult the Minister of State for Finance and bring in a considered reply within a day or two.

## TRANSPORT

CLOSING OF CN SHOPS, MONCTON—REQUEST FOR ACTION

**Hon. L. Norbert Thériault:** Honourable senators, I have a question for the Leader of the Government in the Senate. Now that the Government of Canada has intervened in a CN issue, more or less forcing CN to enter into an agreement with Sysco to the effect that CN will buy 80 per cent of their rails to keep the plant in Nova Scotia open, which we support, will the Leader of the Government explain to the people of New Brunswick why the same deal cannot be worked out with CN regarding the Moncton shops?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not think the two situations are at all comparable.

**Senator Thériault:** Honourable senators, I should like to know why the situations are not comparable. It is my understanding that 1,200 jobs in Moncton are at stake, whereas in the instance involving Sysco only 2,000 jobs were involved. Does this have anything to do with the Prime Minister's attendance at the Canada Winter Games in Cape Breton? Since 1,200 jobs are at stake, the people of New Brunswick want to know what the situation is.

**Senator Murray:** Honourable senators, the situation with regard to Canadian National and Sysco is that over the years CN has purchased a certain proportion of its rail requirements from Sydney Steel Corporation.

What the Sysco operation required and, in the event, received from Canadian National was a business undertaking that Canadian National would continue to purchase rails from that supplier in the traditional proportions. This was a business arrangement between two companies. Sysco required it for its own future security.

As the honourable senators knows, the situation in Moncton is an entirely different one. Notwithstanding that, he also knows that the Government of Canada and the Government of New Brunswick made every possible human effort to preserve as many jobs as possible in Moncton. He knows the history of that as well as I do.

**Senator Thériault:** The honourable Leader of the Government in the Senate also knows that for years and years CN had a policy of dividing the repairs carried out at the various shops, 40 per cent being done in the west, 40 per cent in Montreal, and 20 per cent in Moncton. Why did the government allow CN to do away with that policy, which has become well established over the years, and thereby eliminate jobs in Moncton by having the work carried out in Winnipeg and Montreal?

**Senator Murray:** Honourable senators, there are a number of misapprehensions and a number of hypotheses being put forward in the various questions asked by the honourable senator. As I have suggested to him on a previous occasion, if he wants to debate this matter, let him put a Notice of Inquiry on the Order Paper and one of us on this side will undertake to give a considered reply on behalf of the government. It is not appropriate to do that during Question Period.

● (1440)

**Senator Thériault:** Honourable senators, I will not be told by the Leader of the Government in the Senate what is or what is not appropriate for Question Period. Twelve hundred jobs are at stake in New Brunswick. I think this is an important matter and, as a senator from New Brunswick, I feel that I have a full right to ask the government to answer for this. What is not factual about the questions I have asked or the statements I have made? Over the years CN has had a policy—and this cannot be denied—whereby 40 per cent of the repair work was done in Winnipeg, 40 per cent in Montreal and 20 per cent in Moncton. CN was allowed to do away with that policy last year. It closed its shops in Moncton and the government stood by and did nothing. But when the Prime Minister has to visit Nova Scotia, the government can put pressure on CN to give 80 per cent of its rail work to Sysco—and I am glad about that. I just want to say that we are prepared to invite the Prime Minister to come to New Brunswick, if he will do the same for that province!

## CANADA POST CORPORATION

SPONSORSHIP OF U.S. TELEVISION SERIES "AMERIKA"

**Hon. Raymond J. Perrault:** Honourable senators, I have a question for the Leader of the Government in the Senate about

the controversial television series "Amerika". On Sunday night I watched that turgid drama proceed with its glacial speed and I noticed, half way through the program, that one of the co-sponsors of "Amerika" is Canada Post.

I ask the Leader of this Government in the Senate to remind his colleague, the minister responsible for the Post Office, that this is a series from which Chrysler of Canada and Chrysler of the United States withdrew because of the nature of the program. This series has been condemned and criticized by present and past United States representatives to the United Nations and a cross-section of responsible political leadership in this country and in many other countries, including the United States, yet, here is Canada Post promoting Priority Post half way through that cold-war drama.

Could the Leader of the Government obtain from his cabinet colleagues the rationale behind Canada Post's participation in the sponsorship of this program on CTV in Canada? Could he find out the cost of the time, as well as the amount of money paid for the commercial and the frequency of the commercial during the first instalment of that 14½-hour drama? Could he determine the marketing objectives that Canada Post hopes to achieve by reaching the audience of "Amerika"?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I suggest to my honourable friend that he would have done better to have confined his television viewing yesterday to the magnificent live television coverage of the opening of the Canada Winter Games in Cape Breton.

**Senator Perrault:** May I say, in that regard, that I was the sports minister who got the Canada Games for Cape Breton and that I was not invited by the Conservative government to attend the opening ceremonies. Honourable senators, I had the great honour to go to Cape Breton to make the announcement that the games would be held there. This was the result of a Liberal cabinet decision inspired and recommended by myself, and I was left off the invitation list, which is par for the course for this government.

**Senator Murray:** Honourable senators, if my friend had been there in the flesh yesterday, he would have seen that there was a magnificent bipartisan spirit present in Cape Breton—a spirit that has done marvellous things for Cape Breton and for Canada. I also want to tell him that he would have seen many Liberals, Conservatives and members of other parties there to take part in those ceremonies. Finally, I want to tell him, as I am sure he knows, that I will be there in a couple of weeks' time for the closing ceremonies. If he attends those ceremonies, he can be assured of a very warm welcome.

**Senator Frith:** Is that an invitation?

**Senator Murray:** Of course.

I would be interested, as is the honourable senator, to obtain from Canada Post an explanation of the market rationale, as he puts it, for sponsoring that particular program. I will see what information is available and bring it to the attention of the Senate.

**Senator Perrault:** Honourable senators, I have a supplementary question. I ask at the same time the name of the advertising agency which induced or persuaded Canada Post to be a co-sponsor of "Amerika". I would like to know the amount of advertising or agency fees realized by that company for the placement of that promotion on "Amerika". Finally, might I say that it was also a joyous, non-partisan occasion when we announced the awarding of the games to Cape Breton, at which time there were representatives of the Conservative Party present.

**Senator Frith:** Are you not going to thank him for the kind invitation he extended?

**Hon. Jack Marshall:** Honourable senators, I rise on a point of order. I wish to advise Senator Perrault that I was born in Cape Breton, that I have been a member of the PC Party for 18 years, and that I wasn't invited!

**Senator Frith:** Anybody else?

**Senator Perrault:** Come on over!

### LOSS OF DIE FOR NEW ONE-DOLLAR COIN

**Hon. M. Lorne Bonnell:** Honourable senators, as a supplementary on Canada Post, perhaps when the Leader of the Government is seeking that information, he might ask whether they can find the die for the one-dollar coin that has been lost for some time now. We cannot even make the new one-dollar coin this year because they still have the die somewhere in Canada Post.

**Senator McElman:** It died in the post office!

**Senator Bonnell:** Could the government leader see whether the new Postmaster General can find the die so that we can get that new one-dollar coin for Canada?

## AGRICULTURE

### MORATORIUM ON FARM CREDIT CORPORATION LOANS

**Hon. Hazen Argue:** Honourable senators, I might say something by way of consolation to Senator Perrault. A few years ago, I was instrumental, along with my colleagues in the cabinet, in providing the city of Regina with an accessible and acceptable modern airport—one that was very badly needed. Saskatoon had the Otto Lang airport and I thought that Regina should also have a good airport.

**Senator Frith:** The Argue International, perhaps?

**Senator Argue:** When the invitations went out and the speeches were made, I was not invited to take part. But that is all right. Nothing was said about a previous government having been responsible for the airport. To my way of thinking, it was a little cheap, but that doesn't matter. There will be a change of government some day, and I hope that the new government will give credit to this one for whatever it may be doing that is constructive. That may be difficult to remember, but, at any rate, I make no complaints. The people of Regina

know why and how the airport happens to be there, and I guess that is good enough.

**An Hon. Senator:** Not to mention the hotel!

**Senator Argue:** The hotel we do not need and I hope it is not built. The airport was badly needed, but an extra hotel at the airport, which is almost within walking distance of downtown Regina, is not required.

In any event, preambles apart—

**Senator Flynn:** One of your shortest!

**Senator Argue:** That is right, and my opponents have been very agreeable today, they have not made many serious interruptions.

Honourable senators, I was pleased to read that the Leader of the Government in the Senate has been given quite a major promotion. He has been appointed to the P&P Committee of the cabinet. I think that puts him in a very powerful position to respond to suggestions made in the Senate and to carry them forward. I would ask the government leader whether he can give us any information on whether the Minister of Agriculture and the government are likely to end at an early date the moratorium placed on Farm Credit Corporation loans by way of preventing foreclosures. I believe that the moratorium does not have a termination date but is open-ended, and I ask that it not be lifted at this time. If the minister has no information on this matter, I will understand that, but I plead with him to take this request to his colleagues. The time for seeding is around the corner, and it would be a great disservice to the agricultural industry of this country and to those farmers whose loans from the Farm Credit Corporation are in arrears if that moratorium should be lifted now.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I regret that I do not have the information that the honourable senator seeks, but I will try to obtain it and report back.

## CANADA-UNITED STATES RELATIONS

### BILATERAL TRADE NEGOTIATIONS—AUTOMOTIVE TRADE

**Hon. Jerahmiel S. Grafstein:** Honourable senators, on the question of the current Canada-U.S. trade negotiations, the Minister of International Trade yesterday in the other place stated that now "the whole issue of automotive trade . . . is open for discussion." In light of the current public concern about the Canadian government's lack of due process in informing provincial governments with regard to matters respecting their strategic economic concerns, could the Leader of the Government in the Senate, in his capacity as minister responsible for federal-provincial relations, inform the Senate whether the Province of Ontario was informed of this new development and whether that province agrees that "the issue of automotive trade" should, indeed, be "open for discussion"?

● (1450)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I must confess that I have not seen the statement that my honourable friend attributes to the Minister for International Trade, nor do I quite understand the context in which the statement was made. Let me tell my honourable friend and the Senate how the consultative process between the federal government and the provinces works in these trade negotiations. Every three months in this city a First Ministers' meeting on trade is held, at which the premiers receive a direct report from Ambassador Reisman and from Ms. Carney as to the progress of the negotiations and where they renew the mandate for Ambassador Reisman and his negotiating team. In addition, every three months, or more frequently if necessary, the federal and provincial trade ministers meet to review in a more detailed fashion what is happening at the negotiations. After every negotiating session, our negotiators are in touch, by way of a conference call, with their provincial counterparts. I don't suppose there has ever been an international negotiation with which the provinces have been more closely associated or more fully informed.

**Senator Graftstein:** Honourable senators, could the Leader of the Government in the Senate obtain for us the information that I have asked for: Has the Province of Ontario been informed that "the issue of automotive trade" is now, in the words of the minister, "open for discussion"?

**Senator Murray:** Honourable senators, I shall have to see whether there is anything new in the statement that my friend attributes to Ms. Carney. I regret very much that I have not had an opportunity to read her statement. I shall do so as soon as I have a minute.

## GRAIN

### GRAIN STABILIZATION FUND—EXCLUSION OF MUSTARD SEED

**Hon. H.A. Olson:** Honourable senators, I would like to ask the Leader of the Government in the Senate if he could give us an update on a question that I asked a week ago. It is with regard to the response that he got from the Minister of Agriculture with respect to the review committee announced in connection with the stabilization fund, but which has not come into existence as yet, and, particularly, with reference to whether or not mustard seed will be included in the acreage that is calculated for payment.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I saw a draft reply to my honourable friend's question on the inclusion of mustard seed as one of the crops eligible for assistance. I have asked that certain other information be sought, and I shall bring in the answer tomorrow.

## COMMUNICATIONS

### SALE OF TELEGLOBE CANADA—INVESTIGATION OF INSIDER TRADING

**Hon. H.A. Olson:** I also asked the Leader of the Government last week a question about the investigation under way

with respect to insider trading with regard to Memotec Data Inc. and the sale of Teleglobe Canada. All I would like to ask of the minister at this time is whether or not there is an RCMP investigation under way into whether or not there was an advance leak of information by people who had some knowledge to some people who were able to make what appears to be several million dollars on the Toronto Stock Exchange.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, with regard to the Teleglobe matter, I see no reference to the RCMP in the briefing notes that I have. I am told that under the Canada Business Corporations Act, the director has responsibility under federal law, and that he is exercising that responsibility under section 228 of the act. That section authorizes the director to investigate any proceedings which he regards as unusual. I am told that the investigation is based on the trading pattern of Memotec stock to determine if any insiders were involved. As the honourable senator has pointed out, the Montreal and Toronto stock exchanges and the Quebec and Ontario securities commissions are also conducting investigations into the same issue. I have no information to suggest that another investigation into any alleged or possible leaks from the government is taking place. Nor am I aware that one is warranted.

**Senator Olson:** Honourable senators, when I asked the question the other day, I think I specifically asked whether the government had conducted, or is willing to launch, an investigation to see whether or not there was a link between those possessing advance information as a result of a possible leak and the unusual trading patterns that followed on both stock exchanges. It is a fairly important question, because I think there is a very large number of Canadians who believe that it was an unusual trading pattern. The matter is being properly investigated and, as is common in such situations, both stock exchanges have launched investigations. I believe that those stock exchanges lack the competence to extend their investigations into whether or not there was a leak by people in government who knew, or believed they knew, that the bid by Memotec would be accepted. That is my reason for asking the question. Who is investigating that part of the matter, which is extremely important to the government's purposes?

**Senator Murray:** Honourable senators, the investigations that are being conducted are based on the trading patterns of Memotec stock to determine if any insiders were involved. Now, this involves the provincial securities commissions and they are carrying out the investigations within their jurisdictions. As I have indicated, the director, under the jurisdiction of the Canada Business Corporations Act, is carrying out an investigation, as he is authorized to do, into any proceedings which he regards as unusual. The Minister of State for Privatization, Ms. McDougall, has been in touch as well with the Toronto Stock Exchange and has offered her full cooperation and that of her staff. I can tell the honourable senator that the decision on Memotec was not taken until after the markets closed on February 10. The exchange was notified immediately to ensure that there was no insider trading or insider knowledge. The government is awaiting the results of the investigation by the Toronto Stock Exchange.

I am not sure whether I understand the honourable senator correctly, but I think that he is suggesting that there might have been a leak somewhere in the federal government as to the decision of the government to accept the Memotec bid. I have not seen any suggestion to that effect, nor am I aware that any investigation is taking place on that precise matter. However, I shall make inquiries.

**Senator Olson:** Honourable senators, I think the minister understands very clearly now what I asked last week. I think I indicated in those questions that there are a lot of people in Canada who believe, or who suspect, at least, that there is a link between the unusual trading patterns and the increase in the value of the shares that followed, and that there is a possibility that there was a leak from someone who knew, not that the decision was going to be made but that the recommendation to accept that bid was going to be accepted. If the minister is telling me now that there is no attempt being made to investigate whether or not what I have outlined happened, then I would suggest to him that the investigation by the stock exchanges is not adequate. They do not have the competence to investigate a federal government department.

**Senator Murray:** I said that they are not the only ones investigating. I have told the Senate that.

**Senator Olson:** I understand that. But is the minister telling me now that there is no investigation under way by the RCMP or anyone else to find out whether there was a link or a leak? If that is the case, then I am very dissatisfied. It seems to me that the other part of the question that he tried to answer was that there was some official who is also looking into the unusual trading patterns. That is not the question. The question is whether or not there was a leak.

**Senator Murray:** Honourable senators, that is exactly the question that the honourable senator is putting, citing as his authority the suspicions of a lot of people.

**Senator Olson:** Right.

● (1500)

**Senator Murray:** If that is the best that the honourable senator can do, then I suggest he would be better off to keep quiet. If the honourable senator has any evidence to suggest that there was such a leak, let him bring it forward; let him go to the RCMP and present that evidence. What is the basis of those suspicions, may I ask?

**Senator Olson:** Honourable senators, it seems to me to be fairly obvious that there are a number of people who knew what the recommendation was going to be. It is also very clear—

**Senator Murray:** Are you accusing—

**Senator Olson:** I am accusing the government of being negligent in that it does not follow up when we know that a

profit of several millions of dollars was made on the stock exchanges by a number of people who were involved.

**Senator Murray:** That is being followed up.

**Senator Olson:** Surely the government should have the guts to launch an investigation to find out whether any members of the government or their advisers leaked that information in advance of the public's knowing.

**Senator Murray:** The honourable senator has come pretty close to a blanket accusation against members of the government or their advisers. I will let that stand on the record for what it's worth, and we can discount it by about 100 per cent.

There are two investigations going forward on the matter to which the honourable senator referred, one of them within the provincial jurisdiction and one in the federal jurisdiction. I think the honourable senator can be satisfied that if there is the slightest indication of any leak or impropriety on the part of any person, those matters will be followed up by the RCMP or the appropriate authority. But, in my view, it is going a bit far for the honourable senator to stand in his place and demand investigations on the basis of what he says are the suspicions of a great number of people, even if that "great number of people" especially includes himself.

**Senator Olson:** Honourable senators, that is quite a different answer from the one which the Leader of the Government gave a few minutes ago. He said there was no investigation that he was aware of to try to identify a leak or to see whether there was one. He now says that we can assume somehow that if there has been any impropriety at all, there will be an investigation. Does the assumption of impropriety include the possibility of a leak in advance of public information?

**Senator Murray:** Honourable senators, I said that if there is any indication of any impropriety, that will be followed up by the appropriate authority—and I repeat that; but I am not responsible for the honourable senator's highly cultivated and developed suspicions.

## INDUSTRY

### AWARDING OF CF-5 CONTRACT TO BRISTOL AEROSPACE LTD.—STATUS

**Hon. Joseph-Philippe Guay:** Honourable senators, I have a question for the Leader of the Government. No doubt he is aware, as we all are, of the CF-18 contract that was given to Canadair some time ago. At that time great concern was expressed in Manitoba. The government, in order to try to soften the shock, gave a smaller contract concerning the CF-5 supposedly to Bristol Aerospace Ltd. That was announced by the minister, the Honourable Jake Epp, over a month ago.

Last weekend there was an article in the Winnipeg *Free Press* saying that Bristol Aerospace in Winnipeg had not heard a doggone thing about it since then, and that the company did not know whether the announcement was factual. Once again, the people in the province are wondering what has taken place. My question is serious and down to earth because of the people's concern. Can the Leader of the Government make representation to the cabinet to ensure that announcements are made quickly to reassure the people of greater Winnipeg and Manitoba that the CF-5 contract is a reality and not just an announcement?

[Senator Olson.]

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will obtain what further information I can and bring it to the Senate.

## GRAIN

### CANADIAN WHEAT BOARD—FINAL PAYMENTS FOR GRADES 1 AND 2 SPRING WHEAT

**Hon. Hazen Argue:** Honourable senators, I would like to repeat a question that I asked of the Leader of the Government some time ago. I would like to know whether he has any information to convey to the Senate. Can the Leader of the Government say what consideration the government may be giving to the request from western grain growers that they be paid the final payment due to them by the accounting procedure of the Canadian Wheat Board for high quality wheats, namely, number 1 CW and number 2 CW? To refresh the memory of the Leader of the Government, it was on the occasion that he told me that I had made a long preamble, the same as Alvin Hamilton. That is what enables me to remember the occasion.

In the high quality Wheat Board accounts, there was a surplus, which normally would have been paid to the producers of those high quality wheats, of $54 million. The total overall wheat account had a deficit of $200 million. I guess the amount was $253 million; the $52 million came off and the net loss was $201 million. My question again is: Is the government actively considering reimbursing the wheat producers the $54 million of their final payment, which they believe—and I believe also—is rightfully theirs, but of which, because of a kind of accident of circumstance—I do not have to explain that—they have been deprived of that final payment? Is this matter being considered by the government?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will have to ask my colleague, the Honourable Charles Mayer, the Minister of State for the Canadian Wheat Board, for a report. I will try to get one as soon as possible.

**Senator Argue:** I appreciate that. Is the Leader of the Government aware that there has been a precedent in the past for this kind of action? Following a surplus in the durum account in 1968, the government of the day reimbursed the producers of durum for that amount, when, according to the system, they had their payments denied. I would ask the Leader of the Government whether he is aware of that.

As a supplementary, is the minister aware that a Conservative member of Parliament has raised this question in the House of Commons? Is the government, apart from the caucus, giving active consideration to this problem?

**Senator Murray:** Honourable senators, I must confess that I was not aware of those matters, but I am now.

## FISHERIES

### CANADA-FRANCE AGREEMENT—DENIAL OF THREAT TO NEWFOUNDLAND PREMIER

**Hon. M. Lorne Bonnell:** Honourable senators, I have a question for the Leader of the Government. As he is the minister responsible for federal-provincial relations, and in view of the fact that the province of Quebec received 45 per cent of the industrial development grants last year and the province of Newfoundland received 1 per cent, I would like him to clear his name, as I know he is a man of honour. I would ask him to stand in his place and tell us that he was not the cabinet minister who threatened the Premier of Newfoundland that, if he did not play ball in connection with the Canada-France fishing agreement, the government would cut the funds to Hibernia, to the NATO base and to the hydro-electric development in Labrador. I would like the Leader of the Government to clear his name, because one might think that he could have been the one since he is the minister responsible for federal-provincial relations. I know that he would not make that kind of threat—he would not do that; but I would like him to stand in his place and say, "It was not me."

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I believe my friend and colleague, the Honourable John Crosbie, has given the definitive response to that allegation.

**Senator Bonnell:** In other words, I guess it might have been the Leader of the Government. He did not say that it wasn't.

**Senator Murray:** It was an Anglo-Saxon word that is unparliamentary.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. Nathan Nurgitz:** Honourable senators, I have three delayed answers to questions. I suggest that rather than reading them, I should simply ask that they appear in the *Debates of the Senate* for today.

## INDIAN AFFAIRS

### SELF-GOVERNMENT—GOVERNMENT POLICY

**Hon. Nathan Nurgitz:** A question was asked in the Senate on December 19, 1986 by Senator Lucier concerning Indian Affairs—Self-Government—Government Policy.

(*The answer follows:*)

In order to advance aboriginal self-government in Canada, this government decided to take a two-track approach to self-government, involving constitutional discussions as well as community-based negotiations of self-government.

A government policy statement on Indian self-government was released on April 15, 1986. This outlined three main objectives for community-based self-government initiatives, namely:

- to increase local control and decision-making capability;

- to recognize the diverse needs, traditions and culture of Indian people; and

- to provide greater accountability by Indians to their own electors.

The community self-government negotiation process is designed to respond to proposals from communities which seek to establish self-government arrangements beyond the current limits of the *Indian Act*. Proposals from communities deal with such issues as: the structures and institutions of self-government; membership; jurisdiction over land and resources, language, culture and education, health and social services and economic development. Negotiations are designed to lead to agreement on practical arrangements for self-government in Indian and Inuit communities, with new legislation expected to implement agreements. Bill C-93, the *Sechelt Indian Band Self-Government Act*, was the first piece of legislation passed under this policy.

Self-government negotiations with Métis and non-status Indian communities are also under way, with provincial governments taking a lead role in negotiations.

## TRANSPORT

### GRAIN TRANSPORTATION AGENCY RECOMMENDATIONS—GOVERNMENT POLICY

**Hon. Nathan Nurgitz:** Honourable senators, a question was raised in the Senate on February 3, 1987 by Senator Perrault regarding Transport—Grain Transportation Agency Recommendations—Government Policy.

(*The answer follows:*)

Since the release on June 13, 1986, of the Honourable Jack Horner's report reviewing the Western Grain Transportation Act (WGTA), the Minister of Transport has made it clear that he does not intend to take any position on the recommendations made in the report until the industry's reactions are fully considered and analyzed.

Mr. Horner has just submitted his final report to the Minister, who is studying it.

Senator Perrault can rest assured that there will be full public discussion before any significant changes are made to Grain Transportation policy.

## CANADA-UNITED STATES RELATIONS

### BILATERAL TRADE NEGOTIATIONS—ITEMS FOR NEGOTIATION

**Hon. Nathan Nurgitz:** Honourable senators, a question was raised in the Senate on February 4, 1987 by Senator Frith

regarding Canada-United States Relations—Bilateral Trade Negotiations—Items for Negotiation.

(*The answer follows:*)

Cultural industries is a phrase which refers to those undertakings which give expression to the intellectual and artistic aspects of Canadian society. It would not be appropriate to attempt to set out a comprehensive catalogue of specific commercial undertakings in the cultural field. It is the subject matter of the individual industry and the latter's capacity to give expression to our national identity which set the bounds of our area of concern. In addition, the government is involved in an intricate set of trade discussions with our American neighbours. An overly precise formulation of our concerns could simply place the negotiators at a tactical disadvantage.

In a speech to the University of Chicago in September, 1985, the Prime Minister stated that those industries that define and reflect our national identity are a special area of concern. Since September, 1985, the Government has consistently repeated the message that Canada's cultural identity and those industries that give it expression are not up for negotiation.

The protection of Canada's cultural identity is not something on which the Government is prepared to compromise, for it is part of the essence of Canada. As the Prime Minister has pointed out, if Canada and the United States cannot reach an agreement which reaches our trade goals while protecting the essence of Canada then a deal will not be struck.

The Government is seeking to negotiate a comprehensive trade arrangement which will eliminate as many barriers as possible in the trade between Canada and the United States. The government is confident that this can be achieved while at the same time ensuring that Canada's strong sense of herself will be reinforced.

The Senate and the Canadian people can be assured that the government while seeking to negotiate a new trade arrangement with the U.S. will diligently protect Canada's ability to maintain and strengthen its national identity.

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● (1510)

## NATIONAL ARCHIVES OF CANADA BILL

THIRD READING

**Hon. Richard J. Doyle** moved the third reading of Bill C-7, respecting the National Archives of Canada and records of government institutions of Canada and to amend other Acts in relation thereto.

He said: Honourable senators, there were one or two matters raised during the course of discussion on Bill C-7, one being the question asked by Senator Frith regarding the payment of travel, meals and other such expenses to board members.

[Senator Nurgitz.]

Honourable senators will recall that, under the bill, every member of the board is entitled to be paid reasonable travel and other expenses incurred by them in connection with the business of the board. I have an explanation for that. While that is included in the bill itself, the people at the National Archives intend to follow the practice which is now followed by the National Library of Canada and the National Museums of Canada, and that is that the payment of travel and living expenses shall be made only to those board members who are not on salary or allowances and who are management staff of the National Archives itself. I hope that clears that up.

**Hon. Royce Frith (Deputy Leader of the Opposition):** I thought the clause, which is a standard one, clearly excluded the board officials, and then said nothing about their travel expenses.

**Senator Doyle:** I have a copy of the bill in front of me, and it states, in clause 9(3), as follows:

> A member of the board, other than the Archivist, the National Librarian or the Secretary-General of the National Museums of Canada, is entitled to be paid such amount—

Is it the exception of those three?

**Senator Frith:** Since this is a standard clause, I was asking, since they are excluded, what is the source of the authority for paying them, but Senator Doyle can obtain that information and put it on the record at some other time, if he wishes. We will not hold up third reading of the bill just because of that.

**Senator Doyle:** I will determine what flexibility there is in their pay and allowances.

**Senator Frith:** We will not hold up third reading for that.

**Senator Doyle:** Thank you.

The only other thing I should like to mention is my gratitude and the gratitude of the Senate Committee on Legal and Constitutional Affairs for the contribution of Senator Bosa who, not only in the Senate but in the committee itself, drew special attention to the fact that the bill is a piece of legislation which deals with the authority and powers of the National Archivist and the National Archives themselves, but does not lay any emphasis whatsoever on the somewhat dire straits in which the institution finds its facilities. It was reassuring to know that there is sympathy for early attention to what is a great need. I look forward to hearing from Senator Bosa on that subject when we do discuss matters of budget.

Motion agreed to and bill read third time and passed.

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## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

CONSIDERATION IN COMMITTEE OF THE WHOLE CONTINUED

On the Order:

> The Senate again in Committee of the Whole on the order of reference dated 10th February, 1987, respecting

the agreement on fisheries and boundaries between Canada-France.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the agreement, the Honourable Senator Rhéal Bélisle in the Chair.

**The Chairman:** I call upon the honourable Leader of the Opposition.

**Senator MacEachen:** Mr. Chairman, I have a brief comment to make about an understandable question raised earlier by the Leader of the Government in the Senate with respect to the work of the Committee of the Whole.

It is clear from our earlier proceedings that the minister, or a minister and officials, will again appear before the Committee of the Whole; therefore, we must make provision for that in our future schedule. But in order to ensure that we give full consideration to the availability of witnesses, and in order to give some thought to the schedule of the committee, I suggest that when the Senate rises this afternoon, the Subcommittee on Agenda and Procedures meet so that it can consider these questions and report tomorrow when the committee will meet again.

**The Chairman:** It is the hope of the subcommittee to meet as soon as the Senate rises.

**Senator Frith:** While we are dealing with procedural questions, honourable senators will remember that last week I mentioned I had heard from the CBC regarding televising the proceedings of the Committee of the Whole. The first thing I want to say about that is that I was partly mistaken. I had heard from Mr. Don Newman who is, I think, head of CBC television news in Ottawa. However, he is also President of the Parliamentary Press Gallery. It turns out that he was communicating with me on behalf of the press gallery—that is, on behalf of the television networks—regarding the possibility of obtaining a common feed. The communication was not only from the CBC.

That brings me to my second point, and that is whether the committee wishes to consider offering access to the television networks for televising the proceedings of the Committee of the Whole on this matter.

As the members will know, the sound feed from the Senate—and I assume also from the Committee of the Whole—goes automatically to the Press Gallery. That same sound feed is on channels 80 and 81 of the OASIS system, which are the two channels reserved for the Senate.

• (1520)

I have not had a conversation recently with Mr. Newman, but I can tell you that when I did have a conversation with him, he talked in terms not of the elaborate set-up installed for the delivery of the Speech from the Throne but something else that would need to be worked out with the steering committee. Therefore, it seems to me that we should give that matter some thought. Obviously, nothing can be done about it today, but honourable senators might like to think about it, and I would like it brought before the committee at an appropriate time to see whether the committee, after reflection, would like to have that happen. I do not wish to give the proposal the kiss of death, but I would be in favour of having that happen.

**Senator Argue:** Honourable senators, I personally would like to support having television in the Senate chamber covering what I consider to be an historic event, namely, discussion on the floor of the Senate of this major public issue.

There are some of us who are pretty sensitive to what the press says about the Senate. However, those of us who are active and spend almost all of our time, seven days a week, considering and discussing public issues and doing our jobs as senators realize that there is no better way that we could establish the credibility of the Senate—or the lack of it, if we want to do a poor job—than by bringing television cameras into this chamber. In my opinion, the Senate is a forum where senators generally do their homework; where there is less partisanship; where there is less name calling; where there is a reaching to the crux and the heart of issues far more frequently than in the House of Commons. If the television cameras were brought in, it would establish what I believe to be a fact, and that is that the Senate does very useful work.

I would argue also on another point, namely, that the people of this country have the right to see on television the proceedings of this chamber and, in particular, the proceedings with regard to this major public issue that has, at times, strained the very fabric of our Canadian way of life.

I for one have been in Parliament, both in the House of Commons and in the Senate, for close to 40 years now and I think it is time we in this chamber were on television in order to let the public decide about the Senate; about the issues that we raise and how we conduct ourselves. If we do this, I think we will receive good marks from the Canadian public at large.

I recommend strongly the televising of these proceedings.

**Senator Murray:** Honourable senators, I believe the honourable senator is anticipating a debate that may be launched in the committee at a later date by the Deputy Leader of the Opposition. Personally, I will await that occasion before discussing the merits of his suggestions.

For the moment, and for the record, I want to say—and I know that the honourable senator agrees with me, because he did so on the last occasion when we had this discussion in the Senate—that the decision is not one for the committee to take but rather for the Senate as a whole.

**Senator Frith:** For the Senate. It is a decision for the Senate as a whole; we have left it to the committees to decide individually for themselves in this respect.

**Senator Corbin:** I would like to ask a question of Senator Frith. I do not wish to put words into his mouth or thoughts into his mind, but, by the manner in which he broached the topic, I was left with the impression that perhaps we would let the steering committee decide this matter for us, collectively. I am sure that is not the impression he wanted to leave with us today, and therefore I think I misunderstood him absolutely. I see him shaking his head, therefore I was wrong. Right?

**Senator Frith:** Senator, that depends on what you think you were wrong about. However, from what I heard you say, you were not wrong.

My recollection is that we have left the question of televising of the committees with the committee concerned. In other words, if a Senate committee wishes to admit television, the committee itself can make that decision. In any event, that is how I think it should be, and perhaps that could be checked.

At the end of the session today, my proposal is to move that the proceedings of the Committee of the Whole be televised. That is, that we invite the television networks to establish a common feed to televise the proceedings of the Committee of the Whole on the matter that is now before it, the terms and details to be worked out by the committee on procedures. In other words, if we agreed on the principle, then the detail would be worked out by the committee, with members of the committee—that is, the Committee of the Whole—in the course of the debate, making suggestions for their consideration.

In other words, the principle would need to be settled by the members of the committee, and the only thing that would be left to the Subcommittee on Agenda and Procedures would be such things as where the cameras would go, and so on.

**Senator Corbin:** I have a further question, honourable senators. Perhaps Senator Frith could explain to us why it is that the press gallery, its president or chairman, is suddenly interested in our operations when, day after day during full sittings of the Senate, there is rarely, if ever, anyone in the gallery, and yet we do not lock the door to the press gallery. They are welcome here at any time. What is it that they are attempting to accomplish by thrusting this suggestion upon us all of a sudden? Is it that they expect us to lay a golden egg, or something of that nature? Why this sudden interest on the part of the press gallery, when at least half a dozen of their 600-odd members could be sitting here at any time at each one of our regular sittings or attending our committees? Have they been bitten by some rare insect that we might be unaware of? Why this unexplainable interest?

I ask this question as a former journalist myself. There are other journalists here surrounding me on both sides of the house. I see them all over the place. In our day we would do our job and attend meetings in order to gather information and report the facts fairly and objectively to an attentive public. However, I cannot see what it is that the press gallery hopes to accomplish by thrusting cameras into this chamber. I might add that unless we have control of those cameras and they are manned and operated by the staff of the Senate, I for one can stand here now and say that I will never go for such a proposition. We do not have the infrastructure; we do not have the facilities, and we do not even have the budget for that. I do not think we should contract out to the CBC, or any conglomerate of the news agencies in the country, to do that job for the Senate. That is a method of expanding into the public that should be under our full control.

[Senator Corbin.]

However, that is a different debate altogether. Has the time come for the Senate to accept its responsibility in this matter? Must it be prodded and prompted by the press gallery? That is an entirely different issue. Perhaps Senator Frith or someone else could tell us why it is that the press gallery has so suddenly become interested in this matter. The last time they were interested in this place was approximately 18 months ago when the Senate dared stand up to the government and say: "You cannot do this." They then disappeared; they vanished down the halls of this building and we never saw them again. So what is going on now?

**Senator Frith:** Honourable senators, as far as I know, and from my experience, the interest of the television news people in televising the proceedings of the Senate and its committees is not at all sudden.

• (1530)

**An Hon. Senator:** What is the occasion?

**Senator Frith:** That is the case for everything in news. The interest of news people in what is taking place is always occasional; it arises when they see a newsworthy occasion. We are talking about television news, now; we are not talking about televising all of the proceedings—it is a matter of making it available to them. All news people work, as I understand it, on what they consider to be occasions of interest to the public. So it is always occasional. In this case, it is not sudden. I have been here almost ten years and I know from friends in the television business and in the news business that they are interested in televising certain newsworthy proceedings of Senate committees. They would be interested in having the right to televise the proceedings of the Senate—but that is a different story. That is something, as Senator Corbin has said, that has to be analogized as to the arrangements on the other side. That is a totally different and a much larger question.

As to why they are interested in televising—if it seems sudden—the proceedings of the Senate in Committee of the Whole on a matter other than legislation, let's face it, that is pretty sudden for all of us, too, to do what we are doing here. It is not fair to say that they are suddenly interested in the proceedings of this committee and being invited to televise some of the proceedings—the ones they are interested in doing; it is a news question. It is an interest because it is an event that they think is newsworthy. It is that simple.

I agree with Senator Corbin that televising the proceedings of the Senate itself in the way it is done in the other place is another question.

**Senator Roblin:** I am interested in getting an explanation that appears to be emerging now as to what exactly is being proposed. I must confess that when I heard that an application had been made to televise our proceedings, I thought that was what was meant, namely, to televise the proceedings of the committee. But I am gathering the impression that that is not the case at all. What is apparently being proposed is that we should allow the televising of what portions of what transpires here that the news media think is a good idea. That is

something quite different. In other words, we will fill up the sixty-second slots—that is what we are here for, apparently, under this proposal.

**Senator Godfrey:** Thirty-second slots!

**Senator Roblin:** What? Twenty seconds, thirty seconds? Well, whatever it is, it is not very long.

**Senator Murray:** You have sixty seconds.

**An Hon. Senator:** He will do it in five seconds.

**Senator Roblin:** I can see a situation where the proceedings of the committee are not transmitted at all but, rather, the comments of some of the senators who happen to strike a responsive chord in the news media, or the witnesses who are before us at the same time.

I would like to know—and I think this is something that the committee could look into—the precise definition of what is proposed. I would like to know how it is intended that the contribution of the various senators and the contribution of the people at the table will be recorded on television. Will there be a number of different cameras in here operated in the usual way that television cameras are operated? In other words, it is something quite distinct and different that is being proposed from that which we are accustomed to hear and see about the other place. That comes as a bit of a surprise to me—if I have it gauged correctly—because I thought that what was being proposed is that we in the Senate chamber would have the same kind of attention from the television media as they have in the chamber in the other place. But if it is a question of people coming in to take snapshots of us, as it were, from time to time, then I think that is quite another matter, and something that I think we should give some consideration to. If that is all they want, then they can arrange interviews—as is often the case—outside the chamber, which would suit their purpose very well and would enable them to pick and select what news items they want to give publicity to, which is their business—that is another matter altogether.

I was under the impression that televising the proceedings of the Senate conveyed the same notion as televising the proceedings in the other place. If that is not the case, then I certainly reserve my position as to what attitude I personally would take toward it.

**Senator Frith:** Honourable senators, so that anyone who wants to talk about it is clear—I had hoped I made it clear—the inquiry I had was neither an inquiry to set up a system for televising all the proceedings of the Senate nor was it to set up a fixed arrangement here that would televise all of the proceedings of the Committee of the Whole, in the sense that it would be fed into something that would show it continuously. The inquiry that I had was concerning the possibility of the Committee of the Whole being treated like a committee where the cameras could come in, record the proceedings and use for news programs those portions that they wanted to use.

**Senator Flynn:** They would just use what they like.

**Senator Frith:** I am reporting what I was asked about. I think I have made it clear that—anyone else can shake their head the same as Senator Flynn is doing—all I am telling you is what was requested. When I make my motion, I will try to make it as precise as I can in order to make what is being proposed quite clear. However, I can go this far and can say that it was not an inquiry to say that because we are sitting in Committee of the Whole on the Canada-France agreement, suddenly they wanted to televise all the proceedings of the Senate exactly as they do in the House of Commons—that was not the inquiry I received.

**Senator Roblin:** Well, this is disillusioning. This must be particularly so for Senator Argue, because I understood from what he said to us that he favoured the full portrayal of the proceedings of this house on television, as they do in the House of Commons. I thought that was what we were talking about, too—particularly after I heard his eloquent statement. Now, however, it appears that such is not the case. We have to get a clear definition as to what is going on here.

**Senator Frith:** It did not appear just now; you were simply not listening, that's all.

**Senator Godfrey:** I have been on two committees which have been televised recently. One was the Standing Senate Committee on Banking, Trade and Commerce. We normally have an attendance of eight senators; we had twenty-one the day that we were being televised. I arrived five minutes early and could not find a seat at the table. The next day when we did not have television, we had four senators there.

It worked in the Standing Senate Committee on Banking, Trade and Commerce; we allowed them to use the cameras, they took what they wanted and departed—

**Senator Murray:** No, no. My friend is wrong about that.

**Senator Godfrey:** —so I do not see any difference between a Committee of the Whole and the other committee.

**Senator Murray:** I beg to differ with my honourable friend. We did not let them come in, take what they like, and depart. There were ground rules that were agreed to by a subcommittee of the Banking, Trade and Commerce Committee.

**Senator Frith:** Oh, so we have a precedent; good!

**Senator Murray:** There were ground rules that were agreed with the networks. All of the proceedings were taken—

**Senator Frith:** But not broadcast.

**Senator Murray:** —and were broadcast on a certain channel, as I recall. In any case, after that—as happens in the House of Commons, of course—the news editors made their own decisions as to which—

**Senator Frith:** Exactly!

**Senator Murray:** —ten or fifteen seconds of the proceedings they decided to broadcast on the noon or evening news.

**Senator Frith:** Exactly!

**Senator Murray:** In any case, I understand that Senator Frith will make a motion in due course, and we will have an opportunity to consider this further.

Mr. Chairman, a witness is waiting. Shall I escort him into the chamber?

**The Chairman:** Honourable senators, shall our next witness, Mr. Cummings, President of National Sea Products, be invited to attend the committee now?

**Hon. Senators:** Agreed.

**The Chairman:** Bring him in.

• (1540)

Pursuant to Order adopted on February 11, 1987, Mr. Gordon Cummings and Mr. Robbie Shaw were escorted to seats in the Senate chamber.

**Senator Murray:** Mr. Chairman, I wish to inform the committee that we now have with us Mr. Gordon Cummings, President and Chief Executive Officer of National Sea Products. He is accompanied by the Vice-President of the company, Mr. Robbie Shaw.

**The Chairman:** We would like to thank you both for appearing before us today. Do you have an opening statement, Mr. Cummings?

**Mr. Gordon Cummings, President and Chief Executive Officer, National Sea Products:** Yes. On behalf of the 8,000 people of National Sea Products, I would very much like to thank you for inviting us here today.

As many of you no doubt know, National Sea is Canada's largest fish-based food company and one of the largest vertically integrated fishing companies in the world. We own and operate 59 vessels and provide employment for more than 8,000 people.

However, we are more than just a large offshore fishing company. National Sea is deeply involved in every sector of the Atlantic fishery. It is the second largest private-sector employer in the province of Newfoundland. For many communities in Newfoundland such as Burgeo, La Scie and Arnold's Cove, there is no economic alternative, since National Sea purchases the daily catches from hundreds of inshore fishermen who fish the coves and inlets all along the shores of Newfoundland.

As many of you know, employment in Atlantic Canada now and in the future is what is at stake if France continues to plunder our fishery resource as they are doing on the south coast of Newfoundland now. Conservation of any species is the intelligent way to ensure that the resource is replenished for the future. Newfoundland fishermen know this, but France seems to refuse to accept this basic tenet, and that is the crux of the problem with which you have been dealing.

The Honourable Tom Siddon, union representatives, industry representatives and fishermen's associations deliberated long and hard last year and agreed to a fishing plan for the east coast of Canada for 1987. That saw a painful reduction of 50 million pounds of quota. We agreed to this in the interests of conservation.

It is a matter of fact and of record that France has dramatically overfished in the disputed fishing zone south of Newfoundland called 3Ps. It is a matter of fact and record that France intends to continue to overfish in waters inside our 200-mile limit.

In December, 1986, Gardiner Pinfold Consulting Economists Limited, a highly respected firm with particular expertise in matters related to the east coast fishery, produced a study paper for the Fisheries Council of Canada. Let me quote you some statistics from that report.

The quantity of cod in dispute in the Canada-France boundary discussion is 103 million pounds. The number of Canadian workers affected is probably about 10,000. The landed value of cod in the dispute is between $20 million and $25 million. The market value of this cod in dispute is between $40 million and $50 million. The potential loss of income by fishermen and plant workers is between $25 million and $30 million.

For Canadians, this area of dispute is primarily an inshore fishery. Just over 85 per cent of the Canadian catch taken in this area is taken by some 3,000 inshore fishermen operating from some 145 ports and landing sites along the Newfoundland south coast. The fishermen's catch is purchased, in large part, by the offshore companies. The other 15 per cent is taken by the offshore trawlers, most of which also operate from south coast ports in Newfoundland. This total catch supports, in whole or in part, some 20 fish plants.

Honourable senators, there is no question that overfishing of Atlantic cod by the French will have a negative impact on the economy of the east coast, particularly Newfoundland. Overfishing by France, in our opinion, must be stopped.

We have been greatly encouraged to see the Government of Canada take a strong and decisive stand on this issue during the last several days. We believe it is time for all Canadians to support the government in its new approach to negotiations with France. National Sea intends to assist the government in any way it can to bring about a resolution of this difficult situation as soon as possible.

I should like to add, Mr. Chairman, that I gather this morning there was a comment regarding the notion of government funding of National Sea Products. I would like to correct any impressions that might have left. In the 1982-84 period, when there certainly were difficulties in the Atlantic fisheries, we understand and realize, as do you, that over $100 million of Canadian funds was infused by the Government of Canada into several companies in Atlantic Canada.

Only one large company, National Sea Products, managed to survive that period with private investment by Atlantic Canadians, thus turning the situation around. Twenty million dollars was invested by private sector Nova Scotian investors and $75 million by the Toronto Dominion Bank with no government guarantees or, in any other way, any government support. Basically, National Sea Products was the only one of the major companies to survive that difficult period without government support.

Today we are the largest seafood base company in Canada, indeed, in North America.

I would be pleased to deal further with that matter, if any honourable senators were interested. Along with my colleague, Mr. Shaw, I would be delighted to answer any questions with regard to the Canada-France dispute.

**Senator Stewart (Antigonish-Guysborough):** Honourable senators, there are a couple of points on which I think Mr. Cummings could be helpful to us. The first relates to the matter of excessive French fishing. We were told by the minister that, because of the agreement as to ownership and jurisdiction in the 3Ps division, the expression "Canadian waters" used in the Agreed Record is not satisfactory and that, consequently, on the basis of this agreement, there can be no assurance that there will be controls to prevent overfishing.

Is the lack of controls to prevent overfishing in 3Ps a principal part of your company's objection to the situation as it now stands?

**Mr. Cummings:** Honourable senators, we have great concern about the French overfishing on the south coast of Newfoundland in the 3Ps zone. Last year, apparently, the French fished about 26,000 tonnes of cod in that area. The quota that we, as Canadians, set for the French was 6,400 tonnes. The French have given us indications that this year they intend to catch between 30,000 and 47,000 tonnes in that area.

The Canadian government and our scientists estimate that the total amount that should be caught there by all peoples is 41,000 tonnes of which 35,000 tonnes is for Canadian interests. Certainly, if the French fished 30,000 to 40,000 tonnes and Canadians fished some 35,000 tonnes, there would be a serious reduction in the stock, and that is a matter of great concern to us.

● (1550)

A matter of equal concern to all of us, I think, is the fact that the agreements and negotiations with France to date have not dealt at all with when we might be able to stop overfishing. I think it is in everyone's interests to try in the year 1987 to come to some understanding with France that will stop the massive overfishing. If we really go to 1991, which would mean five years' massive overfishing, I am afraid there is the real possibility that the stock in 3Ps will be devastated. After 1991 no one will have to worry about what the quotas will be, because there will not be any fish to catch. We must appreciate that that is the stock which feeds the south coast of Newfoundland, an area for which there is no other economic alternative. Well over 100 communities are dependent on that stock, and that stock only. Certainly, we are all concerned about the fact that the problem of French overfishing to date has not been addressed. As we sit here today, nine French factory freezer trawlers are fishing in the 3Ps area.

**Senator Frith:** Can you tell us the capacity of those nine trawlers?

**Mr. Cummings:** They are not all of the same size. They can carry from about 600,000 pounds finished—which would be 2 million pounds of gross fish weight—up to about double that, or they could process at any one time between 2 million and 4 million round pounds or gross pounds of fish.

It is also interesting to realize that we have one factory freezer trawler licence in all of Canada. To think that there are nine foreign factory freezer trawlers operating in our waters—nine vessels from one country operating basically without control—we must realize that this is an awful lot of fishing capacity. Those vessels certainly could harvest 40,000 tonnes of fish.

**Senator Stewart (Antigonish-Guysborough):** Could we stay with this matter of the freezer trawlers for a moment? In the 1972 agreement, there was a provision that a maximum of ten French trawlers registered in Saint Pierre and Miquelon could continue to fish along the coast of Newfoundland. We are not all deep sea fishermen. Could the witness explain to the committee the difference between these ten French trawlers and the ships to which he has just now referred?

**Mr. Cummings:** The 1972 agreement—which, incidentally, terminated May 15, 1986—refers to ten Saint Pierre and Miquelon based trawlers. I think I am right in saying that six trawlers currently operate out of Saint Pierre and Miquelon. They are offshore type trawlers of the kind envisioned in the 1972 agreement.

The nine factory freezer trawlers that are also operating now were not envisioned, I think it is fair to say—certainly not by Canada—when the 1972 agreement was signed. First, they are not based in Saint Pierre and Miquelon. These vessels are based in metropolitan France in a place called St. Malo.

I believe that the intent of the 1972 agreement was that there continue to be some rights given to the people of Saint Pierre and Miquelon to carry on their fishery as they always have done. But I think that we as Canadians would regard the nine vessels currently operating on behalf of metropolitan France as foreign freezer trawlers having come from Europe, in essence, no different from those of Russia, Cuba or any other country. They are the sort of vessel that we, by declaring our 200-mile limit in 1977, were hoping to remove. In fact, we have been successful as Canadians in removing the factory freezer trawlers of all nations other than France, except for those vessels that are really harvesting surplus fish.

That is the long way round in terms of answering your question and I apologize. I can say that I do not believe that the nine vessels currently operating out of metropolitan France were in any way intended to represent those that were envisioned in the 1972 agreement. They were supposed to be vessels operating out of Saint Pierre and Miquelon by and for the benefit of the people of Saint Pierre and Miquelon.

**Senator Stewart (Antigonish-Guysborough):** Could you tell us the size of the vessels in terms of fishing capacity?

**Mr. Cummings:** The French, for a while, were trying to build vessels up to the maximum length allowed in this agreement for factory freezer trawlers so that they could slide them in under the agreement. Certainly, in terms of fishing capacity, the vessels that are coming over from metropolitan France can harvest many more times the amount of fish in a twenty-four-hour period than I think anyone, at least from the

Canadian side, would ever have visualized when reaching the 1972 agreement.

**Senator Bonnell:** Mr. Chairman, I have an article before me about the freezer trawlers and, if I may, I would like to ask a supplementary question. This article gives the impression that the nine factory freezer trawlers from continental France were somehow changed from the time of this agreement, whereas the previous trawlers were not factory freezer vessels but 50-metre trawlers out of Saint Pierre and Miquelon. A chap from the Newfoundland Fishermen's Union has said that there are no options left for the fishermen in Newfoundland but to face real disaster and starvation. Was there any reason to give those licences to factory freezer trawlers—which operate seven days a week, 365 days a year—other than the fact that one licence has already been issued to a freezer trawler of National Sea?

**Mr. Cummings:** I can try to answer part of your question, senator. I do not know that I have the answer to other parts of it. I suppose one would have to ask Mr. Siddon and the Department of Fisheries why the nine licences were granted. The one licence that was granted to National Sea did have included in it, as a specific proviso and restriction, the provision that the vessel could not operate in the Gulf of St. Lawrence. That was a provision included in the beginning, on the suggestion of both the Department of Fisheries and Oceans and ourselves, so that we would not jeopardize in any way the Canada-France agreement, and so that there would be no notion in mind of setting precedents. I an not aware of anything that France has said about this request for the nine vessels that in any way relates it to the fact that Canada has licensed one vessel and is willing to license two more.

As I understand it, France is saying that these are French territorial waters. France claims that this area is one of its sovereign territories and that is why the French believe they can operate these vessels in a manner unimpeded and unrestricted by Canadian regulations. That is the common problem we are all dealing with.

**Senator Frith:** The French maintain that the 3Ps area is sovereign French territory?

**Mr. Cummings:** Yes.

**Senator Marshall:** Mr. Chairman, are we being nice about this or is one side being favoured?

**Senator Bonnell:** I have just one supplementary question, Mr. Chairman. Someone from the government, possibly the minister from Newfoundland, stated that if the French did not want to abide by the quotas, the Newfoundland ports might refuse to allow the factory freezer trawlers to use their facilities in order to get fuel or supplies. In your opinion, do these factory freezer trawlers have to use the Newfoundland ports to any great extent, and is that a very great threat to these factory freezer trawlers?

• (1600)

**Mr. Cummings:** The typical factory freezer trawler can operate about 60 days, if nothing goes seriously wrong, and never have to go into any port. So from the point of view of their operations, unless they had a serious mechanical problem, they are probably not impeded very much at all. I understand that from a diplomatic perspective, if one country bans another country from using its ports, it is seen as a serious signal, and I further understand that it was hoped that when the Government of Canada took this action, it would be seen by France as a serious signal. But in terms of what this action does to the operation of the fleet, it is very little, if anything.

**Senator Stewart (Antigonish-Guysborough):** Mr. Chairman, I would like to ask another question concerning division 3Ps. I have read the annex to the Paris agreement of January 24. There I found that Canadian and French scientists are to evaluate the state of the cod stock and formulate, if possible, a recommendation on the proposed catch for 1987, and that, if possible, they are to formulate recommendations for the TAC for cod from 1988 to 1991. Are we to understand that this annex does not reassure you that the overfishing in 3Ps, to which you have referred, will not take place in 1987 or in the period 1988 to 1991?

**Mr. Cummings:** The past practice and record of France would indicate that they have very little interest, if any, in conserving the stock. I have very little confidence that that particular clause will do anything to help the stock. What we have to do collectively, and as quickly as possible, is reach a full and final settlement with France on both the boundary and on the ultimate fishing rights. Letting the matter go on for five years will place that stock in great danger.

**Senator Stewart (Antigonish-Guysborough):** I have one final question at this time. The Prime Minister has written a letter in which he has given the assurance that any further agreement to allot cod to France in the Canadian fishing zone will be dependent upon a joint agreement on the total allowable catch for fishermen in the disputed zone during the period of arbitration—that is, the 1988 to 1991 period—in order to solve the problem of overfishing. I have gone through the Paris agreement and I can find no basis upon which to found his assertion. I gather that you were no more successful than I was.

**Mr. Cummings:** Basically, the Paris agreement has a dual track thought in attempting to deal with the method of arbitration for the period 1988 to 1991 and an interim fishing agreement, which is basically an agreement that Canada and France will sit down and talk. Certainly there are no assurances in that agreement which say that France will stop overfishing. If we want to be realistic about the matter, it is in France's interests to stall this issue as long as they can and to overfish as much as they can. I think we all believe that when this matter is finally resolved, France will have a 12-mile limit and will not have access to any of that stock. Thus, France has no long-term interest, as we as Canadians must have, in the preservation of that stock for, indeed, the people of Newfoundland and, ironically, the people of Saint Pierre and Miquelon. We have to realize in this matter that the people of Saint

Pierre and Miquelon are at the same risk as the people on the south coast of Newfoundland.

**Senator Rowe:** Did I understand you to say at the beginning of your presentation that your company is the second largest employer in Newfoundland?

**Mr. Cummings:** Yes.

**Senator Rowe:** Whom do you regard as the largest employer in Newfoundland?

**Mr. Cummings:** The largest private sector employer in Newfoundland is Fishery Products, which employs some 8,000 people. We employ over 2,000 people. When I made that comment, the other two words I used were "private sector". Obviously, the largest employer in Newfoundland is the public sector.

**Senator Rowe:** My second question is this: I have heard, as we all have, that the fishermen of Saint Pierre and Miquelon are sympathetic toward the plight of the Newfoundland fishermen in this matter. If that is so—and I qualify my question because I do not know that it is—do you see any long-term or, for that matter, short-term benefits in this sympathy of the fishermen of Saint Pierre and Miquelon toward Newfoundlanders?

**Mr. Cummings:** I do not think that there is any doubt that the true fishing community of Saint Pierre and Miquelon has the identical problem that our fishing interests on the south coast of Newfoundland have. That is, if vessels from metropolitan France come in, scoop up the resource and basically devastate it, and return to France, then there will be no fish, or very few fish, left for either the people of the south coast of Newfoundland or the people of Saint Pierre and Miquelon. Keeping this point in mind and realizing that it is Saint Pierre and Miquelon which gives France its claim to say that they can have this wonderful 200-mile limit, it would seem to me that as we go through the year it is in the interests of Canada, in its overall negotiating posture, to ensure that we always keep the people of Saint Pierre and Miquelon on our side, and that in whatever proposals we make, we include provisions that look after the people of those islands reasonably such that, quite frankly, we divide them away from France. Clearly, when this matter ultimately comes to arbitration, or if it ever becomes a subject of world opinion, it would be in our interests to have the communities of Saint Pierre and Miquelon on our side rather than on the side of metropolitan France.

**Senator MacEachen:** Mr. Chairman, I have a number of detailed questions, but, first, I want to ask a general question. When the agreement between Canada and France was made public, I understand that Mr. Cummings found it to be, how shall I say it, unsatisfactory. At least, he is reported to have said words with that implication. So I would like to know from Mr. Cummings what he finds wrong with the Canada-France agreement, if anything.

• (1610)

**Mr. Cummings:** I can answer that question in two parts. I believe that many people, including myself, have voiced concern and disappointment not only when the agreement was announced but also when there was a delay of three days in the agreement's being announced. The reality is that it is now three weeks later and the agreement has been signed between the two countries. I certainly do not believe that it would be in our interests to try to renege on an agreement which we have signed, but, rather, that we should work forward. Since that time, when I did speak up, a fair number of things have happened, and it is my view that we should now be working forward to make the best of the situation we are in. The thing that I find most ironic about the situation is that we as Canadians are having a great time fighting each other—and I must admit that I was part of that—and meanwhile the French are out there fishing every day and are not in any way concerned about us. At this point, probably what is in our best interests as Canadians—hopefully all Canadians, and particularly in supporting Newfoundland—is to look forward rather than dwell too much on how we got where we are. In simple terms, we are where we are.

**Senator MacEachen:** That is fair enough. Looking forward, we have an agreement which is the only instrument in place by which we can reach a conclusion with France. I have been wrestling, as you have, with the question of overfishing. It is my conclusion, from reading the section of the agreement dealing with the procès-verbale, that there is no mechanism established in the agreement by which Canada and France can negotiate about the control of the fisheries in the disputed zone. Do you agree with that?

**Mr. Cummings:** That is certainly right. I could go even further and say that the sad truth is that France does not want to have an early agreement which would control the overall level of fishing, because they are not interested in a long-term conservation approach such as we as Canadians would espouse. But it does seem to me that we have an agreement which says, basically, that we will sit down and talk about terms of arbitration this year and a 1988-91 fishing plan, and whether that fishing plan could in theory have reasonable catch limits and controls. I do not think that the agreement precludes in any way our going further or trying to move the agenda along faster; and I would hope that there would be a change—and I certainly sense a change in the last several days—in the approach on this matter by our government that we would not feel constrained by the agreement to deal only with those matters.

The things that we as Canadians want to get an agreement on are a final agreement on the boundary and a final agreement on a permanent fishing arrangement between Canada and France, if there is to be any. I do not believe there is anything in the agreement that precludes us from doing that, certainly not within the consultative processes in which we are involved. What we are encouraging is that Canada move forward aggressively in this thing and not limit itself only to the agreement. The agreement sets minimums, but certainly it does not set maximums. So, I think that we can go further, but the agreement is only a start.

**Senator MacEachen:** I agree that there is no limit to our aspirations in terms of getting things done; but less than a month ago we signed an agreement with France in which we laid out the conditions under which we would settle this very difficult question. In that framework, to which we agreed less than a month ago, there is no provision or commitment by France to negotiate with us on quotas in the disputed zone.

**Senator Flynn:** But in other areas we have always the possibility of reducing the quotas.

**Senator MacEachen:** Yes, but I am trying to ask Mr. Cummings about a fresh framework, about an instrument recently signed with France in which they have very clearly and skillfully avoided any commitment to negotiate quotas or control overfishing. It is all right now for the Prime Minister, after the agreement has been signed, to say, "Yes, we have to do something about those quotas and about controlling the overfishing," but that opportunity escaped the government when the agreement was signed. So I am asking Mr. Cummings, with all of the nobility that we can muster, to look into the future to determine how we can overcome this particular obstacle. How do we overcome it—by reopening the agreement?

**Mr. Cummings:** Mr. Chairman, Mr. Shaw is our representative on the consultative process. If you would permit me, I would ask him to answer that question.

**Mr. R. Shaw, Vice-President, National Sea Products:** Honourable senators, I believe that you are correct in how you put the situation, except that it is clear to me that we have open terms of reference in upcoming negotiations for the rest of this year which allow Canada clearly and unequivocally to negotiate on the basis of insisting on a reduction in the fishing effort in 3Ps by the French, and I believe that the Prime Minister's letter to Mr. Crosbie, which was made public last Thursday, indicates that fairly firmly. So I believe that the consultative committee—although I have not spoken to all of the members—is now under the impression that the terms of reference clearly are that the negotiations in the next nine months must include a reduction in the fishing effort in 3Ps, and I believe the minister said that this morning.

**Senator MacEachen:** Mr. Chairman, when Mr. Shaw refers to "open terms of reference", what terms of reference are they? I quite agree that the Canadian government would wish, as you and I would wish, to deal with the overfishing; but there is no term of reference in the agreement that would permit that to happen. I am asking how it is going to happen, if the French say, "Yes." The French knew perfectly well what they were doing, because, if you look at their note verbale, they exempted very clearly the disputed zone from any consideration of quotas. Therefore, I think it is all right for us to make aspirations about what we would like to do, but we recently concluded an agreement with France in which that is not permitted. How do we get over that?

**Mr. Cummings:** I am not sure that it is not permitted, but I believe you have hit on a crucial point in this, which is, how do we get France to really want to resolve this issue? Because clearly what France does not want to do is resolve the issue. They want to drag their feet. The question is, how do we drag France to the negotiating table in a manner where all of a sudden they want to do something?

• (1620)

**Senator Frith:** That is something against their interest.

**Mr. Cummings:** Against their interest, potentially, yes, and that is the conundrum.

I have to be very open with you and say that we have advanced, in the last week, several ideas on how that might happen. I am sure all honourable senators would agree that, this being on the public record, sharing some of those ideas with you now would not be very prudent on my part. Although I would like to do that, I am sure all of you would tell me I should not do that, because it is important that we as Canadians keep our negotiating thoughts and ideas as private as we can so that we may use our strategies as best we can.

But there is no doubt at all in my mind—and I think you have the nub of the problem—that in terms of how we deal with France on this issue, we have to change what I would call the relative balance of power and desire. To do so, in my mind, will take a great deal of effort on the part of Canada, because, quite rightly, France would rather do nothing. France's choice is to do nothing; that is France's best option.

I suspect that that will result in some tough negotiations taking place with France. I suspect that we will reach a time when we will require a great deal of support from the people of Canada and from the Government of Canada. We will have to take these stands, because underneath it all, as you have correctly identified, as of February 17, there is no great desire on the part of France to resolve this; there is quite the opposite, a great desire to stretch it out. The real challenge to Canadians is to reverse that.

I was encouraged by the consultations which took place over the past week. I saw for the first time that sort of thinking coming forward. I hope that we will develop over the next several months several strategies that will force France to bargain much more than France has wanted to bargain thus far.

**Senator MacEachen:** To bargain with respect to the overfishing?

**Mr. Cummings:** I would hope that the bargaining will go further. What Canadians should start trying to resolve is the boundary dispute, first of all, and we should try to resolve that because it affects not only fisheries but perhaps oil and gas. We should also try to finally resolve a fisheries agreement which would, as part of that, resolve the overfishing. I hope we would go further than that. That included, but not only.

**Senator MacEachen:** I agree that is an important Canadian objective, but there are two partners. The French have to be somehow convinced to deal with the overfishing question soon rather than, as is provided for in the agreement, that the *status quo* will prevail in the disputed area for a period of at least three or four years. So, I think you are implying that there

must be some other strategy, apart from the agreement, that will bring France to the table to discuss all of these matters.

**Mr. Cummings:** Absolutely.

**Senator MacEachen:** It is not the treaty, it is something else.

**Mr. Cummings:** Absolutely.

**Senator MacEachen:** I have a few more questions, but I think I should allow a senator from Newfoundland to have the floor.

**Senator Marshall:** Thank you, Mr. Chairman, for your impartiality and the fact that you allowed me to be third on the list three hours ago.

**The Chairman:** Fourth!

**Senator Marshall:** Mr. Cummings, the minister said this morning that in area 2GH Canada was allocated 8,000 tonnes of fish and Canada only caught 2,000 tonnes, which means that area was underfished by 6,000 tonnes. Can you tell us why that was the case? Could you comment on that?

**Mr. Cummings:** Area 2GH—and I am sure you must all be getting fed up with this alphabet soup of fishing zones—is the zone far to the north of Labrador. The Canadian fleet does not have vessels that are ice strengthened sufficiently to go up there during the winter when the fish are sometimes there.

In addition, there is a real question as to whether the fish that are there—and are there only sometimes—are indeed fish from Canadian waters or fish from Greenland that migrate into Canadian waters and then migrate back. It is also far away from any processing plant and, therefore, is very expensive to harvest.

The combination of the fish not always being there, its being much more expensive to harvest, and its being much farther away from port means that we as Canadians have not built the class of vessel required to exploit that area. We are quite convinced that some winters there are no fish there at all.

In terms of the 3,000 tonnes which was given to France in 2GH, my strong suspicion is that France will never catch that allocation. That, on its own, was not a major concession.

**Senator Marshall:** There is a total allowable catch of 20,000 tonnes. Were the biologists wrong? Where did the figure of 20,000 tonnes come from?

**Senator Frith:** Is that in 2GH?

**Senator Marshall:** Yes.

**Mr. Cummings:** To be honest with you, we do not think that much is there, but you will have to ask the biologists that question.

We have not tried to go up there. National Sea Products does have some quota in that area, but we regard that as being fish not worth trying to catch.

**Senator Marshall:** What areas does the licensed factory freezer trawler you have in operation now fish in?

**Mr. Cummings:** The "Cape North", Senator Marshall, operates for part of the year in zones 2J and 3KL, which is really this time of year when northern cod congregate offshore.

We also take one trip a year to the Scotia Shelf in zone 4VS where we fish for pollock, and we take two trips a year to 2J+3KL where we fish for ocean perch or redfish.

The licence that was granted to National Sea Products for that vessel stipulates that at least 50 per cent of the fish processed on board must be fish that otherwise would not have been caught. As you may know, we as Canadians have not in the past ever caught all of our ocean perch or redfish quota, nor all of our pollock quota. So half of the fish caught during the year by the "Cape North" is basically redfish and pollock and the other half is codfish.

**Senator Marshall:** Are you given an allocation in 3KL? You have indicated that you do some fishing there.

**Mr. Cummings:** Of the 254,000 tonnes, approximately 110,000 tonnes is northern cod in 2J+3KL, which is one quota. National Sea Products has about 36,000 tonnes of that total offshore allocation.

So the "Cape North" fishes about 6,000 tonnes of the 36,000 tonnes of quota allocated to National Sea Products, the other 30,000 tonnes being caught by what are called wet fish type trawlers that come back into port every ten days.

• (1630)

**Senator Marshall:** I want to attempt to rationalize your one licence that was alluded to by Senator Bonnell. You will recall when you got that licence that there was available one licence for FPI and one for maritime fishermen. Even at that, there was strong objection at the time from Newfoundland. Can you recall that situation for us and tell us what the objection was?

**Mr. Cummings:** Senator, without trying to paraphrase Premier Peckford or Minister Rideout too much, their concern was not necessarily with that one vessel but, rather, that the one would be a precedent for many more. Further, if a very large component of the total allowable catch were all of a sudden processed on factory freezer trawlers, there would be less fish processed on shore and more aboard the factory freezer trawlers.

As part of our specific licence, we indeed agreed with the Province of Newfoundland that there would be no change in the amount of fish processed by Newfoundland plants as a result of the "Cape North". As an undertaking, we said that since the vessel was based in Lunenburg, Nova Scotia, and the new jobs were therefore being created there in Lunenburg, any loss of shore employment would also occur in Lunenburg, Nova Scotia. In fact, that is what we have done.

I would remind everyone that in that debate the town council of Lunenburg unanimously endorsed our application; the Economic Commission of Lunenburg County also endorsed our application, as did the local provincial member and Mr. Crouse, the local federal member. The Government of Nova Scotia also supported our application, and I am proud to say that I think we have carried out, and indeed surpassed, any of the requirements put forth in the licence when granted. Cer-

tainly, I believe if you talk to the Government of Newfoundland today, they would agree that National Sea has fully lived up to the terms and conditions and that the granting of that one licence has had no impact on Newfoundland, as we promised.

Incidentally, with respect to the other two licences, you are quite right: One is reserved for FPI and the third is reserved for the independent offshore group. Approximately 20 per cent of the total quota offshore is held by 18 smaller companies, and the idea is that if they wish to put together a consortium in some way to acquire a licence, they can do so.

**Senator Marshall:** We can then conclude that the ten factory freezer licences held by the metropolitan French fleet would have a serious impact on the future of the fish stocks in that area.

**Mr. Cummings:** There is absolutely no doubt that if France harvested 40,000 tonnes of cod per year in that zone south of Newfoundland called 3Ps, and if we as Canadians also harvested approximately 40,000 tonnes per year, in the space of approximately five years we would devastate the stock, and the jobs of 10,000 Newfoundlanders and approximately 150 communities on the south shore of Newfoundland would all be in great jeopardy, because what we would be doing is harvesting double the amount of fish that we as Canadians believe is prudent to harvest in that area. I might say that that fish stock is the staple of the south coast of Newfoundland.

**Senator Marshall:** Mr. Cummings, I would like now to turn to the port situation. The government has indicated that they would refuse or deny the use of eastern ports to metropolitan French vessels. I would like to ask if you know anything about the ports of Saint Pierre and Miquelon with respect to their capacity, their size and their ability to handle large quantities of fish. I understand that they have a plant there of 500,000 cubic feet. I understand that Saint Pierre and Miquelon have said that they would not allow metropolitan France to process their fish in Saint Pierre and Miquelon, but could France ignore that prohibition and force the people of Saint Pierre to allow the metropolitan French vessels into port for water and fuel, et cetera?

**Mr. Cummings:** Senator, I am in the same position as you are in, only being to able to read what is written in the newspapers. Certainly, last week the people of Saint Pierre and Miquelon refused to off-load more than 100 tonnes of finished product from a factory freezer trawler that came in. To date, I have heard of nothing that would indicate that France intends to force Saint Pierre and Miquelon to do that.

The port in Saint Pierre and Miquelon is quite capable of handling those factory freezer trawlers, if they so desired, although not all at once. It would then be fairly simple to bring in refrigerated containers in order to ship that product out of Saint Pierre and Miquelon. In other words, if Saint Pierre and Miquelon wished to cooperate, they could be servicing those factory freezer trawlers and, indeed, off-loading them without any help from Canada. That is why I am encouraged by the actions of the people of Saint Pierre and Miquelon, and why also we feel it is very important that Canada, as part of our strategy this year, stay on side with the people of Saint Pierre and Miquelon to make sure that they see Canada as being the true concerned advocate of the preservation of stocks, and that we continue to have them see France as being the clear aggressor in trying to devastate the stocks, which is not in the interests of the people of Canada or of the people of Saint Pierre and Miquelon.



**Senator Barootes:** Unfortunately, my questions have largely been answered by the inquiries made by other senators. However, I do have one or two questions to ask.

Is it possible for Mr. Cummings to tell us if, under the new agreement for 1987, the French allowable catch of cod will be higher than that for 1986, and how does it compare to 1985?

**Mr. Cummings:** The quotas set by Canada for cod stocks in 1987 are lower than they were in 1986. The reason for that, of course, is that we had a 15-year agreement with France which terminated on May 15, 1986, and under that agreement we basically had to set aside 20,000 tonnes of fish for France. That agreement having terminated, Canada essentially repatriated 17,000 tonnes and set aside 3,500 tonnes for the people of Saint Pierre and Miquelon. Therefore, in terms of quota, there is a lower quota set in 1987 because there is no fishing agreement.

In terms of actual catch, this is really the third year when France will try to fish heavily with their factory freezer trawlers. They started doing that in 1985; they were much more aggressive in 1986 and have continued into 1987. It may very well be that what will physically happen is that France will harvest as much or more fish in 1987 than they have in past years because of their total disregard for Canadian quotas. Therefore, I think we must separate quotas from actual catch.

**Senator Barootes:** Following that, Mr. Chairman, it is clear that through the sunset clause of the 1972 agreement in the St. Lawrence area, there was some saving of cod for fisheries other than France. From the questions and answers, as I understand it, we now think that they intend to overfish quite heavily in the area that we call 3Ps.

When we ask ourselves why the French would overfish in 3Ps, we see that it is perhaps to make up for their loss in the Gulf of St. Lawrence area. However, if we examine it further, surely the overfishing is because they choose to disregard Canadian quotas placed in that area and because they are claiming sovereignty rights over that area, because they do not agree with our maritime boundaries.

• (1650)

There was the opportunity in 1972, during that Maritime boundaries discussion which bears on overfishing, quotas and boundary area, to look at a 12-mile territorial limit and a 12-mile continental shelf. Had we accepted instead of rejecting that 12-mile situation, could you project what our situation would be today in respect to your company, Newfoundland fisheries and the Newfoundland fishermen on that south coast—only in relationship to 3Ps, which is the disputed area?

**Mr. Cummings:** Well, basically, if France or Saint Pierre and Miquelon—let us call them one and the same for now—were limited to a 12-mile boundary in and around Saint Pierre and Miquelon, I do not think any of us would be talking about fish today or in the last three weeks. I would remind you, though, that in 1972, when this 15-year agreement was signed, Canada had not declared the 200-mile limit. The notion of a 200-mile limit and the whole Law of the Sea and the evolution of the 200-mile limit came after 1972.

To establish our 200-mile limit, we entered into several agreements with several countries, including England, on five-year fishing agreements which, basically, gave those countries five years to phase out. In fact, the longest agreement that we have had with anyone is the 15-year agreement with France. Certainly, I think we would all love to see a 12-mile limit around Saint Pierre and Miquelon now. Incidentally, when all of this is said and done, that is certainly what it will come down to. The ironic thing is that France recently settled a border dispute with England on the Channel Islands, which were islands near France owned by England, and, surprise, surprise, it came out a 12-mile limit!

**Senator Barootes:** So the five-year period that you referred to in treaties with other countries in 1972, or thereabouts, is not too unfavourably comparable to the four- or five-year period we are now placing on trying to separate and settle this boundaries dispute in 3Ps. It has been the same period of time, I take it.

**Mr. Cummings:** All of the agreements that we signed with other countries were agreements of a five-year duration. We were not involved in a five-year dispute trying to resolve a boundary issue. It is fair to say that in most of these other agreements that we concluded with countries that resulted in five-year agreements, those agreements were concluded in months, not in five years.

From the point of view of Canada, if nothing is resolved short of five years—let us say that we go to arbitration, but it only resolves itself in 1991 and, heaven forbid, France overfishes for five years—we may, in fact, have a devastated south coast of Newfoundland. I hope that no Canadian would want to see that sort of thing happen and, thus, I hope that all Canadians would support Newfoundland, Atlantic Canada—indeed, our government, in working towards resolving this issue more quickly than five years.

**Senator Barootes:** In other words, I take it that if we went five years with France rowing its own boat as it pleases, we would end up with a fishing desert in that area.

**Senator Rowe:** What I have is more of a commentary than a question. If you wish, I will take a minute to go through it now.

I would like to revert to section 2G2H that we talked about earlier, where there was 6,000 tonnes of fish available and only 2,000 caught, I think, was it not, Senator Marshall?

**Senator Marshall:** It was 8,000.

**Senator Rowe:** Eight thousand, out of which we extracted two thousand.

It is an area I happened to know fairly well when I represented Labrador in the legislature. That section of the Labrador coast from Cape Harrison is not on this map. Roughly, from Cape Harrison north to the most northerly point of Labrador, namely, Cape Chidley, is the section that we were talking about.

We are talking about a part of North America where fishermen have to contend with just about every impediment and obstacle under the sun. I happen to speak with some authority on this, because my father was a Labrador skipper, as they call them in Newfoundland, for the greater part of his working life. He spent a great deal of time, as he got older, talking about his experiences down there. It was quite obvious to me then, as it is now, that we are talking about one of the most difficult places on the face of this earth in which to operate. The tides—not generally known—of Cape Chidley are one of the two or three highest tides in the world, comparable only with the tides of the Bay of Fundy and the one in China. Then there is the weather itself of one type or another—the worst weather—the type of weather that sank the "Ocean Ranger" several years ago. That type of weather is common in Labrador. There is also no end to the ice and icebergs. And the fish we are talking about are totally unreliable.

My father, who used to go north fishing, would return home one year out of four with no fish at all. It seems to me that we assume that because the fish are there, or nearby, we can count them as an asset. That is not true with this part of North America.

To sum it up, we are inclined to exaggerate the opportunities down in that part of the province.

There are one or two other things I wanted to say, but I will have an another chance some other time. I defer to Senator Stewart.

**Senator Stewart (Antigonish-Guysborough):** I want to focus attention on the divisions 2J+3KL for a minute.

As I understand the present arrangement, as set forth in the agreed record, Canada has agreed that if an agreement is reached with regard to the 1988-1991 period, that agreement will provide quotas to France in divisions 2J+3KL. In other words, if there is an agreement, France will get codfish in those divisions.

No attempt has been made in the agreed record to establish how many tonnes of codfish they will get, but they are to get some. We are told that the French were extraordinarily insistent upon this provision. One wonders why they were so extraordinarily insistent when there is no minimum on the quantum to be taken. That being the case, I want to put a hypothesis before you to which I should like your reaction. By reason of the 1972 treaty, the French metropolitan fleet now is excluded from the Gulf, and they are trying to pick up that fish temporarily, for the next four or five years in 3Ps. They anticipate that, eventually, one way or another, they will be

limited to a 12-mile territorial sea around Saint Pierre and Miquelon.

They will have freezer trawler capacity and they will have a market. Consequently, they are looking forward to the day when they are going to have to catch fish elsewhere; they are establishing their claim to a substantial quota in divisions 2J+3KL. They will argue that the Government of Canada has licensed these freezer trawlers and, consequently, by implication, has recognized the need for large quotas; that the Government of Canada, by agreeing to give them cod quotas in 2J+3KL—if, indeed, there eventually is an agreement—has admitted the validity of their claim. They anticipate that, eventually, they will be taking many tonnes of cod in that area. Is that a reasonable hypothesis as to why they insisted, at the highest level, I understand, that they be given cod quotas in those divisions?

**Mr. Cummings:** I think your hypothesis is, by and large, right. I would also point out that in the particular area we are talking about, this species is often referred to as northern cod. It is the biggest single fish stock we have in Atlantic Canada, and it represents more than 25 per cent of all the fish landed in that area. Certainly, in many respects, it is the most valuable fish we land in Atlantic Canada. It is in an area where, in 1987 for conservation reasons, we as Canadians accepted a cut in the quota of some 22 million pounds; a cut which certainly is of a quota which is totally fished by Canadians. It is the same fish which did not come into shore in such great quantities in some parts of Newfoundland last summer. That certainly caused a fair amount of public concern in Newfoundland.

It is difficult for any of us involved in the fishery to believe that we really should allow France into what is our most valuable fish stock.

Having said that, fortunately the agreement, as signed, does not say how much is to be caught. I think we have to develop a strategy for dealing with France. There is a strategy which, quite frankly, would result in your worst case scenario. It is certainly one which we worried about but has not been realized. It is clear from statements made last week by the Prime Minister, Mr. Crosbie and Mr. Siddon that there is a realization that even a small amount of northern cod being allocated to France is an exceedingly serious situation and one which certainly would be almost unthinkable on the part of those of us involved in the fishery in Atlantic Canada. This applies particularly to Newfoundlanders who regard northern cod as their basic resource, just as Albertans regard oil and the people of Saskatchewan regard wheat. I think we have to develop a strategy which does not give away significant amounts of northern cod to France.

The ironic situation in all of this is that France has not come to the conclusion that they no longer own Canada as a colony. France considers itself to have an inalienable right to fish forever in Canadian waters because they were once a colonial power. We will have to develop some strategies that exploit their thought that they have some continuing colonialistic right to fish. This is so particularly when you realize that another country which had a fair amount to do with populating Canada, namely, England, has lost its colonial right to fish codfish among others in Atlantic Canada. In fact, England was overfishing codfish hundreds of years ago and is no longer doing so. It is up to us to get the French out of there, too.



**Mr. Shaw:** There was a little misunderstanding in Senator Stewart's statement. He seemed to indicate that the fact that the Canadian government licensed the ten trawlers gave the French a greater claim to 2J+3KL cod. Many people feel that the government was crazy in licensing those ten freezer trawlers, but, in fairness to the Department of Fisheries and Oceans, the fact remains that there was method in their madness in that the ten freezer trawlers were licensed by the Canadian government in order to prove before a world court, or whatever third party arbitration might take place, that Canada is still exercising jurisdiction in those waters. There was a technical, legal reason for that licensing, which I do not believe in any way can be seen as providing a greater claim to France for 2J+3KL cod.

**Senator Stewart (Antigonish-Guysborough):** On that point, as I understand it, the reason French authorities sought those licences was because those freezer trawlers would be taking fish outside the area which they regard as French waters.

Once we have licensed them for the purposes of taking fish outside French waters, then it may be argued that by authorizing the vessels, we have, by implication, authorized an adequate quantum of fish to make the vessels profitable. That argument has been used again and again against governments by fishermen.

Mr. Cummings argues that it is important that the quotas given to France in 2J+3KL be extremely small. What I think is unfortunate is that we have admitted the principle that they will be given any quota. From here on, it will be a negotiation to decide how big or how small the quota will be. We have established that if, indeed, there is an agreement, they will be getting codfish out of the northern cod stock. That has been established by this agreement.

We have gone over that precipice and we are going to have to live with the results of our fall. There is no way that is going to be reversed. We may be able to argue that their quota should be extremely small. They, of course, will have ways of putting pressure on Canada to make it as large as possible. We have admitted the principle, is that not correct?

**Mr. Cummings:** There are all sorts of precedents in Canada for having a licence for a fishing vessel and not having a fishing quota. There is certainly no implication that in getting a licence for a fishing vessel you then have some God-given right to a quota. Those things are separate.

I also point out that there is a long-term agreement between the European Economic Community and Canada which provides the European Economic Community with about 10,000 tonnes of northern cod. If my memory serves me well, the French share of that is 1,545 tonnes. That means that France does have a right, albeit for a small amount, three million pounds, to some northern cod now. That comes under a

long-term agreement which has been in force since, I believe, 1977 or shortly thereafter.

Certainly if, in fact, there is nothing done under the Paris 1987 agreement, it will not be the very first pound of northern cod that France has taken from the 2J+3KL area.

● (1700)

**Senator Stewart (Antigonish-Guysborough):** Am I not correct in saying that, for Canadian purposes, the northern cod now caught by the French vessels is taken by the European Economic Community? Is it not correct that the European Economic Community, in its wisdom, assigned that proportion of its quota to France? Now we are giving France, in its own right, access to the northern cod. Presumably West Germany will say that they want at least equal treatment with France.

Thank you, Mr. Chairman.

**Senator van Roggen:** Mr. Cummings, I apologize for raising this question with you, because it might well be that I should have asked it of the officials who appeared this morning. Unfortunately, I had to go to a luncheon meeting. To the extent that you are able to, would you comment on the the third party settlement? As I read the agreement, I do not see that the French have agreed to do anything other than initiate negotiations which will submit to compulsory third party arbitration the dispute regarding the fishing rights from 1988 to 1991. Have the French, during the discussions or negotiations to date, given any indication that they will submit this dispute to a third party? Have they said which third party they will submit to? Will it be the World Court? Will it be a bank of the World Court? Have they settled on the judges they will accept? Are you aware of whether they have made any forward movement to indicate that they will further the process of getting this thing to a court?

**Mr. Cummings:** So far they have indicated that they do not want to go to the World Court. The obvious reason they do not want to go to the World Court is that almost certainly that court will decide on the 12-mile limit. That has been the direction taken by all World Court rulings in this sort of arbitration in recent years between other jurisdictions around the world involving small islands near a continental country.

As to who will be the judges and where they will come from, none of that has been agreed to simply because, as the agreement is written, that is really what was seen as the subject of discussion in 1987. What France has agreed, therefore, is to discuss with Canada an arbitration and an interim fishing arrangement, but it has not agreed that by the end of 1987 the French will necessarily do anything. Therefore, I think it is in our interest as Canadians to develop quickly some strong strategies which will encourage the French to do that and more.

**Senator van Roggen:** Mr. Cummings, you have twice said that strong strategies should be developed to force France's hand in this matter. It does not seem to me that this agreement has gone very far towards forcing France's hand on anything, but I may be wrong on that.

**Senator Flynn:** You probably are.

**Senator van Roggen:** I want to stay with the question of the third party settlement for a moment. I repeat that Mr. Cummings may not be the appropriate witness to answer this question, because it is a legal one. I would be most interested, if other senators would, in having a competent legal person appear before this Committee of the Whole to tell us what mechanisms are available to a country such as Canada—which has a claim that would limit the right of Saint Pierre and Miquelon to a 12-mile limit—to force an arbitration, where there is no agreement, short of gunboat diplomacy. I think we should have on the record the full background on the legal situation we would find ourselves in if we had no agreement whatsoever with the French, to bring them at least to the point of submitting to third party arbitration the settlement of this boundary dispute. Without such an agreement, the overfishing on the part of the French will simply destroy the stocks.

It would seem to me that in order to bring the French to heel, Canada will have to take a much tougher position than any that has been taken in these negotiations to date. The French have taken additional quotas to which they would not have been entitled for their metropolitan fleet and have offered to do nothing other than initiate negotiations on the boundaries.

**The Chairman:** Senator van Roggen, your suggestion has been heard by the subcommittee. As soon as the Senate rises, that committee will meet and your suggestion will be brought before it.

**Senator Flynn:** I believe that question was partially answered this morning.

**Senator MacEachen:** Mr. Chairman, the attention of Mr. Cummings has been drawn to the question of northern cod. He has described for us how valuable that stock is to the Atlantic fisheries. This question is, of course, one of the issues of the controversy in the agreement. We have dealt with the matter of overfishing with all of its implications and now we are dealing with the NAFO division 2J+3KL, which is the division of the northern cod.

It is clear from the Canada-France agreed record that if any agreement takes place at all on the boundaries and the simultaneous settlement of quotas in Canadian waters for 1988 to 1991, the quotas will include cod quotas in NAFO division 2J+3KL. That is the wording of the accord, and it has been confirmed by the press release. It certainly cannot be withdrawn at this stage, unless we want to re-open the agreement and get the consent of the French to renegotiate.

Mr. Cummings has mentioned the long-term agreement between Canada and the European Economic Community on the access to the northern cod. It is true that there has been an allocation to the European Economic Community, which has been subdivided between France and the other countries, the larger portion going to the Federal Republic of Germany. That treaty will terminate.

In the absence of this particular hostage to fortune, there would be no European access to the northern cod after the termination of a long term agreement. One asks—and one has

to ask—why did Canada agree to offer cod quotas in the context of an overall agreement to France? I think that we have been provided with the answer: That was the price we had to pay to get France to negotiate the settlement of the boundary dispute.

**Senator Flynn:** What about the price we would pay if we did not get agreement?

**Senator MacEachen:** Of course, we are talking in the context of an overall agreement, but we are also talking in the context of the agreement that was made in January. I am saying that we would not have had that agreement in January unless we included the offer of northern cod. The Minister for External Relations, the Honourable Monique Landry, told the House of Commons quite candidly why this course was taken. I quote from her statement:

• (1710)

> We now realize, and we admitted as much to the French, that they want to retain their position, and as a result, if we wish to settle this boundary dispute, we will have to grant them cod quotas from divisions 2J+3KL.

One can debate whether it was wise of the Government of Canada to make this arrangement, but I do not think we can overlook the reason why it was done. Canada is desperately anxious to get a settlement of this boundary dispute. The French are desperately anxious to get as large a quota as possible of northern cod. Basically, that is what the negotiations will centre upon. Perhaps I should not say "basically", but there will be a link between these two positions. As we show resistance to a substantial allocation to the French of northern cod in the context of the overall agreement, French resistance to formulating satisfactory terms for arbitration will increase. That is the way the negotiations will go. I find it quite unfortunate that we have ended up in this position.

I can only say to you that if you have strategies, they have to be put in play, because it is not a winning strategy to trade two Canadian values against the French. We have to give on one or the other. The Premier of Newfoundland is no innocent when it comes to the sensitivity of that subject, and neither are you. You understood how sensitive this matter of the northern cod was. That is why the French extracted that concession from Canada. I think that it was extracted at a very high level, and not just by Mr. Guillaume, who signed the document on behalf of France. If you have any strategies, I think that you ought to tell us about them, because I am quite frustrated that you have given us no, shall I say, balm with respect to the agreement. You say that there are other things and that you have heard about them. Mr. Shaw has said that there are terms of reference that open up new business. We do not know about that, so we are frustrated.

**Mr. Cummings:** I can understand your frustration. At the same time, I think we would be more frustrated if, by discussing in public our strategy, it resulted in giving away a significant amount of northern cod to get a settlement. I think that we as Canadians must focus at this point on insuring not only that we have strategies but that we win. It strikes me that it will be a darn tough thing to do to win or, at least, to come out of this thing whole. I certainly do not think that tipping our hand early on as to what some of our strategies might be will help us to win. I understand your frustration, and I suspect that you have an idea or two that you might share with others. I think we are all frustrated by the events surrounding this matter. It has been going on for a number of years. I think it is fair to say that we as Canadians have been aware of this problem for longer than just the last month.

I am encouraged by two things. First, I sense that as a result of the efforts of this past month, there is a greater awareness amongst the people of Canada of how big the stakes are in this matter. In the end, as government, legislators or anybody knows, you can only move as fast as the people of Canada will allow you to move. The second encouraging thing is that I have seen in the last week a change in the attitude of the government toward these negotiations, and it is a much stronger attitude. Certainly, you have identified, quite rightly, that this will not be an easy process. The French are tough bargainers who will not be easy to deal with. I think that it will take all our wits not to give away anything in terms of our strategy. I hope that we will all agree that it is more important to win than to, perhaps, alleviate a bit of frustration by talking in public about what some strategies might be.

**Senator MacEachen:** I guess I agree with the necessity for prudence. However, I believe that we have also paid the price for excessive secrecy in conducting the most recent agreement. I think that this ought be borne in mind. You may be in on the secrets, and I suppose that those who are do not find it a secret matter any more.

I would like to finish up on one point, and it is about the French and the Government of France. It is pretty clear that you have used very strong words about the French government. You have accused them of devastating the fishery and of having no interest in the stock. I do not say that you are alone in these accusations, because ministers of the government have used equally strong words. Mrs. Landry has said that they were threatening the livelihood of the residents of Newfoundland and were leading to the total depletion of the stocks. Of course, Mr. Crosbie has said that they do not give a continental for anybody. Today you said that they have plundered the stocks. That is a very hard, tough, but perhaps necessary comment.

Are we to conclude that despite all our efforts by this and previous governments to create a good relationship with France, they really do not care, that they are totally irresponsible internationally and have no concept of stewardship in terms of looking after this important resource? That is what the evidence is leading to. I hesitate to accept the notion that France is, totally, that bad. Is that the finding that this committee should make, that the French are internationally irresponsible in the fisheries? Obviously that is a rhetorical question, but it is a very important matter. The Prime Minister is energizing Canadian relations with France, and ministers are saying different things. Is there a consistent approach to this matter that we can take?

• (1720)

**Mr. Cummings:** Clearly, on a number of these things it is a matter of government policy, and I am not going to try to second guess ministers. In terms of specific fishery management, there is little doubt in my mind that France has little, if any, regard for the Canadian resource. We find it somewhat frustrating, through some of our contacts, to listen to participants in the French fishery bragging about how they have caught three times the amount of fish they were supposed to catch in Canadian waters and got away with it. They have no remorse, and, in fact, they think it is the sort of thing that one boasts about. Certainly, when we have announcements by France that they are going to fish at least four times over the quota set by Canada in 3Ps, all of the track record and the utterances would suggest—and this is a sad conclusion—that France has very little regard for us in this matter. That puts us in a very different position from which to negotiate and certainly is a mind-set which none of us would like to adopt, but which we have to adopt if we are to have any real chance of succeeding in the negotiations, which will be very tough. I do not think that we can appeal to fair play or anything else. We have to be tough.

**Senator van Roggen:** Mr. Cummings, I am having great difficulty, as the evidence comes forward, following what it is that we have done. I understand your comments about not tipping our hand on all of the strategies that we may have up our sleeves, bringing pressure to bear on the French and trying to get them to a reasonable conclusion of these negotiations. But, without tipping our hand as to what those strategies might be, I am unable to fathom what Canada received from the agreement that was signed. It does not appear to me that one solitary, single, tittle of anything has come to Canada from that agreement. As you say, they are going to continue to overfish as much as they like, and without regard for conservation, the disputed area, which they claim as their sovereign right. But why do we give them even one fish, or even one nickel's worth of regard or consideration, of any nature whatsoever, outside the disputed area until they agree to go to third party arbitration on that, which they have not done? The French have taken some extra stock—northern cod and other fish—since the agreement was signed on January 24, but what has come to Canada? I cannot see that we have got anything.

**Mr. Cummings:** First, I would want to ensure that I do not convey the impression that I am in on all of the secrets or have all of the inside track. I do not, and neither does Mr. Shaw. Certainly we are being consulted and are putting forward ideas, but at that point it is a matter of opinion and feeling as to whether we are being listened to, and we believe that we are being listened to. It is as simple as that.

In terms of what Canada has got out of the agreement, I would think that the witness who was here this morning—whom, unfortunately, you missed—namely, the Honourable Tom Siddon, would be the person you should ask. Mr. Shaw tells me that he will be back. I guess I await eagerly and with interest the answer to the question when you ask it of him.

**Senator van Roggen:** Thank you, Mr. Cummings. That is an adequate answer.

**Senator Frith:** Mr. Cummings, you said that you are now being consulted. Were you consulted before the agreement was signed?

**Mr. Cummings:** Yes; in particular, Mr. Shaw was a member of the consultation group that was consulted through the year 1986. As I guess was widely publicized, the consultative group, including Mr. Shaw, did not go to Paris at the end of January, and certainly, in terms of that particular weekend, we were not consulted, as indeed was no one else.

**Senator Frith:** So the agreement that you saw was a surprise.

**Mr. Cummings:** Well, the surprise was that there was an agreement signed without the consultative process happening—yes.

**Senator Stewart (Antigonish-Guysborough):** Mr. Cummings, were you surprised at the inclusion of the reference to some cod quota in 2J+3KL? You knew that the French were asking for that. Were you surprised that that was conceded by Canada?

**Mr. Cummings:** Yes, we were.

**Senator MacEachen:** You did not agree to it?

**Mr. Cummings:** I think it is fair to say that all participants in the fishing industry, whether it was ourselves, the unions in Newfoundland, the Government of Newfoundland or the Government of Nova Scotia, regard northern cod as a stock which we should be repatriating to Canada, as being the most single important stock in connection with the health of the Canadian fishery.

**Senator Flynn:** Would you exchange that for the cod in the disputed area?

**Mr. Cummings:** I am sorry, senator, I am not sure that I understand the question.

**Senator Flynn:** You say that the northern cod is the most precious stock that we have. But I thought that the stock that is in the disputed area was also very important. I thought the purpose of the agreement was to try to solve the problem in the disputed area.

**Mr. Cummings:** Both stocks are exceedingly important. To put it in perspective, the 3Ps stock and the stock on the south coast of Newfoundland feed the Burin Peninsula, Placentia Bay—basically the south coast of Newfoundland. Take that stock away and you devastate the south coast of Newfoundland. The 2J+3KL stock feeds all the way from the southeast tip of Newfoundland up to Labrador, and is another stock which is of importance to a major part of Newfoundland—and, indeed, is also the major feed stock for a significant part of the offshore, mainly in Newfoundland but some of it in Nova Scotia. I would like to regard both as being Canadian resources that we would like to see exploited by Canadians for the benefit of Canadians; and hopefully we would all agree that we would rather see neither stock exploited by any foreign

country, including France, for the benefit of foreigners at the expense of Canadians.

**Senator Flynn:** In any event, there would be a quota so far as the northern cod is concerned. You would retain the control to that extent. You would not give quotas for northern cod that would be completely detrimental to Canada. The jurisdiction of Canada over this area is not disputed.

• (1730)

**Mr. Cummings:** That is right. One must realize that when one starts talking about giving away fish, one is really talking about giving away jobs, lifestyles and social structures. Just as we would not talk about giving away some of the wheat in Saskatchewan, or some of the oil in Alberta, or some of the trees in British Columbia or Quebec, I hope that we would not be giving away Canadian fish and that we would try to focus on keeping Canadian fish for the use of Canadians.

**Senator Flynn:** But if we have more fish than we can consume or dispose of ourselves—that has been done over the years for good and bad reasons.

**Senator Doyle:** Mr. Cummings, a brief question. A few moments ago you spoke of the need for having a strategy to win, and that that must be foremost in our minds as we go on from where we are at.

Would you know whether most of the players, if not all of the players, who have been involved in this process up to this time, believed that they had conceived a strategy to win?

**Mr. Cummings:** I honestly think you should ask them that question. As you know, we were not present nor did we help negotiate the deal. You should ask them whether they felt that was the most advantageous strategy possible for Canada.

I have no doubt that they were trying to do their best for Canada. As to whether it was most advantageous or not, you had Mr. Clark and Mr. Applebaum before the committee earlier today. They were the people who, in the end, called the shot on behalf of all of us.

**Senator Roblin:** Just a single point, Mr. Chairman. With reference to 2J+3KL and the quota that has been allotted to the European Economic Community, I believe that that quota falls in fairly soon, does it not?

**Mr. Cummings:** Yes, this is the last year for the 10,000 tonnes under the long-term agreement. Certainly our hope is that that quota will return to Canadians next year.

To put that into perspective, Senator Roblin, we as Canadians absorbed in 1987 a 10,000 tonne quota cut in that there was concern about the entire biomass there, that it was not growing as fast as had been hoped earlier.

It is certainly a stock that we as Canadians have the capacity to harvest more than we do and would like to harvest more than we do and have markets for more. It is a stock that is not surplus to Canadian needs. In any event, this is the last year of the European Economic Community LTA.

[Mr. Cummings.]

**Senator Roblin:** I agree that is not surplus to Canadian needs, but it is comforting to think that that supply will fall into our control at the end of this year.

I suppose that when one adds up the numbers as to the amount of cod that is being taken by Canadians and the amount of cod being taken by others, these are significant facts. When you add it to the change in the Gulf of St. Lawrence, you get a considerable accretion, I would think, in the amount of cod that Canadians can catch. I for one think that that is a good thing.

**Senator De Bané:** Mr. Cummings, how do you view the fish off the coast of Newfoundland? Do you think it should be harvested by fishermen from Newfoundland or by fishermen from all of Atlantic Canada?

**Mr. Cummings:** It is a fundamental question, Senator de Bané, as to whether or not fish stocks are administered on behalf of all Canadians or whether they are provincial. There is no doubt that if one deems them all to be provincial, some provinces will win and some provinces will lose.

For example, over the past 100 years the industry and the fishermen of Nova Scotia have tended to go farther afield. There are records dating back to the 1800s that indicate schooners sailed out of Nova Scotia and fished off the coast of Newfoundland and, indeed, off the coast of Labrador, and fished in waters that no other Canadians fished. Obviously, if there is 100 years or more of history, one would be loath to say that a resource off another province's coast could not be harvested by someone from another part of Canada.

Clearly, we have areas where all provinces wish they had more jurisdiction. The Gulf of St. Lawrence is one you would be familiar with and one where every province wishes it had more fish quota for their plants. That is a conundrum all ministers of fisheries faced, and I suppose a conundrum you faced when you were Minister of Fisheries, particularly with redfish.

As the president of a company that has plants located in all four Atlantic provinces, and one who would like to regard the resource as being a Canadian resource, I would think any move to contemplate making the resource a provincial rather than a Canadian resource would require a great deal of thought and should not be something that anyone should regard as being a simple matter.

**Senator De Bané:** I should like to add one point. Governments in Ottawa up until now have always resisted the idea that that resource should be provincial, not only because of the simple fact that fish swim—and perhaps Mr. Garon of Quebec did not understand that at the time—but because that resource is federal and should be harvested by all Canadians.

Granted there are some very special considerations that should be given to adjacent populations, but to say that only fishermen from New Brunswick should fish in a certain area and those from Nova Scotia or Newfoundland should fish in a certain area should be resisted.

If my memory serves me correctly, in 1980-81 there was a discussion of that topic and, except for Mr. Peckford and the

Péquiste government of Quebec, all of the Atlantic provinces rejected the idea that it should be transferred to provincial jurisdiction.

Finally, I should like to tell you that I was quite disturbed by the statement you made a few minutes ago to the effect that we should ultimately have all countries out of our waters.

As you are aware, almost 20 countries have, since the extension of the jurisdiction in 1976, been granted fishing rights in our waters, and each, of course, for special consideration, some to induce participation in NAFO, others to have access to their markets, and others as a question of foreign aid.

So when you say we should tell them to get out of our waters, I think that that policy would be short-sighted as long as 90 to 95 per cent of the resource is caught by Canadians.

**Mr. Cummings:** I apologize, Senator De Bané, if I gave you the impression I said "all foreign fishermen out."

As you know, a fair amount of the foreign effort is in resources and species that Canadians do not want to catch, and our obligations under the Law of the Sea are that we should allow others to harvest fish that we do not want to harvest. Certainly fish such as grenadier and, up until this year, silver hake and others have been harvested totally by foreigners. Indeed, it is fair to say that we have gained greatly at NAFO through the support of such countries as Cuba and the Soviet Union. These countries have supported the Canadian position and have done so with respect to resources that, by and large, Canadians did not want to catch.

My specific reference was to northern cod where clearly there is a Canadian desire and a Canadian capacity. I have much greater difficulty with the concept of giving away to foreign interests northern cod which is clearly not surplus to the Canadian need.

**Senator De Bané:** I understand that a few years ago we offered Spain 5,000 tonnes of northern cod as an inducement to enter into NAFO.

**Senator Hays:** Mr. Cummings, my question arises out of what I heard this morning. One of the officials who accompanied the minister indicated that the Canadian quota for northern cod in the 2GH area was 8,000 tonnes and that, in the last year, only 2,000 tonnes had been utilized. From that I took the implication to be that there was no great impairment of the stock as a result. I am not sure whether the official intended me to take that implication, and I would appreciate your comment.

**Mr. Cummings:** The 2GH stock is certainly not a stock that we as Canadians fish vigorously. The reality is that the 3,000 tonnes that we gave away for 1987 to France more than likely will not be caught. Certainly, we should not regard that 3,000 tonnes as being a major concession. It is only one year, and as you have identified, it clearly is a stock of which we as Canadians will not harvest the quota.

**Senator Adams:** Mr. Cummings, my concern is mostly with the Labrador coast area. I have visited that area a few times and it seems to me that most of the locals fish for salmon and char in the area of 2GH. They also fish for cold water shrimp. Can you tell me whether the trawlers have been catching these other stocks, or have they been catching only codfish?

My concern lies mostly with the fact that some of the local people along the coast fish for their own consumption, although some do fish commercially. You indicated that because the areas of 2G and 2H were too far away from Newfoundland, that you were agreeable to giving those areas to the French. My concern is that the rights of the local fishermen should be preserved in this area.

**Mr. Cummings:** I must confess, senator, I was having difficulty hearing what you had to say. I think the question you asked was: Is there a concern for disturbing the inshore fishery with respect to salmon, shrimp and other fisheries through trying to harvest cod offshore, which the French will do. I can answer you with 99 per cent certainty that it should not have any impact. Certainly, salmon do not tend to congregate out on banks, as do codfish. I would assume, and I think the assumption is valid, that any fishing which would be done by France in 2GH, if they chose so to do, would be with full Canadian observer coverage, and certainly it is not too difficult to tell whether they are catching codfish or salmon, and basically we would not find salmon harvested as codfish. As I say, salmon are not bottom feeders, as are cod, so there would be very little risk.

As you say, senator, that is a very valuable shrimp area. Virtually all of that shrimp fishing is done by foreign vessels. There are some Canadian licences, but, basically, the shrimp fishing is done by foreign vessels and there is no by-catch of cod allowed.

**The Chairman:** On behalf of the committee, I would like to thank Mr. Cummings and Mr. Shaw for their very interesting presentation.

**Senator Frith:** Honourable senators, I move that the committee rise, that the chairman report progress and request leave to sit again.

**The Chairman:** It is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, P.C., that the committee rise, report progress, and request leave to sit again. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

**The Chairman:** Before I leave the Chair, may I say to the members of the Subcommittee on Agenda and Procedure—in other words, the steering committee—that we will meet in room 263-S immediately after the Senate adjourns.

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**The Hon. the Speaker** *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

**Hon. Rhéal Bélisle:** Honourable senators, the Committee of the Whole, to which the Canada-France Fisheries and Territorial Boundaries Agreement had been referred, reports having made some progress and asks for leave to sit again.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, February 18, 1987**

The Senate met at 2 p.m., the Honourable Martial Asselin, Speaker *pro tempore*, in the Chair.

Prayers.

## THE SENATE

ABSENCE OF LEADER OF THE GOVERNMENT FROM CHAMBER

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I rise for the purpose of advising the Senate that I shall not be present in this chamber for the rest of this week. I have out-of-town meetings with ministers responsible for aboriginal constitutional affairs which I must attend.

## NEWFOUNDLAND AND LABRADOR

HISTORY OF FRENCH SHORE

**Hon. Frederick W. Rowe:** Honourable senators, yesterday or the day before, I circulated copies of a chapter of the history of Newfoundland and Labrador that deals with the French Shore. Today I find that a number of senators have not received copies. There are nine left. If any honourable senator would like to get a copy of this sometime during the afternoon, I would be glad to make it available.

## BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN COMMONS GALLERY

**The Hon. the Speaker** *pro tempore:* Honourable senators, the Minister of Finance will deliver his budget speech in the other place at 4.30 this afternoon.

I wish to remind honourable senators that no one but senators will be admitted to the Senate gallery in the House of Commons on this occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible. This will ensure that honourable senators will not be excluded from the gallery on account of many of the places being occupied by relatives and friends of senators.

[*Translation*]

## RADIO ACT

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ON SUBJECT MATTER OF BILL C-3

**Hon. Léopold Langlois,** Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Wednesday, February 18, 1987

The Standing Senate Committee on Transport and Communications has the honour to present its

THIRD REPORT

Your Committee, to which was referred the subject-matter of the Bill C-3, intituled: "An Act to amend the Radio Act", has, in obedience to the Order of Reference of Thursday, 30th October, 1986, examined the said subject-matter and now reports that it recommends that the said Bill, when examined by the Senate, be favourably considered.

Respectfully submitted,

LÉOPOLD LANGLOIS
*Chairman*

[*English*]

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Nathan Nurgitz:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at 3.30 o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-38

**Hon. Nathan Nurgitz:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada, in

advance of the said Bill coming before the Senate or any matter relating thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

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## QUESTION PERIOD

[*English*]

### FEDERAL-PROVINCIAL RELATIONS

CONSTITUTIONAL ACCORD—PROBLEMS OF SHARED JURISDICTION

**Hon. Roméo LeBlanc:** Honourable senators, my natural modesty prevents me from quoting myself—

**Some Hon. Senators:** Oh, oh!

**Senator LeBlanc:** —but some days ago, in the course of my remarks, I referred to "creeping jurisdiction" as the background to some of the speeches and questions that were being raised in connection with the Canada-France fisheries treaty. I now have a Canadian Press despatch from St. John's, which says:

> Newfoundland Premier Brian Peckford may be easing his campaign against Ottawa now that he has a promise that shared jurisdiction for fisheries will be on the next constitutional agenda.

There is then a direct quote from Mr. Peckford:

> "We've been at this now a long time," he said. "If we can now start talking seriously about some joint management and shared jurisdiction over the fishery, it would allay a lot of fears that we have for the future of the resource."

May I ask the Leader of the Government, who is the minister responsible for federal-provincial relations, whether the Prime Minister has given a promise that the issue of shared jurisdiction over fisheries will be raised at the next conference; and, if so, will the Senate be given a chance to debate it?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** No, honourable senators. The fact of the matter is that the ten premiers agreed in Edmonton last August that their first constitutional priority was to have Quebec's assent to a constitutional accord. So the first round will be a Quebec round.

At the same time, the premiers agreed—and it was later reiterated at the First Ministers's Conference in Vancouver in November—that other constitutional proposals would be put off until the second round of negotiations; and, as a matter of fact, fisheries was among the issues specifically mentioned in the Edmonton declaration as an agenda item for the second round. That is what Mr. Crosbie had in mind.

**Senator Frith:** Mr. Crosbie?

[Senator Nurgitz.]

**Senator Murray:** My reference to Mr. Crosbie was in connection with some statements that he made in the course of, I believe, a radio or television interview in Newfoundland the other day.

**Senator Frith:** I thought that Senator LeBlanc was quoting Mr. Peckford.

**Senator LeBlanc:** If the reports are accurate—and, from what the Leader of the Government has said, they appear to be—I would suggest that an invitation be issued to the premiers of the other provinces, for whom the problem of shared jurisdiction may raise very substantive questions, to appear before the committee which is now sitting.

**Senator Murray:** Honourable senators, I have tried to describe the schedule of events as we foresee them. We hope that it will be possible to get Quebec's signature to a constitutional accord. Following that, there will be a second round of constitutional negotiations. Some provinces want to discuss Senate reform; others may want to discuss the entrenchment of private property rights; some may want to discuss telecommunications; and at least one province wants to discuss fish.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I have a supplementary to the question asked by Senator LeBlanc. When the premiers agreed on what would be on the table in the second round, was the general item "Fisheries" or "Shared jurisdiction"?

**Senator Murray:** Honourable senators, I do not have the Edmonton declaration in front of me. I find that I have the Vancouver declaration in front of me, the final paragraph of which reads:

> During the coming months first ministers hope to conclude an agreement that will enable Quebec to become again a full partner in the Canadian federation and to undertake later another stage in constitutional reform on matters that will include, among other items, Senate reform, fisheries, property rights, et cetera.

**Hon. John B. Stewart:** Honourable senators, as I understand what has now been stated by the Leader of the Government, no new commitment has been made to the Premier of Newfoundland with regard either to the fisheries question generally or to the matter of shared jurisdiction. I am asking if that is correct, that no new commitment has been made, let us say, since January 1. The reason I am asking that question is that the news report to which Senator LeBlanc referred says that Mr. Peckford said yesterday that he has won "a major victory." Then the article quotes the premier:

> "We've been at this now a long time," he said. "If we can now start talking seriously about some joint management and shared jurisdiction over the fishery, it would allay a lot of fears that we have for the future of the resource."

The implication of the quotation is that some new commitment has been made to the Premier of Newfoundland. The answer given earlier by the Leader of the Government was that, indeed, the discussion that is to take place on the general topic

of the fisheries is one that has been set up for quite a long time.

My question is: Is there any new commitment which would justify Mr. Peckford's saying yesterday that he had won a major victory?

**Senator Murray:** Honourable senators, there is no new commitment of the kind to which the honourable senator refers. What gave rise to that article was an interview that the Minister of Transport gave, I believe, on radio or television in Newfoundland. I saw the transcript of that interview, and the Minister of Transport was asked about the possibility of some constitutional negotiation covering fisheries and jurisdiction. Mr. Crosbie indicated his complete understanding of Newfoundland's position on this matter, even while acknowledging the problems this posed for a number of other provinces, including Nova Scotia, New Brunswick and others, and he went on to say that the matter would be on the table at the next round of constitutional negotiations. He meant to say the second round, the round immediately following the Quebec round.

**Senator Stewart:** Honourable senators, are we to understand from the Leader of the Government's reference to Nova Scotia that the Premier of Nova Scotia is in possession of exactly the same information with regard to the question of jurisdiction of fisheries as is the Premier of Newfoundland?

**Senator Murray:** As far as we are concerned, the answer to that question is emphatically in the affirmative. The position of the government on the matter of any discussions about fisheries in a constitutional sense is contained in the communiqué from the annual conference of First Ministers in Vancouver in November. The reference by Mr. Crosbie to Nova Scotia was simply, if I recall, by way of acknowledging the problems Newfoundland's constitutional proposals would cause to that province. Perhaps I should obtain a transcript of the relevant portion of Mr. Crosbie's interview and bring it into the Senate, and, in the meantime, send a copy to my honourable friend.

**Hon. L. Norbert Thériault:** Honourable senators, my question is for the Leader of the Government in the Senate. I must tell him that I think he has skated around this problem very easily. I would like to put a direct question to him. Will he, or can he, inform the Senate today, now, whether, in fact, the Government of Canada favours shared jurisdiction over fisheries in this country?

• (1410)

**Senator Murray:** Honourable senators, the matter will be discussed in the second round of constitutional negotiations. I do not propose to expatiate upon constitutional matters in the course of Question Period.

**Hon. Michael Kirby:** I have a supplementary for the Leader of the Government in the Senate, who is also the Minister of State for Federal-Provincial Relations. In responding to both Senator Thériault and Senator LeBlanc, the Minister of State for Federal-Provincial Relations has twice talked about the second round. In so doing, he certainly implied in his answer to Senator LeBlanc that no issues of interest to provinces other than the Province of Quebec would be discussed until a first round was completed. My question is: Does a first round constitute one meeting, or, in fact, is the minister saying that no other constitutional issue of interest to any other province will be discussed until an agreement has actually been concluded with the Province of Quebec?

**Senator Murray:** Honourable senators, the agreement that the provinces and the Prime Minister of Canada have is that a first round would attempt to obtain Quebec's signature to a constitutional accord, and that discussions during that first round would be limited to the five conditions put forward by Quebec for its assent to the constitutional accord. We hope and expect—and I remain optimistic about this—that the first round will succeed, and then we will proceed, as agreed, to the discussion of other constitutional proposals.

**Senator Kirby:** I have a further supplementary, honourable senators. The minister is doing an excellent job of avoiding the issue. The question was: What precisely constitutes the first round? Would he define whether the first round is a series of meetings stretched over a decade, or is the first round one meeting? What exactly does the minister mean when he uses the phrase "a first round"? Those are his words.

**Senator Murray:** I hope that it would not take a series of meetings over a decade. I hope that it would take, at most, a meeting or two of First Ministers. Of course, if there were agreement on various constitutional proposals, the various governments would then have to lay those proposals before their legislatures and have them passed. Meanwhile, work would be going forward on a second round.

I may say, without anticipating the nature of the possible accord, a number of provinces have indicated an interest in entrenching in the Constitution during the first round the obligation to hold the second round, and perhaps even to list the agenda items. My friend will recall that this was done in the case of the aboriginal constitutional negotiations that are now going on.

**Hon. M. Lorne Bonnell:** I have a supplementary for the Leader of the Government in the Senate. When the leader talks about the first round, does the first round consist of many rounds, like a boxing match? Further, does the agenda consist of many items on the several rounds?

In the *Globe and Mail* of February 18—

**Senator Flynn:** What does that prove?

**Senator Bonnell:** I am addressing my question to the government leader and not to anyone else over there.

**Senator Flynn:** We are here just the same, and we have to listen to you.

**Senator Bonnell:** Then you listen and keep your mouth—you know what!

**Senator Flynn:** I am sure I do that as often as you do.

**Senator Bonnell:** Premier Peckford has been promised that shared jurisdiction for fisheries will be on the next constitutional agenda. If Premier Peckford has been promised that—

**Senator Barootes:** He said he was promised that?

**Senator Bonnell:** That is what the *Globe and Mail* said.

If that promise has been made to Premier Peckford, as is stated by the *Globe and Mail*, does that mean the first round's agenda will include many items?

**Senator Murray:** Honourable senators, the first round will concentrate on the five conditions put forward by Quebec for its assent to a constitutional accord.

Premier Peckford, nine other premiers and the Prime Minister of Canada agreed in November that fisheries would be one item on the agenda in a subsequent round of discussions on constitutional questions.

**Senator Bonnell:** In other words, the Leader of the Government in the Senate is saying that the article in the *Globe and Mail* of February 18, that says that Premier Peckford was promised that, is not accurate, and that the question of jurisdiction over fisheries will not be on the agenda for that first meeting.

**Senator Murray:** Honourable senators, I have not seen the article to which the honourable senator has referred, so I cannot comment on it.

**Senator Flynn:** It would not be the first time the *Globe and Mail* has lied.

**Senator Frith:** Nor the first time that the Conservatives have lied.

**Senator Flynn:** That's a different story!

**Senator Frith:** Yes, it sure is.

**Senator Flynn:** I will challenge you and the Liberal Party on that score any time.

**Senator Frith:** Good idea!

**Senator Flynn:** So shut up!

**Senator Frith:** We accept your challenge.

**Senator Flynn:** We will meet you anywhere, any time.

**Senator Frith:** Challenge accepted!

**Senator LeBlanc:** Honourable senators, given that the Minister of Transport has become a member of the quartet dealing with the fisheries issue, after the Department of External Affairs, the PMO and the Department of Fisheries and Oceans have made a mess of it, may I ask the Leader of the Government in the Senate if we can expect letters giving shared jurisdiction to the ministers responsible for fisheries representing Nova Scotia, Prince Edward Island, Quebec and New Brunswick, because that is no less important than the treaty with France?

**Senator Murray:** Honourable senators, I replied to a similar question asked by Senator Bonnell the other day by saying that the letter which the Prime Minister sent to the Minister of Transport was perfectly proper and understandable, given the circumstances, and was certainly not intended to be exclusive.

**Senator Thériault:** Honourable senators, I have a supplementary question.

[Senator Barootes.]

Is the Leader of the Government in the Senate serious when he says that he is not prepared to tell the Senate at this time whether the Government of Canada is prepared to discuss the question of shared jurisdication over fisheries with the provinces?

**Senator Murray:** Honourable senators, the Government of Canada is aware of the interest of at least one province in discussing that matter in the second round of constitutional negotiations.

**Senator Thériault:** Honourable senators, if the Government of Canada is prepared to discuss the question of shared jurisdiction with at least one province of Canada, will the Leader of the Government in the Senate tell us where the Government of Canada stands on the question of shared jurisdiction over fisheries with the provinces?

**Senator Flynn:** How naive can you be!

**Senator Murray:** There is a great deal of history associated with this subject, as the honourable senator may know. Again, I tell the honourable senator that I am not about to conduct the negotiations on the floor of the Senate.

**Senator MacEachen:** Would you discuss the matter in Committee of the Whole?

**Senator Frith:** Are you interested in offers?

**Senator Thériault:** Honourable senators, the Government of Canada has just expended public moneys so that the Minister of Transport can tell the people of Newfoundland that the Government of Canada is willing to share jurisdiction over fisheries. Nevertheless, the Leader of the Government in the Senate is telling honourable senators that he is not prepared to discuss the matter in the Senate.

**Senator Murray:** I do not know what my friend is talking about in terms of the expenditure of public moneys.

I have now obtained a copy of the transcript of the broadcast made on February 17 by Mr. Crosbie. I think the relevant passage is as follows:

> Q. Mr. Minister, one of the things that the Province of Newfoundland, I think, has always wanted, is greater control over its primary natural resource, the fishery. Is there any consideration being given at the cabinet level to a constitutional amendment giving Newfoundland that jurisdiction?

● (1420)

It went on:

> Mr. Crosbie: No, there isn't, that is not under active consideration. Now the province made the point, as you know, it feels that it should have jurisdiction or part jurisdiction over the fishery. I think there's a strong argument for that, and because of the importance of the fishery, to . . . it's a resource base here in Newfoundland. But there are difficulties, you know, where are you going to draw the boundary lines? There are a lot of conflicting interests between provinces. Nova Scotia, for example, doesn't agree that say the northern cod, you know, is only

> for Newfoundland, they believe it's for Canadian fishermen. So you've got problems between Nova Scotia and Newfoundland, P.E.I., New Brunswick and Quebec, conflicting interests in the fisheries. So, is it possible to give part jurisdiction over the fishery itself?

Then he goes on to talk about the fish swimming in the water and not staying in any particular spot. Then he states:

> . . . So there are difficulties and we're certainly prepared to discuss them with Newfoundland around a constitutional negotiation.

As I told the Senate, he was referring to the second round of the constitutional discussions, which would take place after Quebec was on board.

**Senator Thériault:** Honourable senators, would the Leader of the Government in the Senate be kind enough to table the document that he is reading from?

**Hon. Gildas L. Molgat:** Honourable senators, I hesitate to pursue this matter any further, but, because it is of such importance on the federal-provincial side, and because the honourable senator is responsible for that, I would like to have some clarification.

Despite what he has just read to us, the statement by Mr. Crosbie, we have, nevertheless, the premier of a province saying that he has won a major victory. Yet, from what the minister tells us, there has been no new statement.

Can we be assured that there have been no private assurances given to Premier Peckford that would allow him to say that he has won a major victory?

**Senator Murray:** Yes, honourable senators. Well, I am not responsible for what Mr. Peckford may describe as "a major victory." The answer, which I have already given to the house, is that no new commitments have been made to Newfoundland on this matter.

**Senator MacEachen:** Well, that is clear.

## AGRICULTURE

### INTEREST-FREE LOAN TO FORD MOTOR COMPANY—REQUEST FOR COMPARABLE TREATMENT FOR FARMERS

**Hon. Hazen Argue:** Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. Could he inform the Senate why the Government of Canada has apparently provided a loan of $45.5 million, interest free, to the Ford Motor Company of Canada, in connection with their purchase of Versatile Corporation in Winnipeg, without having had any request—as I read the article—from the company?

As a westerner and as a Canadian, I am naturally pleased that arrangements have been made that are likely to lead to continuing production in that plant and, let us hope, increased production. But what is the reason for making this loan available so easily when it has not been requested? Could he also tell us the terms of such a loan?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I was informed just before coming into the chamber that the president of the company is putting out a statement denying that he ever said any such thing.

**Senator Argue:** Well, then, can the minister tell us if there has been a loan made, and, if so, what are the terms of the loan? Are those terms 10 per cent interest for a period of ten years, with the interest on the $45.5 million being forgiven, if Versatile conducts that quantity of research at the plant, or in Canada, or whatever?

**Senator Murray:** Honourable senators, I do not have that information in front of me. I will have to obtain the information on the details and bring it into the Senate.

**Senator Argue:** While the minister is doing that, could he state if what has been made available, apparently, to the Ford Motor Company—namely, 10-per-cent money with certain forgiveness for research—is also available to the farmers who are expected to purchase the Versatile tractors? Is this a program that is available only for big business, needed or not needed, or is it something that is also, in general terms and in general principle, available to hard-pressed farmers who are looking for a way out for their industry, which is in the same kind of difficult circumstances for the same reason as Versatile?

**Senator Murray:** The honourable senator is constructing a question on the basis of hypotheses that I am not in a position to comment on at the moment. I would have thought, however, that in discussing interest rates he would acknowledge the very steep decline in interest rates since this government took office.

**Senator Argue:** Then, I think my question is of much greater significance. Is the government prepared to take steps to see that these lower interest rates are passed on to the agricultural producers so they can enjoy the same kind of interest rates as those enjoyed by the Ford Motor Company?

**Senator Murray:** The honourable senator asked that kind of question yesterday in connection with the Farm Credit Corporation. I will try to obtain the information he is seeking.

**Senator Argue:** I believe the answer is very clear, that there is no such money available to the farmers. If you could tell me where there is 10-per-cent money available, I would be very pleased to have that information, and so would about 300,000 farmers who are in very difficult circumstances.

## COMMUNICATIONS

### SALE OF TELEGLOBE CANADA—INVESTIGATION OF INSIDER TRADING

**Hon. H.A. Olson:** Honourable senators, yesterday I asked a series of questions of the Leader of the Government in the Senate respecting the sale of Teleglobe Canada. I noted that he seemed to be somewhat agitated about some of my questions, so I waited until today to read very carefully not only my questions but his replies.

Having done that, unfortunately it seems apparent that there is an investigation under way by the stock exchanges both in Montreal and in Toronto and that the Minister of State for Privatization has offered full cooperation in that investigation. I understand all of that.

However, yesterday the Leader of the Government said:

> I have no information to suggest that another investigation into any alleged or possible leaks from the government is taking place. Nor am I aware that one is warranted.

He went on, honourable senators, to challenge me to produce some evidence that there is justification for an investigation to find out whether or not there has been a leak.

It seems to me that there is already a case, because both stock exchanges believed there were unusual trading patterns sufficient to warrant their launching an investigation. I tried to point out to the Leader of the Government that those stock exchanges do not have the competence to extend their investigation into a government department or into the Canada Development Investment Corporation to establish whether or not there was a leak that the recommendation was to be that the Memotec bid be accepted.

The question I tried to put to the Leader of the Government yesterday is very simple. It is: Is there an investigation going on within the government and its crown corporation, the Canada Development Investment Corporation, which held Teleglobe Canada until it was offered for sale, to find out whether or not there was a leak, so that the people whom the Toronto and Montreal stock exchanges are investigating might have known the situation in advance of the announcement?

If there is no investigation under way, I would put it to the minister that the department simply investigating itself is not a satisfactory situation. I want to know whether an investigation has been launched by someone who is independent of the personnel in that department to find out whether there was a leak.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The honourable senator is very selective in his summary of what I told him yesterday. He is quite correct in saying that the Montreal and Toronto stock exchanges have very limited jurisdiction. They investigate the conduct of their own members. But the Quebec Securities Commission and the Ontario Securities Commission have much larger jurisdictions, and they are conducting, within their competence and within their territories, independent investigations of what happened. The director, under the Canada Business Corporations Act, is conducting an investigation, because Memotec is a federally incorporated institution.

● (1430)

The honourable senator yesterday referred to an RCMP investigation. Under the Canada Business Corporations Act, the director has all of the authority he needs plus an inspection staff to conduct this investigation in the federal jurisdiction, wherever it leads. I may add to that that the Minister of State, Ms. McDougall, and her officials are making available to the Ontario and Quebec Securities Commissions all of the information they have as to the process, what meetings were held, when they were held, who attended and all other relevant details. This matter is going to end up very thoroughly investigated.

**Senator Olson:** I gather that the Leader of the Government has changed his mind since yesterday, when he said:

> I have no information to suggest that another investigation into any alleged or possible leaks from the government is taking place. Nor am I aware that one is warranted.

I take from what he just said that these other bodies are investigating the matter and that their competence will extend to the point where they can discover whether someone in the minister's department—be he bureaucrat or otherwise—or someone in the Canada Development Investment Corporation might have passed on to people who were capable of trading in the stock exchange the information that Memotec's bid was going to be accepted.

**Senator Murray:** Honourable senators, what I said yesterday was correct. We have had no indication that there was a leak, but, if there is an indication of something of that kind, it will be followed up. I can speak in particular of the director under the Canada Business Corporations Act. The director will carry on the investigation, wherever it leads.

Perhaps my friend will remember the investigations that took place at the time Petro-Canada took over Petrofina. Very exhaustive investigations into that matter took place at several levels, and this is the same kind of painstaking operation.

**Senator Olson:** Honourable senators, I am satisfied if that is going on, but I did have a little difficulty with the government leader's statement to the effect that he was not aware that an investigation into the matter of trying to find a leak was warranted. Is he now saying that he believes the investigations under way—whether there be one or several—will be sufficiently extensive to ensure that the people who did this unusual trading on the stock exchange did not discover something from the Department of the Minister of State for Privatization or the Canada Development Investment Corporation?

**Senator Murray:** Honourable senators, I believe I said—if not, I will take the occasion to do so now—that to the best of my knowledge there is no indication whatsoever that there was any such leak of the kind suggested by the honourable senator. In the course of the investigation, if the director finds any indication that there was such a leak, he will, of course, pursue it, wherever it leads. I wish that the honourable senator would be a little more careful about identifying areas where he thinks some culprits might be lying on the basis, as far as we have been told here, of no evidence whatever.

**Senator Olson:** Honourable senators, I will not pursue this further today except to say that I would like to tell the Leader of the Government in the Senate that I have another responsibility, which is to cross-examine the government when there appears to be the possibility of a situation that gives someone

unfair and undue advantage. I might also say that I did not appreciate his comment yesterday when he told me that I ought to keep quiet, or that my comments should be discounted 100 per cent. I remember that when he was on this side of the chamber, he pursued his public responsibility rather diligently.

**Senator Flynn:** And in a more effective way.

**Senator Olson:** No, it was not any more effective.

**Senator Flynn:** It was more effective and more objective.

**Senator Olson:** Even the former Leader of the Government in the Senate used to pursue his responsibilities.

**Senator Flynn:** I hope that I did not do it like you do.

**Senator Frith:** You did not; you were not nearly as good!

## SHIPBUILDING

CLASS 8 ICEBREAKER—DESIGN—CANADIAN ICEBREAKING TECHNOLOGY—GOVERNMENT POLICY

**Hon. Lorna Marsden:** Honourable senators, I wish to ask the Leader of the Government in the Senate about the Polar class 8 icebreaker which has been under consideration by the government of this country since at least September 10, when the commitment was made by the government to build it. In the course of long deliberations on this matter, in an announcement from the office of the Minister of Transport, it was noted that at least two of the proposals contain unique Canadian icebreaking technology developed over many years with federal government assistance. Can the minister tell us whether the government is committed to the use of that unique Canadian icebreaking technology that was developed with the government's financial assistance?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will have to take the question as notice.

CLASS 8 ICEBREAKER—ANNOUNCEMENT OF CONSTRUCTION IN VANCOUVER SHIPYARDS

**Hon. George van Roggen:** Honourable senators, I have a supplementary question. Would the government leader advise the Senate when the announcement will be made that this icebreaker will indeed be built in the Vancouver shipyards? I believe that members of his party in Vancouver promised that such an announcement would be made in early January.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am sure that Senator van Roggen is aware that the consortium formed jointly by Versatile Pacific Shipyards Inc. and Wartsila Arctic Incorporated has been identified as a potential candidate for a lead-in contract to design and prepare a proposal and offer for construction, but no decision to proceed with the program will be made until the financial problems of Versatile can be fully solved.

**Hon. Lorna Marsden:** When the Leader of the Government is taking as notice my question about the Canadian technology, would he add to that another concern, which is that it appears that companies in Sweden and elsewhere, through licensing agreements, are using the Canadian technology in their advanced design before it is being used in Canada? This is my understanding of the matter. In finding out the exact yes or no answer on the use of Canadian technology, I would be grateful if the government leader could elaborate on this question of the payback, as it were, on investment in Canadian technology on icebreaking methods.

**Senator Murray:** I will ask for a considered reply from the responsible minister.

## INDIAN AFFAIRS

WEST BANK INDIAN BAND—LEGAL COSTS OF INQUIRY

**Hon. Len Marchand:** Honourable senators, I have been hoping to get some straight answers to my question from other sources, but I have not been able to do so. Since the minister will not be present in the chamber tomorrow, I would like to raise the question with him. He may know that the Government of Canada has caused an inquiry under the Inquiries Act into certain activities of the West Bank Indian band. The legal costs of the employees of the Government of Canada are being covered, and quite properly so, but the legal costs of the band council and former councillors and band members are not being covered. I think that is grossly unfair and could lead to a gross miscarriage of justice. The commissioner for the inquiry also recommended that the legal costs of band council members and former council members should be covered; but up until now that has not been done.

● (1440)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am sorry that I do not have any information on that; but I will accept the honourable senator's question as being a representation, and I will undertake to convey it to my colleague, Mr. McKnight.

**Senator Marchand:** Honourable senators, the Department of Indian Affairs and Northern Development has washed its hands of this matter. It has said that it did not set up the inquiry, that it was a cabinet decision, quite outside the responsibility of the Department of Indian Affairs. That is the area that I have been pursuing, and I have been pursuing it through the Privy Council Office. However, I would appreciate it if the Leader of the Government could get in on the trail.

**Senator Murray:** I will do so.

## HEALTH AND WELFARE

ACQUIRED IMMUNE DEFICIENCY SYNDROME—GOVERNMENT ACTION

**Hon. Stanley Haidasz:** Honourable senators, since 1984 I have been making inquiries of federal government spokesmen

in the Senate concerning the federal government's program to help stem the relentless and increasing incidence of the disease called AIDS. In view of the fact that the incidence of the disease has risen in Canada, as in other countries, proving that the federal government's efforts so far have been ineffective, I would like to inquire of the Leader of the Government about any new measures that the federal government has taken recently, or is about to take, in order to stop the spread of this dreadful and fatal disease.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will ask the Minister of National Health and Welfare for a full report and will advise the honourable senator.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. Nathan Nurgitz:** Honourable senators, I have two delayed answers, one of which is reasonably short and the other rather lengthy.

## TRANSPORT

REGINA INTERNATIONAL AIRPORT—CONSTRUCTION OF HOTEL—LOCAL CONSULTATION

**Hon. Nathan Nurgitz:** Honourable senators, a question was raised in the Senate on February 4 by the Honourable Senator Argue regarding Regina International Airport—Construction of Hotel—Local Consultation. Since Senator Argue is not in the chamber, perhaps the answer can be taken as read and included in the *Debates of the Senate* for today.

**Hon. Senators:** Agreed.

(*The answer follows:*)

For the past several years a hotel has been identified at Regina in their Airport Land Use Plan and more recently in the Regina Airport Master Plan which was released for public consultation in early 1986. In the summer of 1986, the public and interested city and provincial officials were invited to review and discuss the Master Plan. Although some concern was expressed, the principle of locating a hotel at the airport was approved by the City of Regina.

Prior to this, a meeting was held in 1985 with the Regina and Saskatchewan Hotel Association, Chamber of Commerce, Tourism, Economic Development and officials from the City of Regina to discuss the prospects of an airport hotel and to enlist their support.

Another meeting was held on January 28, 1986, to discuss Transport Canada's proposal for the development of a hotel on airport property. Local hotel operators, developers and city officials attended this meeting.

From the foregoing, it can be seen that ongoing consultation has taken place.

In recent years, parties have expressed interest in developing a hotel at the airport.

[Senator Haidasz.]

On January 30, 1987, the Minister of Transport announced a simultaneous call for tenders to lease land for the construction and operation of major hotels at five airports across Canada. These five airports are Halifax, Montreal (Dorval), Ottawa, Regina, and Vancouver.

It is not Transport Canada's policy to direct the location of hotels off airport property. With respect to any proposed airport hotels on Transport Canada property, it is policy that where interest has been expressed by private entrepreneurs, the public tender process is used as the fairest and most equitable course of action. This action is in keeping with Transport Canada's commercial development plans for all airports.

The opportunity available at Regina Airport will be based on market interest and support, and the role of Transport Canada is only to accommodate such demand as this tender call will demonstrate.

## GRAIN

GRAIN STABILIZATION FUND—EXCLUSION OF MUSTARD SEED

**Hon. Nathan Nurgitz:** Honourable senators, a question was raised in the Senate on February 10, 1987 by Senator Olson regarding Grain—Grain Stabilization Fund—Exclusion of Mustard Seed. If Senator Olson agrees, the answer can also be taken as read and printed in *Debates of the Senate* for today.

**Senator Olson:** That is acceptable.

(*The answer follows:*)

The Special Canadian Grains Program was designed to assist those grain and oilseed producers who have been most directly and seriously affected by the current United States-European Community trade war.

In formulating the program, the government examined trade in a number of commodities, including special crops. However, in the case of these crops, direct relationships to American or European subsidies could not be identified. For many special crops, it appears normal supply-and-demand forces were largely responsible for price declines. For this reason, these commodities were excluded from the Program.

The Western Advisory Committee, referred to by Senator Olson, was announced on February 13th by the Minister of State for the Canadian Wheat Board.

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## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

CONSIDERATION IN COMMITTEE OF THE WHOLE—ORDER STANDS

On the Order:

The Senate again in Committee of the Whole on the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada-France.

**Hon. Nathan Nurgitz:** Honourable senators, it is my understanding that the steering committee has not yet determined which witnesses will be available. The committee requires time to meet. When I have concluded my comments, we may ask that Order No. 3 stand until the end of today's proceedings; and we might then seek leave to adjourn to the call of the bell—

**Senator Frith:** For approximately how long?

**Senator Nurgitz:** Senator MacEachen indicated that an hour might be more appropriate than half an hour. We would give the steering committee whatever time it required. I should point out to honourable senators that if no witness is available for tomorrow, we may be able to conclude our sittings for the week later this afternoon, and we would resume whenever witnesses were available.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is it agreed that Order No. 3 stand until later this day?

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, we may not need an hour. We may complete our work in less time.

**Hon. Douglas D. Everett:** Honourable senators, am I to gather that we will not be sitting tomorrow?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** We will be sitting tomorrow in Committee of the Whole, if witnesses are available; and in order to go into Committee of the Whole, the Senate has to sit.

**Senator Everett:** But if the Committee of the Whole does not sit—

**Senator Nurgitz:** Then indications are that the Senate will not sit tomorrow.

**Hon. Rhéal Bélisle:** Honourable senators, if I may be permitted, I would like to suggest that at the conclusion of today's business the Senate adjourn during pleasure and permit the Subcommittee on Agenda and Procedures to finalize the list of witnesses and report to the house when we meet again.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is it agreed that Order No. 3 stand until later this day, and that we proceed with the rest of the Orders of the Day, following which we will adjourn during pleasure, to the call of the bell?

**Hon. Senators:** Agreed.

Order stands.

## FISHERIES

INTERIM REPORT OF COMMITTEE—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the Interim Report of the Standing Senate Committee on Fisheries, tabled in the Senate on 2nd October, 1986.—(*Honourable Senator Molgat*).

**Hon. Gildas L. Molgat:** Honourable senators have had the report of the committee for some time, and it is not my intention to go through the report in detail. However, I want to thank the members of the committee for having agreed in the first instance, when the committee was established, to proceed as a first step with the study of the freshwater fishery. Admittedly, this is not the most important fishery in Canada. In terms of volume and employment, it is obviously much smaller than either the Pacific coast or the most important one of all, which has been taking up some of the Senate's time recently, namely, the east coast fishery. Nevertheless, that particular fishery in its region is of major importance, because it affects the native population in particular, and, in those areas where the freshwater fishery is carried on, it has a very important economic impact because frequently it is the only source of employment available.

Therefore I very much appreciate that the committee has proceeded with this study. Three facts arose from the study, first, that there is an immense potential in the fishing industry; second, that the markets exist; and, third, that for health reasons more people are turning toward fish rather than to other foods. Whether it be from a general health or diet standpoint, there is an immense potential. Yet frequently, as Canadians, we are not taking advantage of that potential.

Coming from a region where freshwater fishing is carried on, I find it disappointing that frequently we are unable to obtain freshwater fish in the restaurants of our region, and insufficient emphasis is placed on the proper marketing and selling of fish within Canada. I believe that we are missing golden opportunities.

As Canadians, there is much more that we can do; yet we do not seem to get around to doing it. From the standpoint of tourism, we are again missing the boat. Why is it that Canadian restaurants are not featuring Canadian fish? I can tell honourable senators that when the committee travelled, this discovery was a disappointment to us. We went right through the regions of western Canada where the fish are caught. We went to Hay River in the Northwest Territories, to Lac la Biche in Alberta, to Lac le Ronge in Saskatchewan, and to Thompson, Ashern and Winnipeg, in Manitoba. Here we were, a fisheries committee of the Senate holding a number of meetings. Obviously, we had to eat in restaurants at various times. We held some meetings where we had dinner with the local people, and would you believe that we were not served fish? We were served turkey, roast beef, sandwiches of various sorts, but not fish. It seems to me to be so frequently the case in Canada that when we should be able to capitalize on our assets, we do not do so. I find it maddening when I go to restaurants in Winnipeg and cannot find on the menus the local freshwater fish, particularly when we have the head office of the Freshwater Fish Corporation right there within the boundaries of the city of Winnipeg.

• (1450)

**Senator Perrault:** That is a good point.

**Senator Molgat:** I hope that our report will lead to some move to mobilize some of our people. It has to be a joint effort involving the departments of fisheries, tourism and the departments concerned with industry and commerce. There is a great opportunity there, if we want to capitalize on it. I hope that our report will help to move things along. I know that the Minister of Fisheries and Oceans has responded to the report of the committee. The minister has sent a comprehensive and prompt reply for which I thank him very much. We have that response on hand. However, it is not my intention to deal with it. I believe that the chairman of the committee will be speaking in this debate, and I shall leave that to him. Again, this report exemplifies the type of work that the Senate can do in relation to various issues in this country.

**Hon. Jack Marshall:** Honourable senators, I would like to ask Senator Molgat, after his speech is printed in *Hansard*, to send copies to the people in the press who wrote that we could not get members to sit on the committee because we were not going south, and point out to them that actually nine or ten members of the committee went to places such as Hay River, Lac La Ronge, Lac La Biche, Thomson, Ashern and Winnipeg.

**The Hon. the Speaker** *pro tempore:* Honourable senators, if no honourable senator wishes to speak now, this inquiry is considered to have been debated.

## BUSINESS OF THE SENATE

### LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Nathan Nurgitz:** Honourable senators, I move that we now adjourn to the call of the bell, which we can expect within an hour or so.

Before doing so, might I remind honourable senators that the Banking, Trade and Commerce Committee is meeting at 3.30 p.m., and Senator Neiman reminds members of the Legal and Constitutional Affairs Committee that that committee will commence its sitting shortly as well in order to use up the time during this brief recess.

**Senator Frith:** They should have leave to do so.

**Senator Nurgitz:** I trust that, along with this motion I am introducing now, leave will be granted for that committee to sit as well.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

The Senate adjourned during pleasure.

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● (1600)

At 4 p.m. the sitting of the Senate was resumed.

[Senator Perrault.]

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

### CONSIDERATION IN COMMITTEE OF THE WHOLE CONTINUED

Leave having been given to revert to Order No. 3:

> The Senate again in Committee of the Whole on the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada-France.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the agreement, the Honourable Senator Rhéal Bélisle in the Chair.

**The Chairman:** Honourable senators, your Subcommittee on Agenda and Procedures has the honour to report to the Committee of the Whole.

Your Subcommittee on Agenda and Procedures, known as the steering committee, wishes to report that a number of additional witnesses, including the Premier of Newfoundland, have accepted an invitation to appear before the Committee of the Whole.

Your committee recommends that the Committee of the Whole resume its work on March 10.

We propose that the committee hear the following witnesses:

The Honourable Thomas Edward Siddon, P.C., or a ministerial colleague, accompanied by Mr. Clark and Mr. Applebaum;

The Honourable Brian Peckford, Premier of Newfoundland;

Mr. Vincent MacLean, M.L.A., Leader of the Opposition in Nova Scotia;

A representative of Premier Bourassa;

Mr. J. Godin;

His Excellency Lucien Bouchard, the Canadian Ambassador to France.

Your committee is awaiting final decisions from other possible witnesses.

Is it your pleasure, honourable senators, to agree to these suggestions?

**Hon. Senators:** Agreed.

**Senator Frith:** Honourable senators, I move that the committee rise, that the chairman report progress and request leave to sit again on March 10.

**Senator Marshall:** Honourable senators, since March 10 falls on a Tuesday, I wonder about the time at which the Committee of the Whole will sit, because there are other committees sitting that day.

**Senator Frith:** I imagine that the Committee of the Whole will sit whenever the Senate reaches that order on the order paper. The Senate will sit at 2 o'clock in the afternoon and will eventually come to this order, at which time it will resolve itself into Committee of the Whole.

**The Chairman:** It is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, P.C.,

that the committee rise, report progress, and request leave to sit again. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

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**The Hon. the Speaker** *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

**Hon. Rhéal Bélisle:** Honourable senators, the Committee of the Whole, to which the France-Canada Fisheries and Territorial Boundaries Agreement had been referred, reports having made some progress and asks for leave to sit again.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall the committee have leave to sit again?

**Senator Frith:** At the next sitting of the Senate.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, P.C., that the committee have leave to sit again at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Gildas L. Molgat:** Honourable senators, before the motion is voted on, I should like to put a question. The problem is this: The Standing Senate Committee on Fisheries is scheduled to have meetings on March 10, 11 and 12, and those meetings will be held outside of Ottawa. Some of us are concerned about being here, but our attendance would depend, presumably, upon which witnesses were going to appear. I have heard the list of witnesses, but we cannot hear them all on the same day. Could we have some idea of who might be here on the tenth, who might be here on the eleventh and who might be here on the twelfth? If so, some of us might adjust our schedules.

**Senator Bélisle:** We would like to oblige the honourable senator, but it is nearly an impossibility to give him that precise information. We are still in communication with the witnesses I have mentioned. Because the negotiation of the time and the date will be done by the Clerk Assistant, I do not think that we can be more precise.

**Senator Molgat:** I presume that next week the Senate will not be sitting. In view of that fact, I would ask that our offices be informed as quickly as possible, once the committee has even a tentative schedule, so that we can make our plans.

**Senator Bélisle:** I think that is a very good suggestion. As soon as the Clerk Assistant has some confirmation of who will appear and when, we will ask him to communicate with the chairman of the Standing Senate Committee on Fisheries.

Motion agreed to.

## ADJOURNMENT

Leave having been given to revert to Notices of Motions:

**Hon. Nathan Nurgitz:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 10th March, 1987, at 2 o'clock in the afternoon.

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

**Hon. Senators:** Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, March 10, 1987, at 2 p.m.

# THE SENATE

**Tuesday, March 10, 1987**

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

Prayers.

## ESTONIA

SIXTY-NINTH ANNIVERSARY OF PROCLAMATION OF INDEPENDENCE

**Hon. Rhéal Bélisle:** Honourable senators, February 24 was Estonian Independence Day. In speaking to this matter, I believe my remarks will receive the unanimous support of the Senate, because they are made in recognition of the sixty-ninth anniversary of Estonian independence, and in gratitude to the thousands of Canadians of Estonian origin for the valuable contribution which they have made to the greater good of Canada, and in support of their continuing efforts to achieve freedom for their homeland.

As you know, Estonia is one of those Baltic nations that became a victim of the Hitler-Stalin Nazi-Communist alliance of 1939-1941. The principles of both totalitarian systems were, of course, the same; so it is no wonder that the people of Estonia are now the victims of a Soviet campaign to deprive them of their national independence through directives against the Estonian language and culture.

**Hon. Senators:** Hear, hear!

## PARLIAMENT

THE ESTIMATES, 1987-88—PARLIAMENT VOTE 10—REFERRAL TO JOINT COMMITTEE—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Monday, March 2, 1987

ORDERED,—That Parliament Vote 10, for the fiscal year ending March 31, 1988, be referred to the Standing Joint Committee on Parliament; and

That a Message be sent to the Senate to acquaint Their Honours thereof.

ATTEST

Michael B. Kirby
for *The Clerk of the House of Commons*

[*Translation*]

## OFFICIAL LANGUAGES

THE ESTIMATES, 1987-88—PRIVY COUNCIL VOTE 15—REFERRAL TO JOINT COMMITTEE—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Monday, March 2, 1987

ORDERED,—That Privy Council Vote 15, for the fiscal year ending March 31, 1988, be referred to the Standing Joint Committee on Official Languages; and

That a Message be sent to the Senate to acquaint Their Honours thereof.

ATTEST

Michael B. Kirby
for *The Clerk of the House of Commons*

[*English*]

## CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION BILL

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-6, to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on offshore petroleum resource management and revenue sharing and to make related and consequential amendments.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

## CANADA SHIPPING ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-39, to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and

the Oil and Gas Production and Conservation Act in consequence thereof.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

## PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-12, to amend the Prairie Grain Advance Payments Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF JOINT COMMITTEE TABLED AND PRINTED AS APPENDIX

**Hon. Nathan Nurgitz:** Honourable senators, I have the honour to table the Third Report of the Standing Joint Committee on Regulations and other Statutory Instruments respecting a proposed motion to the House of Commons that the Fruits, Vegetables and Honey Regulations be revoked. This proposed motion is made pursuant to Standing Order 44 of the House of Commons. The report is being tabled in the Senate for the information of this house.

I ask that this report be printed as an appendix to *Debates of the Senate* and *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix, p. 581.*)

## TURKS AND CAICOS ISLANDS

UNION OR ASSOCIATION WITH CANADA—NOTICE OF INQUIRY

**Hon. Hazen Argue:** Honourable senators, I give notice, seconded by the Honourable Senator Macquarrie, that on Thursday next, March 12, 1987, I will call the attention of the Senate to the desirability and advantages of the Turks and Caicos Islands becoming a part of Canada; the support for such action amongst Turks and Caicos Islanders and Canadians; and whether any of the following steps might be usefully taken prior to a formal union or association:

(1) adoption of a common currency;

(2) designation of Canada's Governor General as the Queen's representative for the islands;

(3) a closer economic association between the two countries;

(4) any change in procedures to our mutual advantage, that would assist the entry of Canadians to the Islands, and of Islanders to Canada; and

(5) provision of efficient direct air service between the two countries.

## THE ESTIMATES, 1987-88

REFERRED TO NATIONAL FINANCE COMMITTEE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Estimates for the fiscal year ending the 31st March, 1988.

**The Hon. the Speaker:** Honourable senators, is it your pleasure to adopt the motion?

**Hon. Senators:** Agreed.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Is there some significance to be attached to the use of the words "the expenditures set out in the estimates"? Are the estimates not automatically referred to the Standing Senate Committee on National Finance?

**Senator Doody:** Not to my knowledge. My recollection is that we have referred them each year since I have been here, but I am subject to correction.

**Senator Frith:** Well, we can be doubly sure.

**Senator Doody:** We can look into the matter later, but in the meantime they have been referred.

Motion agreed to.

SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) for the fiscal year ending the 31st March, 1988 (Sessional Paper 332-233.)

Motion agreed to.

## OFFICIAL LANGUAGES

THE ESTIMATES, 1987-88—PRIVY COUNCIL VOTE 15 REFERRED TO JOINT COMMITTEE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Joint Committee on Official Languages be authorized to examine the expenditures set out in Privy Council Vote 15 of the Estimates for the fiscal year ending the 31st March 1988; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

## NATIONAL DEFENCE

APPOINTMENT OF SPECIAL COMMITTEE—NOTICE OF MOTION

**Hon. Paul C. Lafond:** Honourable senators, I give notice that on Thursday next, March 12, 1987, I will move:

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

That 12 senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;

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

That the Committee report to the Senate no later than 15th December 1987.

## FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. George van Roggen:** Honourable senators, before I move my motion, may I be permitted to say that if you act on Senator Argue's inquiry, I trust it will be referred to my committee, with instructions to examine the matter on site!

**Senator Doody:** Will you be back in time?

**Senator van Roggen:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

[Senator Doody.]

• (1410)

# QUESTION PERIOD

[*English*]

## SUPREME COURT OF CANADA

APPOINTMENT OF REPLACEMENT FOR THE LATE MR. JUSTICE CHOUINARD

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I ask the Leader of the Government in the Senate whether Quebec is being consulted with regard to the filling of the vacancy in the Supreme Court of Canada caused by the untimely and unfortunate death of Mr. Justice Chouinard and, if so, what form that consultation will take. If there is such consultation, will the appointment be subject to Quebec government approval?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the answer to the last part of the question is in the negative. We do not propose to attempt to change the Constitution or set a constitutional precedent on the basis of this appointment. With regard to the earlier part of the question, I can only say that I have received some representations on this matter from the Honourable Gil Remillard, the Quebec minister, and that I am confident that there will be some discussions between the appropriate ministers in Ottawa and Quebec City before any appointment is announced.

**Senator Frith:** That, then, takes care of the first and third parts of the question. As to the second part, do I take it that we will be advised as to the particular form these consultations will take? As I understand the answer given by the Leader of the Government, he is confident that there will be such consultations. Can he tell us in any more detail whether consultations will take place between the Prime Minister and the Premier, between the federal and provincial justice departments, or between his department and the analogous one in the province of Quebec? What form will those consultations take?

**Senator Murray:** Honourable senators, they could take the form of one or several telephone conversations. The consultation could take place either between the Minister of Justice in Ottawa and his Quebec counterpart or the Prime Minister of Canada and the Premier of Quebec. It could take place at either or both levels, but I am confident that there will be some discussions on this matter, if there have not been already, between the appropriate ministers here and those in Quebec.

**Senator Frith:** I take it from what the government leader has said that the form of communication will be by telephone.

**Senator Murray:** It could be by telephone or it could be in the course of a personal meeting. Not infrequently, ministers meet or are in touch with each other and First Ministers meet or are in touch with each other. Continuing consultations and discussions go on between ministers of the federal and provin-

cial governments on a range of subjects. As I say, I am sure that there will be some discussions on this matter if, indeed, those discussions have not already taken place. I have already had that undertaking from the federal Minister of Justice, who told me some time ago that he intended to speak to Mr. Marx about the matter.

**Senator Frith:** But should we infer from the answers given that the form will be conversational rather than documentary? The government leader seems to be avoiding reference to documentary exchanges and speaks of telephone conversations and meetings. I have no quarrel with that. I simply want to understand whether there is some connection between that answer and the answer to the first part of the question; namely, that in the view of the government, documentary or more formal exchanges might create a constitutional precedent.

**Senator Murray:** Honourable senators, I think I can cover the matter by saying that the discussions are quite informal.

## EXTERNAL AFFAIRS

### PROPOSED CLOSING OF CANADIAN EMBASSY IN HELSINKI, FINLAND—REQUEST FOR RECONSIDERATION

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have another question for the Leader of the Government in the Senate. I refer to the plan to close the Canadian embassy in Finland. I hope that the government will review that decision and will take into account the fact that there is a significant segment of the Canadian population that has Finland as its homeland, either directly or ancestrally. Finland is also, in some respects, the most northerly country in the world, and we have much to share with the Finnish people in terms of the management of resources, technology and other matters of common concern.

I believe that the people of Finland have been hurt by the suggestion that Canada proposes to close its embassy in that country. Those honourable senators who are familiar with the history of Finland will know that for some time the Finnish language was not very widely used. Swedish was the language of business, academe and society. It was not fashionable to use Finnish. Of course, now that has changed. Because of that background, the suggestion that Finland will be served by our embassy in Stockholm indicates some insensitivity, especially in light of that linguistic conflict. That fact had something to do with the recommendation of the Royal Commission on Bilingualism and Biculturalism because, of all of the bilingual countries studied, the recommendation made for Canada was closely based on the Finnish solution rather than on the Belgian or other systems. There is also the fact—which may be a minor factor—that the location of the Canadian embassy in Helsinki—the one we presently have—is particularly advantageous, and if we close it, any future government could not hope to find its equal.

There is also the fact that Helsinki, Finland, is a sort of meeting point between East and West and, I would have thought, gives particular opportunities for exchanges between the East and the West, between the Soviet Union and eastern and western Europe.

Therefore, I hope that the negative impact which the suggestion will have on Finland, the Nordic nations, and also on our allies and friends in Europe, will encourage the government to reconsider its plan to close our embassy in Finland; and I ask the Leader of the Government to make representations to that effect.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will undertake to convey the representation of the Deputy Leader of the Opposition to the Secretary of State for External Affairs.

**Senator Frith:** But without a smile.

## INTERNATIONAL RELATIONS

### JOINT COMMITTEE REPORT—GOVERNMENT ACTION RE RECOMMENDATIONS ON MILITARY AGREEMENTS

**Hon. H.A. Olson:** Honourable senators, I should like to address a question to the Leader of the Government. May I say at the outset that I should have given him notice, and if he wishes to take the question as notice, I will be quite happy if he can provide me with a reply perhaps by the end of this week.

My question concerns the Joint Committee on International Relations. It is now several months since the committee submitted its report, and I am curious as to what the government's response will be concerning some of the committee's findings and recommendations respecting military agreements, and so on. I believe the committee dealt with cruise missile testing and related matters. I would like to know when the government is going to respond to the committee's report.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I had thought that the government had tabled a response to the recommendations contained in the report. However, I will attempt to confirm that.

**Senator Olson:** Honourable senators, I appreciate the Leader of the Government's comment. I did not expect him to do my homework for me, and if I have done it badly, then I apologize. I would like to have a copy of the report if it exists, because in the past few days I have received quite a lot of correspondence asking for the government's response. If it is already in existence, then that is great.

## CANADA-UNITED STATES RELATIONS

### CANADIAN STANCE ON ACID RAIN—COMMENTS BY U.S. INTERIOR SECRETARY

**Hon. Sidney L. Buckwold:** Honourable senators, I have a question for the Leader of the Government. I was astounded to read the following article in the *Wall Street Journal* of February 12. I am sorry that the question is being asked at this

late date. The headline reads: "Hodel Assails Canada's Stance On Energy Issue".

• (1420)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** What was the name?

**Senator Buckwold**: Hodel, H-O-D-E-L. I would like to read some excerpts from this article. I think they will astound you, as they did me. They will lead to one or two questions. The article is from Washington and begins:

> Interior Secretary—

Which is a senior cabinet position in the U.S. Government.

> —Donald Hodel suggested that Canadians are advocating strong U.S. controls on acid rain and oppose oil development in an Alaskan refuge in order to make the U.S. more dependent on Canadian energy.
>
> Mr. Hodel, meeting with reporters yesterday, called it 'astonishing' that Canada had opposed oil exploration and development in the Arctic National Wildlife Refuge, adjacent to Canada on Alaska's North Slope. Canada's opposition, he said, continues a history in which 'Canadians have abused' their influence in the U.S. 'for what I think is the furtherance of their own economic activity.'

I shall read two more paragraphs out of this long article.

> The secretary described Canadians' [sic] pressure for tighter U.S. acid-rain controls as 'their efforts to make it more costly and difficult to generate electricity in the U.S.' Tough restrictions on U.S. electric plants, he said, would 'have the effect, whether it was their intention or not, of increasing the potential market for excess Canadian electricity in the U.S.'
>
> 'I hope,' Mr. Hodel concluded, 'that the U.S. isn't so naive and foolish that we fall for that kind of doublespeak.'

The article also includes a comment by Jim Wright, head of the Environment Section of the Canadian Embassy:

> Jim Wright . . . dismissed Secretary Hodel's comments as part of a 'conspiracy theory.' While calling the theory 'ridiculous,' he said 'it is of concern to us when we hear it from senior representatives of the U.S. government.'

That is a very important statement by a senior official of the American government. I may have missed it, but I have not read anything in the Canadian papers on this matter. I have a series of questions that I would like to ask:

First, how are such statements by an American cabinet minister consistent with the impression given by the Government of Canada that a high level of understanding and cooperation exists between our two countries?

Second, has the Canadian government made a statement, other than the mild statement I have just read, refuting these inflamatory remarks?

Third, what other action has Canada taken?

[Senator Buckwold.]

Fourth, will this matter be discussed with President Reagan when he comes to Canada on April 5? I believe that this is a very serious statement and one which completely refutes the government's position on the very great cooperation that exists between our two countries. I am very interested in the response of the leader.

**Senator Murray:** Honourable senators, my friend has asked four questions. I believe that the fourth question was whether or not this matter will be on the agenda for the summit between the Prime Minister and President Reagan. The answer is yes, that acid rain will be a very important item on the agenda for those discussions.

Another question was about whether a Canadian response, other than the statement attributed to one of our embassy officials, had been made. Speaking from memory, I believe that one, if not several ministers of the Crown replied publicly to the statement made by the U.S. Interior Secretary.

Finally, I simply say that President Reagan has given certain undertakings on behalf of the United States with regard to acid rain, and Canada expects that those undertakings will be honoured.

**Senator Buckwold:** Honourable senators, I have a supplementary. I did not get an answer to the first question, which was probably the most important, and that was whether this statement is consistent with the impression given by the Government of Canada that a high level of understanding and cooperation exists between our two countries. That statement is still coming through as part of the government propaganda; that all is well between us and that we will solve all our problems. I have had no response to that question.

My supplementary question is: Could we get from the Leader of the Government in the Senate, if possible, a copy of the statements that he suggests have been made by Canadian ministers?

**Senator Murray:** Honourable senators, I will obtain copies of any statements that have been made by Canadian ministers on this subject.

As to whether the statements by the Interior Secretary are consistent with a high level of understanding, et cetera, the government regards those statements, as well as statements made latterly by the United States senator, as aberrations.

**Senator MacEachen:** That is what Senator Tower found—a big aberration!

## AGRICULTURE

### MORATORIUM ON FARM CREDIT CORPORATION LOANS— REQUEST FOR ANSWER

**Hon. Hazen Argue:** Honourable senators, I have a question for the Leader of the Government in the Senate. On February 17 last I raised a question as to whether or not the moratorium on debts or mortgages held by the Farm Credit Corporation would be continued. I do not know if a response has since been given to that question. In any event, at the time I asked it the

minister was kind enough to say he would make all possible inquiries.

I state again that I think this matter is of great importance. I think it is urgent and important that the moratorium now exercised by the Farm Credit Corporation be continued.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my colleague, the Deputy Leader of the Government, will table later today a reply to the honourable senator's question of February 17.

**Senator Argue:** Honourable senators, perhaps when I have heard the answer, I will make a comment if I think it is appropriate.

### FARM DEBT—GOVERNMENT ACTION

**Hon. Hazen Argue:** Honourable senators, I have a further question in the same general area, and I ask it because within the last couple of weeks I have spent a great deal of time travelling from community to community within Saskatchewan and Manitoba and can say to honourable senators that there is great fear and consternation out there. There is trouble in the agricultural sector. I think it can generally be said that farmers on the prairies are disturbed that the debt review panels now being assembled have no power to write down debts, no power to reschedule the debt load and thereby give existing farmers a second chance to buy their farms.

Therefore, honourable senators, my question is: Is the government giving any consideration to the introduction of legislation at an early date that would contain within it the authority to have farm interest rates and debts reduced and rescheduled on an individual farm debt basis? In other words, is the government taking, or likely to take, any real action to protect the farmers on their own farms, a great majority of whom are young farmers and who are the best educated and most efficient farmers that have ever farmed in this country?

● (1430)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the debt review panel to which the honourable senator has referred has just been set up. Frankly, I do not have sufficient information before me today to say whether they do or do not have sufficient authority to act effectively in the interest of farmers who are, admittedly, facing difficult circumstances, but I can say that no legislation of the kind spoken of by the honourable senator is contemplated for the immediate future.

## HUMAN RIGHTS

### JAPANESE CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION

**Hon. Jerahmiel S. Grafstein:** Honourable senators, could I ask the Leader of the Government in the Senate to inform the Senate whether the government has made any progress towards keeping Mr. Mulroney's election promise to apologize to and to compensate Canadian citizens of Japanese origin for acts done by the government during and following World War II?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, that matter is still under consideration.

## INTERNATIONAL FINANCE

### BRAZIL—SUSPENSION OF PAYMENTS ON BANK DEBTS

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, may I ask the Leader of the Government a question with respect to the recent decision of the Government of Brazil to suspend payments on its very large debt to various banks throughout the world?

The Minister of Finance of Brazil has visited many capitals of the world recently, and I wonder if the Leader of the Government can throw any light on the reason Mr. Funaro has not visited Ottawa, in view of Canada's considerable exposure in Brazil.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will have to make inquiries.

**Senator MacEachen:** Honourable senators, I would appreciate it if the Leader of the Government, in making his inquiries, could find out whether Mr. Funaro expressed any interest in coming to Ottawa, or whether we expressed any interest in seeing him.

Further to my first question, I ask whether the Government of Canada has expressed any views to the Government of Brazil with respect to the implications of its decision to suspend its payments on its debt.

**Senator Murray:** Those are very interesting questions, honourable senators, and I shall try to obtain answers to them in a short time.

**Senator Frith:** You never get an answer to an interesting question, just a compliment on its being interesting.

### CANCELLATION OF DEBTS

**Hon. Philippe Deane Gigantès:** Honourable senators, I should like to ask the Leader of the Government in the Senate whether any consideration has been given to the advisability of cancelling the debts, not necessarily the debt owed by Brazil but the debts owed by nations even less able to repay, because it is difficult to grasp why each year we give more money to a country to pay interest on money it owes Canada which it may never be able to repay. We thereby increase that country's debt each year, make its recovery more difficult, and make the losses suffered by our banks even greater.

This may be some sort of accounting or banking econography, and it may be sacrilege to ask this question, but I wonder if somebody has asked why we are throwing good money after bad, when the best thing to do is cancel those debts, leave those poor countries alone, and not give them any more money.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do believe that insofar as the government is concerned, CIDA did effectively write off a number of debts which had been incurred by some of the poorer countries some time ago.

Insofar as the chartered banks are concerned, I suggest that the honourable senator take his representations to the next shareholders' meeting and make them there.

**Senator Gigantès:** Has the government carried out a study that would enlighten us on what the financial consequences for the banks—which are our banks; all of us have a deposit somewhere or another—would be if they followed the tack I suggested, regardless of what the shareholders might think?

I am not suggesting that that solution be imposed on the banks, but has the matter been studied and, if so, could we have some figures?

**Senator Murray:** Honourable senators, I should like to draw my honourable friend's attention to the excellent work being done by the Standing Senate Committee on Foreign Affairs, which is now studying the very problem of the international debt situation and is in the process, I believe, of drafting a report.

**Hon. George van Roggen:** If I may be permitted to interject; we are currently working on our report, and when it is tabled the answers to all of the difficult questions raised by Senator Gigantès will be revealed.

**Some Hon. Senators:** Hear, hear!

**Senator Gigantès:** Could the Senate have a promise from the Leader of the Government that when this excellent report appears it will not be stolen by the House of Commons, as was the report of the Senate Committee on Banking, Trade and Commerce on financial institutions? It does not really matter if it is stolen, as long as they use it!

**Senator Murray:** I fervently hope so.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have delayed answers to a number of questions. I will follow the usual pattern and identify the question, and if an honourable senator wants me to read it, I will do so; otherwise, I will ask that it be printed as part of today's proceedings.

## INDUSTRY

NOVA SCOTIA—POSSIBLE MANUFACTURE AND EXPORT OF ARMAMENTS BY WEST GERMAN COMPANY FROM PROPOSED PLANT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, a question was raised in the Senate on December 16, 1986, by Senator MacEachen regarding Industry—Nova Scotia—Possible Manufacture and Export of Armaments by West German Company from Proposed Plant.



(*The answer follows:*)

Thyssen originally inquired about government policies and programs in the context of a possible venture in Cape Breton.

After receipt of this information, Thyssen has chosen not to further pursue the establishment of an industrial complex in Cape Breton and has not pursued its request for export permits.

## INTERNATIONAL TRADE

FOOTWEAR—REMOVAL OF IMPORT QUOTAS—GOVERNMENT ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, a question was raised in the Senate on December 17, 1986 by Senator Bosa regarding International Trade—Footwear—Removal of Import Quotas—Government Action.

(*The answer follows:*)

The government has no intention of abandoning its current policy with respect to footwear imports, which was announced by the Minister for International Trade in the House of Commons on November 20, 1985. The current policy calls for the phase-out of import quotas on women's and girls' footwear by the end of November 1988. Import quotas on all other types of footwear were removed on December 1, 1985.

The government anticipated that a surge in imports would likely take place, but that the situation in the market would stabilize. While imports increased significantly in 1986, it is impossible to give any precise analysis of the impact this has had on Canadian production and employment. Much of the increase in imports has been in those types of footwear which do not compete directly with Canadian industry. Also, layoffs in the industry cannot be exclusively attributable to increased imports. Nevertheless, the Canadian government is concerned over the sharp increase in the level of imports into the Canadian market. Steps are being taken to have further consultations with the principal suppliers of footwear to the Canadian market. These suppliers will be asked to exercise increased discipline on their shipments to Canada, to ensure that the recent surge in imports will not continue. Indeed, measures have been taken by Taiwan to reverse the recent trend in that supplier's exports of footwear to the Canadian market.

It is important to clarify a misunderstanding which may have arisen over statistical data put forward by the honourable senator. Reference is made, for example, to an increase of up to 350 per cent in the quantity of women's and girls' leather footwear imported into Canada. Women's and girls' footwear are still covered by import quotas and will remain covered until the end of November

1988. On the basis of preliminary statistical information, overall imports of footwear in 1986 were up by some 54 per cent, compared with the previous year. In the case of women's and girls' leather shoes and sandals, imports actually declined in 1986. As the honourable senator pointed out, the price of imported footwear has increased. This, however, is primarily due to a substantial increase in foreign exchange rates. The consumer price index for footwear increased by only 2 per cent in the year ending November 30, 1986.

## CANADA POST CORPORATION

CLOSING OF RURAL POST OFFICES—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** This delayed answer is in response to a question raised in the Senate on February 3, 1987, by Senator Bonnell regarding Canada Post Corporation—Closing of Rural Post Offices—Government Policy.

(*The answer follows:*)

Yes, senators will be consulted before any post office is affected in their community. Canada Post has made a commitment to provide a 90-day period for consultation with a community before making any change to the way postal service is provided within that community.

The consultative period will be used to ensure that customers have an opportunity to suggest the type of service alternatives they would like, thereby allowing the corporation to increase the cost effectiveness of its services while responding to customer interests.

Canada Post has already indicated that no post office amalgamations are planned for the time being. The corporate plan tabled in November, 1986, indicated that Canada Post intends to work more closely with the private sector to increase the number of postal outlets in Canada, and the accessibility of these outlets.

## CANADA-UNITED STATES RELATIONS

BILATERAL TRADE—RESTRICTION ON EXPORT OF CANADIAN RAW CEDAR LOGS

**Hon. C. William Doody (Deputy Leader of the Government):** This delayed answer is in response to a question raised in the Senate on February 4, 1987, by Senator van Roggen regarding Canada-United States Relations—Bilateral Trade—Restriction on Export of Canadian Raw Cedar Logs.

(*The answer follows:*)

Canadian exports of logs and pulpwood of all species are controlled to all destinations. With respect to red cedar logs, the government's policy has been to generally deny exports. On June 16, 1986, red cedar blocks and bolts were added to the Export Control List. Exports of red cedar logs to the United States have been prohibited since mid-June, 1986. The government has no intention of relaxing the export controls on red cedar logs at this time.

## DRUG TRAFFICKING

COASTAL PROTECTION—GOVERNMENT ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer to a question asked in the Senate on February 11 last by Senator Bonnell regarding Drug Trafficking—Coastal Protection—Government Action.

(*The answer follows:*)

The Canadian Government has the situation well in control. As lead agency in drug law enforcement, the RCMP is very much aware of the drug problem on the East Coast and has taken steps to increase its effectiveness in the area. One of its innovative programs is Coastal Watch; that involves citizens along the coast reporting suspicious vessel activity to the RCMP.

The RCMP has had excellent cooperation and operational support from National Defence, the Canadian Coast Guard and the Department of Fisheries and Oceans. Of the 11 major RCMP drug operations which occurred between 1974 and 1986, the Canadian Coast Guard assisted once and National Defence and Fisheries and Oceans each assisted twice.

## INDUSTRY

AWARDING OF CF-5 CONTRACT TO BRISTOL AEROSPACE LTD.—STATUS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer to a question asked in the Senate on February 17 last by Senator Guay regarding Industry—Awarding of CF-5 Contract to Bristol Aerospace Ltd.—Status.

(*The answer follows:*)

The announcement made by the Government on January 21, 1987 stated the intention to establish Bristol Aerospace as the principal industrial support centre for CF-5 aircraft. The decision provided for industrial support activities to be transferred to Bristol over a three-year period and was subject to satisfactory completion of negotiations on individual contracts as they arise.

There have been meetings between officials of Bristol Aerospace, Canadair and the government. Both contractors are fully aware of what is going on and are participating in the planning phases. Individual contracts will be negotiated as they arise and the target date agreed to by Bristol for a first contract is about April 1, 1987. Any media report suggesting that nothing has been heard by the company since the initial government announcement is inaccurate.

## AGRICULTURE

MORATORIUM ON FARM CREDIT CORPORATION LOANS

**Hon. C. William Doody (Deputy Leader of the Government):** This answer is in response to a question raised in the

Senate on February 17, 1987, by Senator Argue regarding Agriculture—Moratorim on Farm Credit Corporation Loans.

**Hon. Hazen Argue:** Would you read that, please?

**Senator Doody:** Certainly. The answer reads as follows:

> When the moratorium was announced by the Minister of Agriculture in the fall of 1985, he indicated that its lifting would be dependent on a number of factors. One of those was that the farm debt review boards had to be fully operational.
>
> As of very recently, the boards are all established. The Minister of Agriculture will carefully assess the situation and the potential workload which could be created for the review boards before he sets a date for the lifting.
>
> The Minister expressed the same concerns as Senator Argue with regard to the timing for the farmers who are going to be affected by this action.
>
> This matter is receiving the careful attention of the Minister of Agriculture and he should shortly be in a position to announce his decision on this very important matter.

**Senator Argue:** Honourable senators, I listened carefully to the reply given to my question asking for assurances that the moratorium with regard to Farm Credit Corporation mortgages should be continued indefinitely. I hear from the answer that the moratorium is likely to be lifted as soon as the Minister of Agriculture believes that the debt review panels are operating.

I want to say in the strongest possible way that that is very, very bad news for farmers in western Canada with Farm Credit Corporation mortgages.

Some of those mortgages today carry an interest rate of 14 per cent against large sums of money borrowed for the purpose of buying land some three, four or five years ago.

The minister was frank in telling the house a few minutes ago that the government does not have in the works the idea or the intention to introduce at an early date legislation that would have teeth to deal with this terrible debt problem. It is hard for me to ask a supplementary question following from that kind of rather specific, but still frightening, answer. Nevertheless, my question is: Is there any committee of the cabinet that is dealing on a continuing basis with this severe debt problem? I want to tell the minister that if the government removes the moratorium, there will be large numbers of farmers who will be taking action to do all they can to make certain that new tenants, or alleged new owners, do not remove them from their tractors so that prospective new owners may have difficulty getting possession of the farm.

The sentiment is out there and it is very clear. There are farmer committees in place that are prepared, whenever farmers carrying a Farm Credit Corporation mortgage, or any other mortgage from any other financial institution, are being threatened with foreclosure to the point that they are afraid that others may move in on them and take their farm, to assist the present owners to continue their operations. I am just bringing that information to the minister—and it has been on every television station in western Canada off and on now for a number of weeks.

I would appreciate it if the minister has a response, although Question Period, I understand, has concluded. It is raised as a supplementary to the question I have already asked.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am not sure what the question was.

**Senator Argue:** I made it pretty clear: Is there any committee of the cabinet that is continuing to deal with this emergency problem that is out there, or has the cabinet come to the conclusion to—as the minister has already said—"let the debt review panels be established, forget about further legislation and see what happens"? Is that the position of the government, or is there a committee that has a finger on the question today?

**Senator Murray:** Honourable senators, any decision on the part of the government to introduce legislation on this, or any other matter, will be announced in the usual way. I have no such announcement to make today; no such decision has been made. I have already conveyed that information to the honourable senator.

With regard to the cabinet process, he knows as well as I do that there is a Cabinet Committee on Economic and Regional Development that deals with agriculture on a continuing basis; there is a Cabinet Committee on Priorities and Planning that deals with agriculture on a continuing basis; and there are various committees of officials examining and discussing possible avenues for solutions to the short-term and longer-term problems of agriculture and of the western economies—since I know that it is the western economy that particularly interests my honourable friend. I do not think I can go beyond that.

**Senator Argue:** Well, then, to be a little more specific still, can the minister say whether there is any item on the agenda of the various committees that he has referred to that would likely amount or lead to a discussion on this emergency problem that exists, or is that item not on the agenda?

**Senator Murray:** Honourable senators, my friend knows better than to ask for information as to what may or may not be on the agenda of the cabinet and its committees.

**Senator Argue:** Well, with great respect, I used to bring that information into this house on a regular basis, namely, that the cabinet had under consideration various items, and that when a decision was made an announcement would be made. What the minister is saying is that there is no consideration being given.

**Senator Murray:** No, that is not what I said.

**Senator Argue:** But that is what your answer clearly means.

## SHIPBUILDING

### CLASS 8 ICEBREAKER—DESIGN—CANADIAN ICEBREAKER TECHNOLOGY—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** This answer is in response to a question raised in the

Senate on February 18, 1987, by Senator Marsden regarding Shipbuilding—Class 8 Icebreaker—Design—Canadian Icebreaker Technology—Government Policy.

(*The answer follows:*)

The design of the Arctic Class 8 Icebreaker (Polar 8 Icebreaker Project) will be developed based on specific requirements included in the detailed Statement of Requirements for the icebreaker. It will be Canadian and state-of-the-art technology will be utilized. The designer will be required to consider technological advances made over a number of years operating experience by the Canadian Coast Guard in all areas of the Canadian archipelago including the Beaufort Sea. Also considered will be recent successful developments in icebreaker bow forms developed at Government expense such as that for the M.V. "Arctic" and a new improved icebreaker bow proposed for the "St. Laurent".

In addition, the AC/AC electrical propulsion system under consideraton in the design is globally accepted as state-of-the-art for "Polar" type icebreakers as evidenced by their preferred use by USSR, Finland, Germany, Argentina, Japan, Sweden, and by the U.S. in their consideration of new Polar class icebreakers. Substantial pioneering and development was made by the Canadian Coast Guard during the nuclear icebreaker design iteration and a system was designed which was the forerunner for systems now enjoying global popularity and which have been installed in the most recent six Coast Guard icebreakers.

The operating requirements of the new Arctic Class 8 icebreaker are very demanding and will present a real challenge to the selected designer. The Government is committed to designing and building the ship in Canada. Canadian content and industrial benefits will be known in greater detail when the project definition stage is concluded.

## HEALTH AND WELFARE

### ACQUIRED IMMUNE DEFICIENCY SYNDROME—GOVERNMENT ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, this answer is in response to a question raised in the Senate on February 18, 1987 by Senator Haidasz with respect to government action regarding acquired immune deficiency syndrome.

(*The answer follows:*)

The Government of Canada response to the AIDS problem dates back to 1982-83 after the first Canadian case was diagnosed. At that time, five actions were undertaken:

—establishment of the National Advisory Committee on AIDS to advise the Minister of National Health and Welfare on all aspects of management, control and prevention of AIDS;

—funding arrangements for research projects through the National Health Research and Development Program and the Medical Research Council, involving special off-cycle peer review arrangements with the National Advisory Committee to ensure prompt funding;

—establishment of national surveillance systems for AIDS cases in Canada, and for health care workers accidentally exposed to contaminated blood or other substances;

—special funding amounting to $400,000 per year for the establishment of basic capability for Human Immunodeficiency Virus (HIV) isolation and culture, and for the development and evaluation of diagnostic techniques;

—the preparation and dissemination of a public education brochure entitled "AIDS in Canada: What You Should Know", and the publication of technical and professional guidelines and information on AIDS.

In the fiscal year 1982-83 through 1985-86, these activities involved expenditures of $2.7 million. In the Laboratory Centre for Disease Control (LCDC), a small staff group was established to deal with the issue.

The long incubation period of the AIDS virus meant that the dimensions of the virus infection and its eventual consequences were only gradually understood by the scientific community. In the fall of 1985, the National Advisory Committee on AIDS recommended the development of a more comprehensive and intensive program to respond to the problem. This recommendation was given effect in the National AIDS Program implemented by the Minister on May 1, 1986.

The National AIDS Program is a five-year, $39 million undertaking that comprises the following elements:

—Research—The National Health Research and Development Program (NHRDP) provides support to extramural researchers working on AIDS. This effort is supplemented by in-house research activities in LCDC.

—Public and Professional Education—The Canadian Public Health Association is mounting a Canada-wide education and awareness program for the general public, target population groups and professionals in all personal service sectors.

—Support for Community-Based AIDS Organizations—Community organizations play a vital role in providing education and services to high risk groups and persons with AIDS. They are supported through the Health Promotion Contribution Program.

—Enhancement of Diagnostic Capability in Canada—The Department is contributing to the development of the Human Immunodeficiency Virus (HIV) isolation and culture facilities and services in Canada,

including the training of technological personnel. LCDC also develops and tests diagnostic tests and reagents for HIV infection.

—The National AIDS Centre—Located in LCDC, this Departmental coordination centre maintains surveillance systems on AIDS cases in Canada and accidental exposure to HIV among health care workers and others, promotes collaboration among government, non-government and private sector organizations and serves as a source of technical and scientific information on AIDS.

—The National Advisory Committee on AIDS (NAC-AIDS)—Now in its fourth year, NAC-AIDS provides expert advice and recommendations to the Minister on the whole spectrum of AIDS issues. The Chairman is Dr. Norbert Gilmore, Royal Victoria Hospital, Montreal. The secretariat is provided by the National AIDS Centre.

—The Federal-Provincial-Territorial Ad Hoc Committee on AIDS—This forum provides a means of planning and coordinating the activities of both levels of government, to ensure consistency and effectiveness of response.

In May 1986, the Standing Committee on National Health and Welfare of the House of Commons issued a report on AIDS in Canada, and made several recommendations for national action. The Department's response to the report was tabled in September.

Highlights of the National AIDS Program to date include:

—Arrangements for the availability in Canada of azidothymidine (AZT) for treatment of AIDS patients and related research;

—enhancement of virus laboratory facilities in British Columbia, Alberta, Manitoba, Quebec and Nova Scotia (Ontario still under discussion), and training of laboratory personnel;

—a special solicitation of AIDS research, which resulted in 54 new research proposals submitted for review. The review is not yet complete, but 17 have so far been recommended for support;

—funding for twelve community-based AIDS organizations across Canada, and full developmental support to the Canadian AIDS Society, a new national non-government organization.

Numerous other activities and projects have been completed.

## INDIAN AFFAIRS

### TOBIQUE INDIAN BAND LAND CLAIM—REQUEST FOR APPOINTMENT OF IMPARTIAL NEGOTIATORS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, this answer is in response to a question raised in the Senate on December 19, 1986, by Senator Corbin, regarding Indian Affairs—Tobique Indian Band Land Claim—Request for Appointment of Impartial negotiators.

[*Translation*]

(*The answer follows:*)

In 1892 the Tobique Indian Band ceded its rights to 12,000 acres of land to the Crown. In keeping with established procedures, any cession must be submitted to the Governor in Council for approval. However no order in council authorizing this cession has been found. It would seem that this cession was never submitted for Governor in Council approval since, allegedly, a law clerk advised the officials of the Department of Indian Affairs that no cession of rights was required because the lands involved had been sold under the terms of legislation predating Confederation.

Having considered the facts, the government has agreed to negotiate compensation for any prejudice the band might have suffered as a result of delays in the approval of the cession.

The lands in question were sold before and after Confederation, and the proceeds paid into the account of the Tobique Band. The Band now wants to be given back the lands on which part of the City of Perth, New Brunswick, is now located. Otherwise the Band requests compensation in the form of a payment based on the real value of all lands before services were installed, as well as damages for lost use of such lands since 1892 and special rights of an economic or other nature related to these lands, including riparian rights.

The Band claim covers the total area of 12,000 acres. The government maintains that, although there is reason to believe all such lands were alienated before Confederation, some doubt remains concerning the alienation of about 10,000 acres. A study of facts concerning cessions made before Confederation is almost complete. The band will be informed of the inclusions and will be able to take part in preparing questions for consideration by the Department of Justice which is to examine this issue.

The Minister is now consulting with Cabinet on the kind of compensation to be offered in cases where there is no evidence the band has suffered major losses or damages. The band had released the land for sale and received all income from rental of the land until it was sold. The band was involved in selling the land and was compensated when the land was finally sold. As soon as the Minister and his Cabinet colleagues have agreed on the type of compensation, the band will be informed of the decision.

Meanwhile, counsel for the band and the Government met in late January 1987 to discuss further the nature of the claim and the grounds on which it was based.

This is a particularly complex land claim. Although negotiations have been stopped temporarily, pending an opinion from Cabinet and the outcome of the investigation mentioned earlier, steps have been taken to stabilize progress made on other aspects of this claim.

As for the federal Government's negotiating team, all positions taken so far conform to the guidelines provided and reflect the views of the Department of Indian Affairs and Northern Development and the federal Government.

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• (1440)

[*English*]

## CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION BILL

SECOND READING—DEBATE ADJOURNED

**Hon. C. William Doody (Deputy Leader of the Government)** moved the second reading of Bill C-6, to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on offshore petroleum resource management and revenue sharing and to make related and consequential amendments.

He said: Honourable senators, I take some pleasure in introducing to the Senate, for second reading, Bill C-6, the Atlantic Accord Implementation Bill.

This bill establishes the Government of Canada and the Government of Newfoundland and Labrador as equal partners in the management of offshore oil and gas resources.

Bill C-6 clearly establishes Newfoundland's right to have a significant say and a degree of control over the rich oil and gas resources off its shores. The joint management of the offshore will be achieved through the creation of a joint independent Canada-Newfoundland Offshore Petroleum Board. Bill C-6 empowers the board to make decisions on all matters related to the management of offshore oil and gas resources within the legislative framework established by the two governments.

The creation of the Canada-Newfoundland Offshore Oil and Gas Board under the accord exemplifies this principle of partnership by assigning an equal number of representatives appointed by each government, as well as a chairperson selected by mutual agreement.

Honourable senators, I have the names and a brief statement of qualifications of these board members. If senators are interested, I can read them into the record.

The Government of Canada and the Government of Newfoundland and Labrador will jointly instruct the board on key issues such as the rate and method of exploration and production of petroleum resources.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Will you read those names in at the end?

**Senator Doody:** Yes, or I can do it now while I think of it.

**Senator Frith:** Whenever you like.

**Senator Doody:** To revert to my comment a minute ago with regard to the names of the members of the board, in October 1985 and January 1986 the federal and provincial energy ministers announced the appointment of the full-time and part-time Canada-Newfoundland Offshore Petrolem Board members. The chairman is a gentleman named J.E. Baugh, President of Ted Baugh Resources Limited of Calgary. He is a former senior vice-president of Petrofina Canada Limited, a past governor of the Canadian Petroleum Association and former chairman of its board, as well as a past director of the Canadian Gas Association. He is also a past president of the Petroleum Recovery Institute and Alberta Sulphur Research Limited. He has an engineering degree from the University of Alberta and his term is for seven years.

The vice chairman is Mr. John Fitzgerald, a provincial appointee. Mr. Fitzgerald was Executive Director of the Newfoundland and Labrador Petroleum Directorate. He is a former assistant deputy minister of Intergovernmental Affairs and Energy in the Government of Newfoundland and Labrador. He is a member of the Advisory Council of the Centre for Earth Resources Research and the Institute for Social and Economic Research at Memorial University in St. John's. Mr. Fitzgerald was a member of the provincial government team which negotiated the Atlantic Accord. He is a graduate in engineering of the Nova Scotia Technical College.

Mr. Diego Henao was Director of Evaluations of leasing in offshore Newfoundland and Labrador with the Canada Oil and Gas Lands Administration. Previously he was employed in the petroleum industry for more than 20 years with B.C. Resources and the Colombian Petroleum Company of Bogota, Colombia, as well as other companies. Mr. Henao is a graduate in geology of the National University of Colombia and holds a master's degree in geology from Johns Hopkins University in Baltimore, Maryland. He was a federal government appointee.

• (1450)

Dr. Ross Peters has held various positions at Memorial University in St. John's since 1963, and became Dean of Engineering in 1982. He has served as a consultant for engineering firms and government agencies on ocean engineering and fisheries technology. He was co-chairman of the Environmental Assessment Panel on Potential Northeast Grand Banks Oil Development. He has served on many committees and advisory boards relating to arctic vessel and marine research, as well as fisheries matters. Dr. Peters is a provincial government appointee with a four-year term.

Mr. William Deyell recently retired as Executive Vice-President, Foothills Pipelines (Yukon) Ltd., a NOVA subsidiary. A civil engineer, Mr. Deyell worked for Canadian Bechtel Ltd., and has held several executive positions with NOVA. Mr. Deyell is a federal government appointee and holds a five-year term.

Mrs. Janet Gardiner, a Commerce graduate of Dalhousie University in 1954, is treasurer and director of Chester Dawe Limited and Associated Companies in St. John's. She is a director of the Audit Committee and Executive Compensation Committee of Newfoundland and Labrador Hydro and a director of Mutual Life of Canada. She also serves on the Advisory Board of the Faculty of Business at Memorial University, and is chairman of the Salvation Army's Citizens'

Advisory Board. She is a member of the Provincial Council, Duke of Edinburgh Awards and of the Consultative Committee of the Arts and Culture Centre.

The final member of the board is Mr. John Zwolinski. Mr. Zwolinski was engineering supervisor at Canadian Industries Ltd. in Edmonton from 1952 to 1960. He has held managerial positions with finance, oil and construction companies in the United States. He became projects coordinator of the World Bank Group in Washington, D.C., in 1980. Mr. Zwolinski, a Canadian citizen, planned to retire in 1986 and return to Canada. He now finds himself to be a federal government appointee on that board with a six-year term. Honourable senators, that is the membership of that very prestigious board.

This board will be instructed by both levels of government on key issues such as the rate and method of exploration and the production of petroleum resources. In this way the two levels of government will be able to ensure that the board is kept aware of the primary concerns of each. Similarly, a number of basic board decisions can be reviewed by either government.

In the same spirit of partnership, the accord assigns to the Government of Newfoundland and Labrador the power to make any decisions concerning the system of royalties and other provincial revenues, and applies provincial social legislation to the offshore.

To protect the rights of workers on floating offshore structures, federal legislation governing industrial relations will apply. This reflects the agreement with the province that the intent of the legislation is not to cause any decertification of any union when an offshore structure moves from offshore Newfoundland to offshore Nova Scotia or any other province, or vice-versa.

This management system, which is based on the responsibilities and capabilities of both parties, should serve as a model of cooperation and coordination.

The same basic concept also guides the government's economic position. The Government of Canada grants Newfoundland access to revenues deriving from the exploitation of offshore oil and gas resources. This sharing is possible because the Government of Canada considers oil and gas resources offshore Newfoundland to be the same as land resources. The province will have the right to determine and receive royalities, place taxes on corporate income, levy a provincial sales tax, and collect any other forms of revenue falling within its jurisdiction.

As a result of this bill, Newfoundland will participate in these key resource management decisions, and provincial statutes regarding resource revenues are incorporated by reference in this bill. These important measures are introduced pursuant to federal legislation in an area where the Government of Canada has jurisdiction.

The bill also provides protection for equalization payments to Newfoundland once production has reached a specified level. This protection will ensure that the province is not penalized and that it will be able to benefit from the additional revenue for a period defined in Part V of the bill.

[Senator Doody.]

Honourable senators, this legislation is also designed to improve the economic environment in which the oil industry works and invests. Naturally, there are other factors that influence a favourable investment climate, such as world oil prices, but the government's readiness to support investment projects is also a key factor. By resolving this federal-provincial dispute, eliminating a number of uncertainties, and clarifying the ground rules, the accord is re-establishing a climate of confidence that will encourage industry to pursue exploration and development.

The Government of Canada is convinced that Bill C-6 and the activity that it will generate will contribute to achieving energy self-sufficiency and security of supply in this country.

Honourable senators, another important aspect of this legislation is the establishment of the $300 million offshore development fund. This fund will be used to put in place the infrastructure necessary to ensure that Newfoundland receives the maximum benefits from future petroleum developments, as well as to support needed research and development and education and training. To date $174 million has been committed under the fund: $64 million for education and training; $16 million for research and development, and $94 million for industrial infrastructure. This is out of the $300 million fund of which $225 million is contributed by the Government of Canada and $75 million by the Government of Newfoundland.

To ensure that Newfoundland gets its fair share of economic benefits from hydrocarbon exploration projects, the bill requires each operator to submit a plan for the use of Canadian labour. Subject to specific provisions of the Canadian Charter of Rights and Freedoms, Newfoundlanders will be given priority access to training and employment.

Likewise, priority will be given to Newfoundland services and to goods manufactured in Newfoundland when they are competitive in terms of price, quality and delivery conditions.

This legislation also protects the environment by containing an oil-spill compensation regime. This legislation imposes absolute liability on the oil industry in respect of oil-spill damages or debris and requires the posting of financial security to ensure compensation. Bill C-6 also establishes a committee comprising representatives from federal and provincial governments and the petroleum and fishing industries to monitor the effectiveness of the compensation regime.

The bill also provides for a research fund for environmental studies. We know that oil-related activities often run the risk of upsetting the ecological balance. Governments are determined to take every possible measure to avoid and, in the event of accidents, to repair any environmental damage caused by the offshore development of oil and gas resources.

Bill C-6 incorporates the Canada Petroleum Resources Act, which was Bill C-5 and which was passed in this place not so long ago. In doing so, it implements a new system of oil and gas management providing a consistent regulatory regime throughout Canada's frontier lands.

In conclusion, Mr. Speaker, I should like to quote the Honourable Brian Peckford—

**Senator Frith:** "Mr. Speaker"?

**Senator Doody:** I should be addressing honourable senators. I am sometimes carried back to my previous incarnation.

**Senator Frith:** Especially when the speech is written by someone in the House of Commons.

**Senator Doody:** I wish the honourable senator had not mentioned that.

**Senator Frith:** I was just getting even, since the honourable senator opposite used to do the same to me.

**Senator Doody:** I am absolutely crushed.

In any event, honourable senators and "Mr. Speaker," I would like to quote the Honourable Brian Peckford, the Premier of Newfoundland, who, on the occasion of the signing of the Atlantic Accord, said:

> This whole Agreement has been accomplished recognizing our role in Confederation and our commitment to national self-sufficiency for Canada . . . There is no other document in existence that so clearly establishes Newfoundland's right to have a significant say and control over such a huge resource . . . .Today marks a watershed in the development of Newfoundland. It signals a dramatic turning point in the economic history of this place.

As a fellow Newfoundlander, I fully share Mr. Peckford's enthusiasm for the Atlantic Accord. His endorsement indicates the degree to which the Government of Canada has succeeded in meeting one of its major objectives when first taking office, and in removing a major sore point in federal-provincial relations.

The government believes, and I believe, that when each province is given increased control over its own economy, the political unity and the prosperity of the entire country are strengthened. Bill C-6 is an outstanding example of this philosophy.

Honourable senators, quite a few amendments have been made to the bill since its subject matter was examined by the Standing Senate Committee on Energy and Natural Resources. Indeed, the committee had this matter before it for many meetings in its original guise of Bill C-91, and later as Bill C-6. The amendments are not substantial and mainly deal with the reconciliation of the English and French versions, although at least one amendment deals with insurance coverage for board members, covering them for damages or lawsuits flowing from their work.

If honourable senators wish to have the bill referred once again to the Standing Senate Committee on Energy and Natural Resources, I have no objection. I would ask, however, for speedy passage of this legislation, since the people in Newfoundland are most anxious to get these projects going, and they are funded through this bill. Some money has already been spent in getting these things under way, but that has been provincial government money. As one can well imagine, there is some unrest in the treasury of the province as to when it will get its money back and as to when the federal government will begin participating.

• (1500)

I spoke to the chairman of the Energy Committee a few minutes ago and asked him if he wanted to have this bill referred. At that point he asked that the matter be left open so that he and his committee members could think about it a little later.

With those comments, honourable senators, I recommend second reading of the bill.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I note the concluding comments of the Deputy Leader of the Government in which he expressed the wish that the bill be dealt with expeditiously. I must say that the energy he displays has not previously been displayed, either in the preparation of the legislation or in its passage through the House of Commons.

As senators are aware, when the Accord was put together and signed, it was agreed that the legislation would be enacted within one year. The fact is that the bill was not introduced until about a year later. It has been making its sleepy passage through the House of Commons for the past full year. Therefore, I will give to the Deputy Leader of the Government an unqualified commitment that, in comparison with the delays first imposed by the government and then encountered on its passage through the House of Commons, it will be dealt with in the Senate with the speed of light.

I will not continue my remarks today, honourable senators. I would like to adjourn the debate until Thursday, or possibly next Tuesday, but I am not about to signal any effort to equal the dilatory practices of the government. We intend to deal with the bill in an expeditious manner. I repeat that I will not be able to complete my remarks today, except to add that having read the comments made by Premier Peckford on the state of federal-provincial relations, which comments were included in the speech, I am led to believe that the speech itself must have been placed on the back burner prior to the recent discussions between the Government of Canada and the Government of Newfoundland and Labrador on fisheries and treaties. Surely what was said on that occasion is no longer relevant with respect to the alleged peace and harmony which Premier Peckford noted in those euphoric days in the early life of this government, when even he laboured under the delusion that only tranquillity would reign as between himself and the Government of Canada. I suggest that these speeches be examined a little more carefully, if a bill has a year-old history, to ensure that they are relevant in current political circumstances. But I am sure that that does not crush the Deputy Leader of the Government any more than did the comment previously made by the Deputy Leader of the Opposition.

**Senator Doody:** I am still reeling.

**Senator MacEachen:** I will continue my remarks later, honourable senators, and will deal with some of the economic aspects of the bill, which the Deputy Leader of the Government did not include in the comprehensive way I had expected in his remarks.

On motion of Senator MacEachen, debate adjourned.

## CANADA SHIPPING ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Finlay MacDonald** moved the second reading of Bill C-39, to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and the Oil and Gas Production and Conservation Act in consequence thereof.

He said: Honourable senators, particularly those on the Standing Senate Committee on Transport and Communications, may remember that this new legislation emerges as Bill C-39 whereas it was previously known as C-75. Last year it was subject to a reference to and a pre-study by the committee, but was never reported. The house recessed in June and subsequently prorogued in August.

The primary purposes of the bill, honourable senators, have to do with safety at sea and the protection of the environment. The principle of the bill was supported by all members of the other place, but the legislation before us eliminates one particular area of controversy, which was the famous clause 4 having to do with cost recovery, which I will deal with in a moment. That was not the only change, but it was certainly the most controversial.

The bill, as I have said, is intended to enhance safety at sea, to enable Canada to deal more effectively with marine pollution, and to provide legislative approval for six important international marine conventions. The last major amendments to the Canada Shipping Act were made in 1971. Recent marine tragedies and continued developments in offshore exploration have emphasized the need for these proposed revisions, which were developed in close consultation with the industry. Bill C-39, therefore, is but one of a series of marine related legislative initiatives.

The bill will provide new and improved standards for the training and certification of seafarers. It will provide clear authority to establish vessel traffic service zones and procedures to be followed by ships to enter such zones. It will also provide authority for marine traffic regulators to issue directions to ships, to improve construction and equipment standards for special purpose ships such as gas and chemical carriers, and, of course, the mobile offshore drilling units.

The amendments provide for improvements in pollution control clean-up and improved compensation programs for victims of oil pollution damage. Special arrangements will be made so that small claimants such as fishermen will have direct access to pollution funds rather than having to go the other route, which costs them excessive sums in legal fees and so on.

The government will be able to prescribe interim standards for the carriage of dangerous goods in bulk in the case of new substances. The powers of pollution officers to boards ships are being modified to conform to inspection provisions of the pollution convention. These officers will also be authorized to delineate emergency zones, to regulate traffic within such zones, and, in cases where there is a likelihood of a spill, to order any ship to moor or to proceed. They will also be able to obtain as evidence a sample of the pollutant without the need to get a search warrant. There are severe financial penalties for breaches of these provisions, but I shall not go into them.



I repeat that when the Standing Senate Committee on Transport and Communications pre-studied what was then Bill C-75, there were two areas of controversy. One involved the certification of pleasure craft operators. It appeared that members of the boating organizations were concerned that certification would be introduced for all types of pleasure craft. It should be stressed that this is not the case. In order to reassure the boating public, and in response to concerns expressed by the general public, the bill has been amended to exempt pleasure craft of less than 20 metres, or 65 feet, and those vessels, boats or craft of any length that are propelled manually. Senator MacEachen and I will remember the song we used to sing in Cape Breton. It went: "We have neither pole nor paddle, gasoline or steam to travel." I assume that if it was under 20 metres, we would be exempt.

• (1510)

Our intention here is to clarify the issue of operator licensing for small craft and, at the same time, to provide legislation that would allow us to respond to future requirements because of the size and power of the yacht involved.

Then, of course, the second area, which was the most controversial, dealt with clause 4 of Bill C-75, that is the clause dealing with charges relating to navigation services. The desirability of putting in place safety provisions outlined in the bill led the minister to take out clause 4, the cost recovery clause. However, I should mention that the government has not abandoned its commitment to deficit reduction, and the cost recovery provision of that bill was an integral part. You will recall that it dealt with the recovery of some $15 million to $20 million of the $800 million budget of the Coast Guard—but we could not seem to agree on exactly which services were going to be charged for.

The government still believes, apparently, that the user of those services, including the Coast Guard, should pay a fair share of the costs, but agreement could not be reached. However, that is not part of the matter now before us. What I believe is important to note is that this bill was discussed extensively during second reading in the House of Commons and in committee. Over 60 witnesses, representing 28 associations, presented briefs, and more than 20 amendments were made to the bill as originally introduced. I therefore believe the government has given us assurance and proof of its willingness to listen to representations made by the witnesses and all committee members and to react in a positive way.

The bill significantly modernizes a 50-year-old act. I urge honourable senators to consider the important features which are fundamental to the amendment of the Canada Shipping Act, and to recognize the improvements which have been

made. As a result of these amendments in the interests of maritime safety, I ask that this chamber—and here I am being very careful—give not necessarily expeditious passage to the legislation but, rather, as Senator MacEachen would wish, "after prayerful reference to divine will." The bill has been long awaited both nationally and internationally.

On motion of Senator Frith, for Senator Stanbury, debate adjourned.

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

CONSIDERATION IN COMMITTEE OF THE WHOLE—ORDER STANDS

On the Order:

> The Senate again in Committee of the Whole on the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada-France.

**Hon. Rhéal Bélisle:** A report will be made tomorrow.

Order stands.

## COMMONWEALTH PARLIAMENTARY ASSOCIATION

THIRTY-SECOND CONFERENCE HELD IN LONDON, ENGLAND—DEBATE ADJOURNED

**Hon. Heath Macquarrie** rose, pursuant to notice of Wednesday, October 29, 1986:

> That he will call the attention of the Senate to the Thirty-second Conference of the Commonwealth Parliamentary Association, held at London, England, from 23rd September to 2nd October, 1986.

He said: Honourable senators, I realize that my colleagues from all corners of this house have been wondering why I have not proceeded with this inquiry before.

**An Hon. Senator:** A rough few weeks.

**Senator Frith:** You spoiled my holiday completely.

**An Hon. Senator:** Why bother at all?

**Senator Macquarrie:** I missed that. Perhaps I will get it in *Hansard*. But I can now explain. I calculated that Commonwealth Day was the appropriate time for me to deliver this opus—and I may say that it was very difficult to hold it back from my colleagues. But I have a great respect for those ceremonials and celebrations, and I am only sorry that my calendar calculations were slightly off, because actually Commonwealth Day was yesterday—but I did not ask someone to summon the Senate just to make things precisely appropriate. I know honourable senators would have been delighted to come along.

I was very happy to be one of the delegates to go to the seventy-fifth general meeting of the CPA, and honoured to have as the other member of this place the distinguished parliamentarian, Senator MacEachen. It is always an honour to be associated with my fellow maritimer, fellow Scot and fellow ancient academic, if I may put it that way. I want to say with great modesty that some weeks ago I was linked with Senator MacEachen when veteran, highly respected, enormously intelligent journalist, Douglas Fisher, in a column on "The Lost Art of Oratory" wrote that there were very few silver-tongued orators on Parliament Hill. There were three or four Newfoundlanders in the House of Commons, "long-time former Grit minister, Allan MacEachen, and former Tory MP and historian, Heath Macquarrie."

**Some Hon. Senators:** Hear, hear!

**Senator Frith:** The Fisher award!

**Senator Macquarrie:** Lest honourable senators think that I am forsaking my usual modesty, and because we are enjoined not only to tell the truth but to tell the whole truth, I must read the description in the preceding sentence of the article, where that distinguished journalist described us as "a couple of relics in the Senate." That, honourable senators, was the only flawed expression in an otherwise excellent, perceptive and informative article.

In the weeks preceding the CPA meeting I was wondering if there would be absentees, because we recall that many countries refused to send their athletes to the Commonwealth Games held in the beautiful city of Edinburgh some weeks before. I wondered whether those same countries would send their politicians to meet with a bunch of politicians including the British, for quite a while—indeed for a fortnight—in rooms which, while ample, were a good deal smaller than most of the athletic scenes of action in Edinburgh. But, happily, the boycott attitude did not find expression in the conference, and the attendance was complete and splendid.

I have always been dubious of the efficacy of boycotts and their kin, and in this instance it would appear that the groups most hurt were the young athletes of the non-participating countries. It was a gesture presumably aimed at the Thatcher government; but it also injured, perhaps rather painfully, the hospitable country of Scotland and its capital city, Edinburgh.

I was interested to note when the conference got under way that when the Secretary General, that distinguished statesman, Shridath Ramphal, made his remarks, he too deplored and regretted the boycott. But by then, of course, it was too late.

Because of the informative report I tabled a short while ago, I will confine myself to some observations and impressions that are somewhat personal. Had there been a newsman in the gallery, I would have said that it would have given him, or her, an opportunity to say again that a travelogue was coming up. They would be wrong, of course. I have to say without reservation that our host, the United Kingdom branch, did a most splendid job in the planning for and conduct of the meeting. The organization was altogether efficient and considerate. On a small personal matter, I might demonstrate how carefully they planned the operation. In the closing days of the conference, Prime Minister Thatcher and her government tendered a magnificent dinner for the delegates, other British parliamentarians, Commonwealth diplomats and others appro-

priate to the gathering. As I studied the seating plan before I went in, I was much touched to note that a clansman of mine, Albert Macquarrie, a member of the Aberdeen area in the British House of Commons, was seated between my wife and me. I was very touched that he had come down from Scotland to the dinner at a time of great personal grief, and I was delighted that our hosts had arranged this very agreeable seating plan so thoughtfully.

● (1520)

It would be an insensitive person who would not be impressed by the historic and beautiful Palace of Westminster, and particularly Westminster Hall, that magnificent place of nearly one thousand years of antiquity where the opening ceremonies were held. Now, it is said of the British that they love a parade, and they certainly know how to stage one. The opening ceremonies were glittering and colourful. In a prelude a portion of a military band rendered appropriate music, and I noted that the works of a distinguished Canadian, Robert Farnon, were included.

But few people or events are perfect, and even this most efficient pageantry had a flaw or two. The Lord Chancellor, who is, of course, one of the most important people in the precincts of Parliament, was, according to the proper procedure and processional protocol, among the last to proceed to the stage accompanied by his train bearer. This hapless individual, the train bearer, directed the Lord Chancellor to his assigned chair, but he should have taken him to a small receiving line to await the arrival of the very last group; namely, the royal party. Now, it is doubtful if Lord Hailsham was particularly pleased to have to make the move, especially since the poor man has great difficulty in walking. A few days later when the Speaker of the House of Commons was announcing an upcoming visit to the Tower of London, he told the delegates that we would probably see the Lord Chancellor's train bearer there, "because we no longer execute them for things like that, you know!" My watchful eye picked up another incident when the platoon of Beefeaters came in. This elite group reached the stage where a right about-turn was in order. One of these veteran Beefeaters did a left about instead. What the top sergeant said to him, I do not know. However, considering that these red clad yeomen reminded me of my favourite brand of gin, I thought I did well to notice that particular detail.

I was also impressed by a fascinating little exchange—and that is the right word—between the Queen and Prince Philip. Walter Bagehot used to talk about the nuances and the subtleties of the monarchy. I saw at one stage where Her Majesty opened her purse and passed over to Prince Philip a cough lozenge. No one could tell, no matter how carefully they watched, what brand it was, or it might have done that particular company a great deal of good.

I hardly need to say that one of the underlying concerns of the meetings we held with our colleagues was apartheid. There were many very good, thoughtful, sensitive speeches. There is one that I remember because it had an element of humour. An Australian senator, admitting quite frankly that his own country did not have a glorious record in its treatment of its own native people, said, "Thank God things have improved in recent years." Then he, presumably thinking to himself that he might be going too far along that line, said also, "The odd change of government every so often didn't hurt either"—that from a very ardent Labour member. A number of matters were discussed in the economic field. Senator MacEachen presided over—he did not preside over it; more than that, he was a panelist in a very important symposium on that subject. At another session I overcame my modesty and participated in a discussion given over to "The Commonwealth—Who Cares." It shows how catchy the titles are becoming in these CPA meetings.

I was moved that this was such an important occasion. Seventy-five years ago Sir Howard d'Egville, as he later became, formed the Empire Parliamentary Association. He was so enduring that I knew Sir Howard d'Egville. When I first went to Britain after becoming a member of the Canadian House of Commons, he was my host, and a very fine host he was. I read in the anniversary publication that he was an old curmudgeon, but I did not notice that. He was very gracious to me. Perhaps he was mellowing, or perhaps I am so mellow that I would not know a curmudgeon when I saw one. In any case, he was a great host and a great man who saw that the parliamentary side in the development of the Empire into the British Commonwealth and then into the Commonwealth was, at least, paralleled in the parliamentary structure and perhaps, indeed, in terms of sensitivity, organization and consultation, surpassed. To that man we owe eternal credit. I expressed to the delegates that it was an interesting coincidence that that year, 1911, was so significant for this reason, but also significant in a very Canadian way in that, surely, the great figure in moving the Empire into a Commonwealth was Robert Borden, our distinguished Prime Minister.

**Senator Hicks:** An Annapolis Valley man!

**Senator Macquarrie:** Yes. And sometimes, particularly in his early days, he voted Liberal. Now, you may say that that indicates innate greatness.

**Senator MacEachen:** It certainly had to be an aberration.

**Senator Macquarrie:** I say that it shows that even the greatest can make an odd mistake and still be great. I often think that there is some value in having an old codger around, because I reminded those present as deftly as I could that the achievements from 1911 to 1917 and 1920 were not just planned and conceived by a few Englishmen having afternoon tea in the country place, that they were fought for, sometimes with bitterness and often with aggressiveness. Sir Robert Borden had to use all his stubbornness, all his bravery and all his ingenuity to convince some of the people in Whitehall that these expatriates were something a good deal more than a bunch of mere colonials.

**Senator Stewart:** They never convinced Meighen.

**Senator Macquarrie:** The honourable senator has mentioned the Right Honourable Arthur Meighen. I thought that Meigh-

en directed things pretty powerfully over the Anglo-Japanese alliance question. I believe that he was the leading spokesman in that endeavour. However, Robert Borden himself declared that he was still an Imperialist while at the same time being a nationalist.

I also took the chance to say that it was a Canadian Prime Minister who took a major initiative in that second stage of Commonwealth development, the first being the equality of members within the Commonwealth—in no way "subordinate one to the other," as the declaration put it. The next stage was the equality of peoples within those equal states, and we have not quite finished with this subject yet. The role of the Right Honourable John Diefenbaker in this matter was quite significant, enormously significant. I will always recall how Mr. Diefenbaker never accepted praise for the expulsion of South Africa from the Commonwealth. He said it was not an expulsion, and he did not believe that Commonwealth states had the right to expel one another.

I have one or two more comments, honourable senators; one noted with pleasure. At my age you can understand that my pleasure is always of the appropriate parliamentary kind.

**Senator Frith:** Say that it isn't so!

**Senator Macquarrie:** We see an increasing number of women delegates. I happen to have followed a distinguished and very beautiful lady on the speakers' list. She remarked that there should be more women in the CPA. She reminded every one of us that behind every great man there stood a woman—

**Senator Frith:** A surprised woman!

**Senator Macquarrie:** Why do we have such heckling? I was building up to my point that the gracious wife of a distinguished Prime Minister, Mr. Pearson, used to alter that saying and say that behind every successful man there stands a surprised woman.

**Senator Frith:** I'm sorry.

**Senator Macquarrie:** I know one gets one's best lines stolen. That has been happening to me for 40 years. However, it does not always happen at the time I am delivering them.

**Senator Bosa:** It is a surprised mother-in-law!

**Senator Macquarrie:** That is a point, but we cannot get into the whole family relationship here, because I want to terminate this speech, believe it or not.

It was shown that whether they are members of far-flung legislatures, whether they are at home or abroad, politicians of all stripes, parties and ideologies have certain similar preoccupations. If it was said once it was said 40 times in these debates that the press were not giving the conference a good deal. They were ignoring it. My observation was that, of course, if they had nothing to say about us, it is clear that it has been a pretty good conference. I tried to give solace to my colleagues by recalling the words of Adlai Stevenson, who was the most articulate American of my time. When he was the guest speaker at the American Association of Newspaper Editors, Mr. Stevenson said: "Ladies and gentlemen, I know of your great importance in this country. You are the people who have the responsibility of separating the wheat from the chaff, and then publishing the chaff."

I had a very interesting and striking demonstration that we are sometimes in danger of over-exaggerating when we talk about the Commonwealth as being composed of intangibles. We say there is no charter; that it does not exist in tangible elements but in ideas, in concepts and in values. Honourable senators, it is much more than that. We had an evening at the Commonwealth Institute and the activities in which that institute is involved are multifarious. There are some absolutely tremendous programs, and even the exhibits depicting what is going on are tremendous. It is universal. I was enormously impressed not only because it is a place ideally suited for a party but because the Commonwealth Caribbean states—who are, incidentally, the producers of the greatest rum in the world—were very much involved. That could warm the hearts of even those who are non-enthusiasts for the Commonwealth.

In this connection, I rejoiced when I heard a few weeks ago that Robert L. Stanfield is to become the chairman of the Commonwealth Foundation, the first Canadian to be so honoured. I never met a finer, wiser or nicer man than Robert Stanfield. The Commonwealth were very wise to choose him; they are lucky to have him, and I commend him for taking on responsibilities that are enormously important.

Senator MacEachen arranged that he and I should have a little session at the House of Lords. We thought we should cross-reference with the second chamber of that country. Interesting things are happening in the House of Lords. I do not know whether Senator MacEachen intends to expatiate on certain things that he learned, but it is interesting to be in a country which televises its upper house and not its lower house. We saw some of the re-runs of preceding sessions, and I think the House of Lords is an interesting and valuable institution. My son thinks that the Senate of Canada is deficient because it does not have a hereditary principle, but I am afraid he is going to be disappointed.

We were treated by the British with every possible consideration. We had the opportunity to choose where we wanted to go, and I chose to go to Blenheim Palace where Winston Churchill was born. Blenheim is a magnificent estate and there is a great statue of Queen Anne there. That brought back memories of nearly fifty-five years ago when, in reading British history, I read this little doggerel that referred to the importance of the Duchess of Marlborough. The couplet is as follows:

> Queen Anne reigns, but Queen Sarah rules.

However, "Queen Sarah" had provided a statue for the real, legal queen.

I was staying at the Intercontinental Hotel, which is very close to the home of Lord Palmerston. Lord Palmerston had a lovely place, but it struck me that the British do far better by their military heroes than they do by their political heroes.

Palmerston's house was pretty small in comparison with the great Blenheim Palace.

It was a pleasure to hear Prime Minister Thatcher give her views with her usual clarity. If I were a member of the British Conservative Party, she would call me a "wet", and that is by no means a term of approval, endearment or perhaps even of much respect. I would reciprocate the view on some of her opinions and attitudes. At the same time, however, this is a leader of enormous strength and capacity. In her very brief remarks, with clarity and her usual candour, she dealt with a matter on which almost every other member of that conference disagreed with her, and that is with reference to apartheid in South Africa. I thought she was clearer than Sir Geoffrey Howe, who is a man whom I very much admire.

The issue of apartheid in South Africa is a very difficult and troublesome one. I think that at times today we arrive at a situation where it is far too easy to say that if you do not approve of sanctions as I do, then *ipso facto* you must be for apartheid. That kind of dreadful dishonesty is prevalent and can be contagious, and Prime Minister Thatcher dealt with that matter clearly.

The issue of apartheid is not one which can be so easily articulated, and here I am talking about how we discuss it which, God knows, is much easier than how it is to be dealt with. However, I think it is important that we do not get fouled up in the verbal arena to begin with. I am troubled that in our zeal to see a terrible crime—and I would call it that—corrected, we so enthuse ourselves as to lose the perspective of our own values. I am a little troubled when churchmen—and I suppose I myself am something of a crumbling pillar—will endorse any kind of violence if it leads to something they desire. That attitude still brings concern to me in my view of this matter.

● (1540)

It is not only confined to this particular subject; there are many times when it is easy to lose the clarity of perspective, which is an essential ingredient to a solution, and that is why I think it is important that one can retain admiration for someone and respect for the views of someone with whom one would not travel in an ideological way.

I think that Prime Minister Thatcher may serve the world usefully, too, in her upcoming trip to the Soviet Union. I think she is the very person to go there at this time, and I think that this is the very time when all peace-loving people should make very sure that an opportunity is not cast aside just for the fun of using old shibboleths. I think a contribution will be made by this great lady.

I was pleased she gave leadership to the conference and that she spoke so well and clearly. I was also glad to meet, for the first time, her husband, of whom Richard Gwyn wrote on Sunday in the *Toronto Star*, if I may use that expression, that he was the ideal spouse. He thought that some other spouses in some other important country might well follow Denis' example.

As I said, I had not met Denis until I attended that conference. I had a good attitude toward him, however, because I read a couple of years ago that when he and the Prime Minister were going up to Edinburgh, the stewardess came along and he said, "Gin and tonic, please." She said, as many wives do, "Bit early for a gin and tonic, isn't it, Denis?", and he said, as many husbands do, "It's never too early for a gin and tonic."

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I undertook to myself and to Senator Macquarrie that I would participate in this debate because, like him, I regarded the meeting of Commonwealth Parliamentarians in London as an important event in the politics of the Commonwealth. I undertook that also because I had attended the previous meeting of the Commonwealth Parliamentary Association that had been held in London some ten years or more earlier. I thought I would make some comments and draw upon my experience.

My intention, like that of Senator Macquarrie, is to give support to the Commonwealth institution, which still has considerable vigour and, of course, to underline the importance of the parliamentary wing of the Commonwealth. I hope to do that at a later date because, unfortunately, there is a committee meeting at 4 o'clock which I would like to attend, and I am afraid my remarks would go beyond that hour. But until I return to the subject later, I should like to congratulate Senator Macquarrie on an excellent, interesting and important statement on the Commonwealth meeting.

There were some questions I had in mind as he spoke, particularly about Blenheim Palace. That is, as Senator Macquarrie pointed out, a magnificent edifice. I wondered whether he had noticed, as I did, that in that splendid palace there was not to be seen any indication of the present Royal Family. There were no photographs or portraits on display. I wondered whether he had any explanation why that should be the case.

It may be that there were various rooms that we had not visited that exhibited an evidence of the reigning monarch, but certainly in the public rooms which I visited I could not find any sign whatsoever of any member of the current Royal Family.

I do not know what that means, but it is simply a footnote to which I will not return when I complete my remarks later.

On motion of Senator MacEachen, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 563*)

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### THIRD REPORT OF JOINT COMMITTEE

TUESDAY, March 10, 1987

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

### THIRD REPORT
(Statutory Instruments No. 37)

In accordance with its permanent reference, section 26 of the *Statutory Instruments Act,* S.C. 1970-71-72, c. 38, and Standing Order 44 of the House of Commons, your Committee reports the *Fruit, Vegetables and Honey Regulations* (C.R.C., c. 875) to that House.

In May 1984, the Fourth Report of the Committee for the 1983-84 Session was tabled in both Houses. Your Joint Committee then reported that it had found the *Fruit, Vegetables and Honey Regulations* to be *ultra vires* the *Fruit, Vegetables and Honey Act*, R.S.C. 1970, c. F-31, and that the Department of Agriculture concurred in that opinion. In its report, the Committee drew the attention of both Houses to the continued application and enforcement of the Regulations, notwithstanding the Government's admission that they were illegal. Our predecessors wrote that "the continued application of these Regulations at the present time involves an inadmissible departure from the usages of parliamentary government and a repudiation of the concept of the Rule of Law which is at the heart of our constitutional order". The Fourth Report recommended that "immediate steps be taken to ensure that customs officers charged with their enforcement cease to apply these illegal Regulations to imports of fresh fruit and vegetables."

Subsequent to the tabling of that report, the Minister of Agriculture, in a letter dated 25 March 1985, informed the Joint Committee that ". . . the Department of National Revenue, in consultation with my Department, has amended their instructions to Customs officers, removing all references to the provisions of the [] Regulations. Officials of my Department have also issued a directive to enforcement staff that these Regulations are not to be applied. Both of these orders were issued last summer."

On 13 June 1985, the Chairmen of the Joint Committee informed the Minister that "In light of this development and of the fact that it is agreed by your Department that these Regulations are without legal authority, we were instructed to ask when you expect they will be formally revoked." In reply, the Minister of Agriculture indicated that on completion of a departmental review, he would be "in a better position to determine an appropriate course of action." In a further letter of 4 March 1986, the Chairmen of the Committee responded that "Committee members were singularly unimpressed by your reason for not effecting the revocation of the [] Regulations. It is agreed these Regulations are invalid and their enforcement by customs officers was consequently halted in the Summer of 1984. In the circumstances, we believe the only 'appropriate course of action' is for the Regulations to be formally revoked in the immediate future." The Minister has since reaffirmed that the Regulations "lack an adequate statutory basis", but nevertheless proposes to delay their formal revocation for reasons which the Committee finds neither relevant nor convincing.

In consequence, your Joint Committee feels it is justified to invoke the disallowance powers recently granted to the Committee by the House of Commons. Pursuant to Standing Order 44 of the House, your Committee now moves that the *Fruit, Vegetables and Honey Regulations* (C.R.C., c. 875) be revoked.

The Joint Committee has further instructed that a copy of this report be tabled in the Senate for the information of that House.

Respectfully submitted,

NATHAN NURGITZ
*Joint Chairman*

# THE SENATE

**Wednesday, March 11, 1987**

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

Prayers.

## THE ESTIMATES, 1987-88

EXTERNAL AFFAIRS AND NATIONAL DEFENCE ESTIMATES REFERRED TO FOREIGN AFFAIRS COMMITTEE

On Presentation of Petitions:

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, yesterday I should have tabled a rather impressive number of documents, a list of which I was given as I entered the chamber. There were more than 100 documents listed, including all of the budget documents, the estimates, ways and means motions, and various corporate plans for crown corporations. So I decided that I should read the list before I tabled it.

In any event, I found that it was unnecessary, because I noticed in the *Minutes of the Proceedings of the Senate* that the list was printed as having been tabled. Therefore, apparently it would have been superfluous for me to table the list today.

Yesterday I referred both sets of estimates to the Standing Senate Committee on National Finance for study. I understand that there is an inclination on the part of the Standing Senate Committee on Foreign Affairs to look at the estimates for Foreign Affairs and perhaps National Defence. That has been done before—at least, the Senate Subcommittee on Veterans Affairs looked at the estimates on Veterans Affairs. I have no problem with that. Therefore, those that I referred yesterday to the National Finance Committee should stand so referred, with the exception of the estimates for External Affairs and National Defence.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the corollary to that is that the estimates for External Affairs and National Defence will now go to the Standing Senate Committee on Foreign Affairs.

**Senator Doody:** It is my understanding that that is the wish of the Foreign Affairs Committee. I suggest that a motion should be made to that effect.

**Senator Frith:** Should?

**Senator Doody:** I suspect that it should, because as of now the record shows that they have all been referred to the Standing Senate Committee on National Finance. However, I will check with the Table and ascertain the procedure.

**Senator Frith:** Did we not except from the estimates those for Official Languages? I seem to recall that at least one set was excepted. Perhaps I should propose that we consider the two I mentioned—namely, External Affairs and National Defence—as being excepted from the package referred to the National Finance Committee and that they should go to the Foreign Affairs Committee.

**Senator Doody:** I have no problem with that, except that there was a separate motion for the referral of the estimates dealing with Official Languages. But if this is procedurally correct, then I have no problem with it.

**Senator Frith:** Then I should make such a motion so that something will show on the record. I therefore ask for leave to make that motion at this stage.

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

**Hon. Senators:** Agreed.

It was moved by the Honourable Senator Frith, seconded by the Honourable Senator Doody, with leave of the Senate and notwithstanding rule 45(1)(*e*):

> That the expenditures set out in External Affairs Votes 1, 5, 10, 15, 20, 25, 30, L35, L40, 45, 50 and 55 and National Defence Votes 1, 5 and 10 of the Estimates for the fiscal year ending the 31st March, 1988, which were referred to the Standing Senate Committee on National Finance, be withdrawn from the said Committee and referred to the Standing Senate Committee on Foreign Affairs.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## EXTERNAL AFFAIRS

PROPOSED CLOSING OF CANADIAN EMBASSY IN HELSINKI, FINLAND—REQUEST FOR RECONSIDERATION

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a question for the Leader of the Government relating to a question I asked yesterday, appearing at page 565 of *Debates of the Senate* for March 10, 1987. In my question I listed some of the reasons why I hoped the government would reconsider its decision to close our embassy in Helsinki. My question to the Leader of the Government in the Senate is this: Is it correct that the only element balancing all those good reasons for not closing the embassy is the fact that its closing will effect a saving of some $1.2 million per annum?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not have in front of me the exact figure as to what the saving will be from the closing of the embassy in Helsinki. I would remind the Senate that Helsinki is one of several embassies that are being closed. The embassies in Quito and Abu Dhabi and the Consulates General in Hamburg, Marseilles, Perth and Philadelphia are being closed, and the staff is being reduced in a number of other missions. So the figure of $1.2 million my friend has cited in connection with the closing of the Helsinki embassy is part of a larger saving that we hope to effect in order to move ahead on our program of cost reduction.

**Senator Frith:** Honourable senators, perhaps the Leader of the Goverment would try to get me that figure, although I would be happier if, rather than bringing me that figure, he brought me word that the government had considered the many recommendations made against the closing of the embassy and had decided to keep it open.

## THE ENVIRONMENT

### ACID RAIN—AGREEMENT WITH PROVINCES TO REDUCE EMISSIONS—REPUDIATION BY NOVA SCOTIA AND NEW BRUNSWICK

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have another question on another subject for the Leader of the Government in the Senate. It relates to his responsibilities as Minister of State for Federal-Provincial Relations. I understand that the Minister of the Environment is very angry with certain premiers who have reneged on an agreement on acid rain. May I ask the Minister of State for Federal-Provincial Relations whether he is angry also?

**Senator Doody:** Miffed.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not know that the word "angry" would be the appropriate term to describe the feelings of my colleague, the Minister of the Environment. He has expressed the keen disappointment of this government that at least two provinces, Nova Scotia and New Brunswick, which had given us undertakings to reduce acid rain emissions, have more recently indicated that they will be unable or unwilling to do so. We think that this would be a very important step for these provinces to take, and while at least one premier has made the point that his province is not among the worst offenders, nevertheless, the federal government states that no province has more to gain from a reduction in these emissions on the North American Continent than New Brunswick and Nova Scotia, and such a reduction is what we are trying to achieve in cooperation with the provinces and with the United States.

**Senator Frith:** Honourable senators, is it correct to say, if we cannot describe the emotions of the Leader of the Government as angry—and he should know this as a fact—that the Government of New Brunswick has indeed reneged on, welched on, or repudiated its agreement, and that Nova Scotia has also repudiated its agreement subject to receiving more money?

**Senator Murray:** My information is that both those provinces have now indicated that they are unwilling or unable to carry out the undertaking they gave us previously. As I say, we are clearly disappointed at this and we do not understand that conditions have changed since those undertakings were given by those governments.

**Senator Frith:** Is it the opinion of the Minister of State for Federal-Provincial Relations that these two repudiations of the agreement will effectively destroy any progress that the Prime Minister might make with President Reagan at the imminent meetings between the two leaders on the subject of acid rain?

**Senator Murray:** No, honourable senators, that is not our position at all. The United States administration has quite a lot to answer for in this regard.

**Senator Frith:** Will we be able to insist on their fulfilling their obligations if—and I ask whether or not this is correct—we are unable to fulfil our undertakings, or fulfil the undertakings we had hoped to be able to give, because of the fact that these two provinces will not be reducing their emissions?

**Senator Murray:** Honourable senators, I think the credibility of Canada and of the federal government is in pretty good shape, indeed, when we face the United States to discuss this problem, and we have not set as a deadline the month of April to conclude these agreements with Nova Scotia and New Brunswick. We are working very hard to conclude the agreements on an urgent basis, but we do not look upon the date for the summit meeting with President Reagan as being the deadline.

**Hon. Charles McElman:** Honourable senators, I have a supplementary question for the Leader of the Government. The honourable leader suggested a few moments ago that the Government of Canada does not see that any conditions have changed since the agreements were signed between Canada and New Brunswick and between Canada and Nova Scotia. Is he not aware that the Government of New Brunswick contends that there has been a very substantial change in conditions in that at the time of signing the Province of New Brunswick was purchasing very large quantities of surplus power at very low rates from the Province of Quebec, and that recently the Province of Quebec served notice that these quantities of power on a non-firm basis will no longer be available at those cheap rates?

In consequence, therefore, the Government of New Brunswick will have to start again using to capacity certain of its coal-fired plants as well as its thermal oil plants. Also, although the Province of New Brunswick is currently well below the targeted figures for reduction, it will, in fact, be forced to go above the targeted figure within three years.

**Senator Murray:** Honourable senators, my experience with the New Brunswick Electric Power Commission leads me to believe that they could hardly have been taken completely by surprise by the notice they received from Quebec on that

matter. In any case, our discussions were with the Government of New Brunswick and the Government of Nova Scotia, and both of those governments agreed that they were prepared to deal with their own utilities, and the federal government is going to hold them to that.

**Senator McElman:** Honourable senators, I hope that the Leader of the Government in the Senate, who is so familiar with the circumstances in New Brunswick, will make his colleagues in the cabinet aware that conditions in New Brunswick have indeed changed as to the source of power and the type of power.

**Senator Murray:** Honourable senators, this will be an interesting subject for debate, but my information is that the reduction targets, first of all, were not and are not in any way unusually onerous. Second, that the reduction targets were not imposed by the federal government on those provinces but that those provinces made unconditional and unilateral commitments to enter into these abatement agreements.

**Senator McElman:** Honourable senators, I must say that the Leader of the Government in the Senate has answered my question. Obviously, he is not going to make those representations to his colleagues in the cabinet.

**Senator Murray:** I will certainly see that my friend's representations are conveyed to my colleagues.

## AGRICULTURE

### GRAIN—1987-88 CROP YEAR—INITIAL PRICE

**Hon. H.A. Olson:** Honourable senators, I should like to ask the Leader of the Government in the Senate a question concerning rumours, if that is the correct word, of a severe reduction in the initial prices on grain to be paid by the Canadian Wheat Board in western Canada.

Before I do that, I want to apologize and tell him that he was right yesterday on another matter. There was, in fact, a response by the government to the report of the Special Joint Committee on International Relations issued in December, and I obtained a copy yesterday.

• (1410)

My question about the rumoured 20 per cent reduction in the initial price for grain generally, but for wheat in particular, in western Canada for the 1987-88 crop year is a serious one. I do not expect the leader to have an answer today, but I want to tell him that the fact that the government has not given any indication of what it is going to do has caused some chaos amongst the financial institutions which supply credit to farmers. I say that because they are apparently unwilling to set up credit arrangements on the same basis as last year. It is not only the banks that are involved but other institutions such as the Farm Credit Corporation, various provincial credit-granting institutions, credit unions, and so forth, are involved.

I wonder if the Leader of the Government could give us an undertaking that he will try to get us a reply as to what the levels are going to be, and soon, because a number of farmers are trying to obtain credit for their spring seeding programs and they are running into a chaotic situation in that no one seems to know what the rules are going to be.

[Senator Murray.]

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my information is that certain advice is given by the Canadian Wheat Board to the government on a confidential basis, and a decision on the intitial payment is announced in mid-April. That will be the case this year.

**Senator Olson:** Is the Leader of the Government telling the Senate that there will be no announcement to clear up this chaotic situation until the middle of April or later?

**Senator Murray:** The honourable senator has referred to a "chaotic situation." I presume the institutions to which he has referred are making their own assessments based on international and Canadian conditions and not on rumours that may have appeared in the media.

My information is that the usual practice will be followed and that a decision will be announced in mid-April.

## HUMAN RIGHTS

### U.N. COMMISSION MEETING, GENEVA—CANADIAN REPRESENTATION—REQUEST FOR REPORT ON PROCEEDINGS

**Hon. Jerahmiel S. Grafstein:** Honourable senators, my question is for the Leader of the Government in the Senate. Recently the United Nations Commission on Human Rights held its annual meeting in Geneva, Switzerland. The Government of Canada sent a full delegation to that meeting, composed of bureaucrats and members of the other place, but apparently there was no representative of the Senate.

Could the Leader of the Government in the Senate advise us why a representative of the Senate was not asked to participate in that delegation?

In light of the fact there was no representative of the Senate, could the leader undertake to table a full and complete report, including the policies and positions taken by the Government of Canada, particularly in light of the government's response to the report of the Special Joint Committee on Foreign Relations respecting human rights?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I was not aware we had been overlooked in this regard. I will ask for a report from the Secretary of State for External Affairs.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have six delayed answers. I shall identify the questions and, if I am not asked to read them, I will simply ask that they be printed as part of today's proceedings.

## CANADIAN SOVEREIGNTY

THE NORTH—GOVERNMENT PROTEST TO U.S. GOVERNMENT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 16 last by the Honourable Senator Molgat regarding Canadian Sovereignty—The North—Government Protest to U.S. Government.

(*The answer follows:*)

On December 9, 1986, the government delivered a strong protest in the form of a diplomatic note in Washington against the proposed sale of oil and gas leases in areas subject to Canadian jurisdiction in the Beaufort Sea and reserved all our legal rights. Diplomatic notes are, as a rule, considered privileged information and are not made public.

In response to our protest, the U.S. has indicated that the proposed lease sale will be subject to "special procedures". The highest bids for tracts in the disputed area will be placed in an escrow account. These procedures were also followed in a similar lease sale in 1984. At that time, all oil and gas lease bids in the disputed area were put in escrow and no U.S. oil and gas exploration or exploitation took place in areas claimed by Canada.

We have replied to the U.S., noting their assurances and reiterating our legal position.

We will continue to monitor developments closely and to present our views to the U.S. administration, as and when necessary, in order to protect Canada's legal position.

There are no early plans to enter into negotiations. However, the Minister has been in contact with the Yukon government leader on this matter and ongoing consultations will continue with the Yukon government.

## TRANSPORT

FUNDING OF MUNICIPAL AIRPORTS—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on February 4 last by the Honourable Senator Molgat regarding Transport—Funding of Municipal Airports—Government Policy.

(*The answer follows:*)

Government policy with respect to the funding of municipal airports has been, and will continue to be, the funding of net operating deficits—which requires pre-approval through negotiation of both operating and revenue budgets by the department, and the signing of a contribution agreement with Transport Canada.

As indicated by the Minister of Transport in his press release of August 14, 1986, "it is going to be a challenge to those who operate these airports to demonstrate their management skills and participate with Transport Canada to reduce the amount of funding required from the federal treasury". The Minister also said in this press release that "we will provide all the management and marketing expertise assistance we can to help airport managers cope with the problem we all face".

At the present time, municipal airports are free to set their own standards, and to pursue revenue generating opportunities not available to the government, as long as there is no impact on safety or security.

Government funding will continue for the municipal airports currently covered under the "Airports Financial Assistance Policy". However, these airports will be encouraged to become more self-sufficient through the application of business planning and more commercialized practices, such that a) the airports may better meet localized socio-economic concerns and b) that the government policy of credit reduction is pursued.

The Minister of Transport approved the 1987/88 Operating budgets of the airports covered under the Financial Assistance Policy on February 20, 1987, and these levels are currently being communicated to the respective authorities responsible for operation of the airports.

## ABORIGINAL PEOPLES

NATIVE ECONOMIC DEVELOPMENT PROGRAM—INCLUSION OF PRIMARY RESOURCE INDUSTRIES—GOVERNMENT ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on February 11, 1987, by Senator Marchand regarding Aboriginal Peoples—Native Economic Development Program—Inclusion of Primary Resource Industries—Government Action.

**Hon. Len Marchand:** May I have that answer read, please?

**Senator Doody:** Certainly. The answer reads as follows:

Mr. Valcourt, the Minister of State (Small Business) who has responsibility for the administration of the Native Economic Development Program (NEDP) has consulted with aboriginal leaders concerning administrative changes to the NEDP. He is now actively considering alternatives including the provision of primary resource industries as eligible projects under the program. Decisions on any changes to the administration of the program are expected to be taken shortly and will be announced publicly at that time.

## CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—AUTOMOTIVE TRADE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, a question was raised in the Senate on February 17, 1987, by Senator Grafstein, regarding Canada-United States Relations—Bilateral Trade Negotiations—Automotive Trade.

(*The answer follows:*)

The government's position with regard to automotive trade in the negotiations with the U.S. is quite clear, consistent, and reasonable. The government has said repeatedly that the Auto Pact is working well, and that Canada would not be raising it at the table during the trade talks—"if it ain't broke, don't fix it".

In the meantime, the government has undertaken a "fact-finding" exercise with the U.S. on automotive issues. This was in no sense a negotiation, but an exchange of information on the situation and trends in the automotive industry.

The Auto Pact is not the only auto-related issue. Substantial and increasing portions of North American automotive trade takes place outside the Auto Pact. In 1984, this amounted to 3.3 billion Canadian dollars. The government will have to consider how this would be affected by any comprehensive agreement that might be struck with the U.S. Keeping in mind that the overall aim of these negotiations is to achieve a trading arrangement as free as possible from all impediments to trade, the government will of course want to negotiate issues such as tariffs, customs procedures, procurement, imports from third countries, duty remission programs, and subsidies on both sides of the border. These important matters could well affect trade in automotive products.

The position taken by the Government of Canada is that if the U.S. side has proposals to make which would be of benefit to Canada by enhancing Canadian employment, production and trade, we will listen with interest.

This position regarding automotive trade is well known to all provinces, which, as Senator Murray noted in his remarks on February 17, are regularly briefed on progress in the negotiations by officials of the Trade Negotiations Office.

## CANADA POST CORPORATION

### SPONSORSHIP OF U.S. TELEVISION SERIES "AMERIKA"

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, my next answer is in response to a question raised in the Senate on Febraury 17, 1987 by Senator Perrault, regarding Canada Post Corporation—Sponsorship of U.S. Television Series "Amerika."

(*The answer follows:*)

The ads to which Senator Perrault refers are for Priority Post Courier. Priority Post is a competitive product offered by Canada Post. It receives no regulatory protection and the corporation must therefore compete with other companies for its share of the market.

To make potential customers aware of the product, one of the advertising vehicles used is television advertising. The television advertising is bought and placed by a private advertising agency whose mandate it is to reach the maximum number of potential customers for the corporation's product.



The placement of the advertisement does not reflect, and should not be construed as, sponsorship of any particular program.

The ads in question are part of a ten-week series running from January 19 to March 29. The total number of "spots" over the ten-week period is 6,200. The ad was shown on "Amerika" on four occasions, one each on February 15, 16, 18 and 22.

The name of the advertising agency used for the campaign is Publicité Martin of Montreal.

The related cost of an advertising campaign for a competitive product is considered proprietary information.

### LOSS OF DIE FOR NEW ONE-DOLLAR COIN

**Hon. C. William Doody (Deputy Leader of the Government):** This delayed answer is in response to a question raised in the Senate on February 17, 1987, by the Honourable Senator Bonnell.

(*The answer follows:*)

Please be advised that the lost die for the one-dollar coin was never handled by Canada Post. The Mint used the services of a private courier company to carry the die.

## BANKING

### MATTERS WITHIN EXCLUSIVE FEDERAL JURISDICTION—GOVERNMENT ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, a question was raised in the Senate on February 17, 1987, by the Honourable Senator Sinclair regarding Banking—Matters Within Exclusive Federal Jurisdiction—Government Action.

(*The answer follows:*)

The honourable senator has raised a timely question regarding the securities activities of institutions within exclusive federal jurisdiction. The rapid changes in financial markets and the associated changes in their regulation are bound to raise jurisdictional concerns that must be addressed and resolved.

Federal policy regarding participation in the securities industry was made clear last December when the government announced that banks and other federally regulated financial institutions would be able to own securities subsidiaries which could engage in the full range of securities activities, including some activities that could not previously take place within the federally regulated institution itself. Several provinces have also been reviewing their own policies and regulations to enable federal financial institutions and others to become full participants in the securities business. In response to these developments, last week the federal government issued a statement clarifying its position regarding the regulation of federal financial institutions. Activities carried on within the financial institution itself will be the subject of exclusive federal regulation. I would recommend that the

honourable members refer to the February 27 statement, which expresses fully the government's position on this matter.

Financial markets are undergoing rapid change in Canada and around the world. As the traditional businesses of each of the four pillars merge into the others, so that the former clean lines of demarcation become less distinct, there will be challenges to regulators to develop regulatory machinery and policy stances appropriate to the evolving situation. It is most important for federal and provincial governments to recognize the need for a cohesive regulatory framework which allows not only the promotion of solvency and liquidity, but also the effective functioning of capital markets.

The issue of jurisdictional responsibility is on the agenda at an upcoming federal-provincial meeting of ministers responsible for financial institutions to be held next month. The federal government is confident that, with co-operation and goodwill, these regulatory matters can be resolved quickly, harmoniously and in a way that respects the integrity of federal jurisdiction over the federally regulated financial institutions.

## INTERNATIONAL FINANCE

BRAZIL—SUSPENSION OF PAYMENTS ON BANK DEBTS

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** If I may, honourable senators, the Honourable Leader of the Opposition yesterday asked a question concerning the decision by the Government of Brazil to impose a moratorium on debt repayments to commercial lending institutions.

The Government of Canada, together with other members of the "Group of Seven," last week expressed our concern about this decision and, in particular, our concern over the fact that it seemed to have been taken without consultation with the commercial institutions concerned or with the creditor governments.

The Brazilian Minister of Finance is coming to Canada during this month. A specific date has not been set, but it is to be assumed that one of my cabinet colleagues will be receiving him on that occasion.

## HEALTH AND WELFARE

ACQUIRED IMMUNE DEFICIENCY SYNDROME—GOVERNMENT ACTION

**Hon. Stanley Haidasz:** Honourable senators, in view of the fact that the delayed answer given yesterday by the Deputy Leader of the Government in the Senate relating to my question about the federal government's strategy on the epidemic of AIDS in Canada ends by stating:

> Numerous other activities and projects have been completed.

I would like to ask the Deputy Leader of the Government or the Leader of the Government in the Senate whether they would provide to us, at least in an appendix to *Hansard*, what these other activities and projects are, because I do not see contained in the delayed answer any stringent and tough measures against AIDS such as were adopted by the Governments of Great Britain, Bavaria and Belgium.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall make inquiries.

## CANADIAN BROADCASTING CORPORATION

CORNER BROOK, NEWFOUNDLAND—RADIO-TELEVISION STATION

Question No. 4 on the Order Paper—**By Hon. Senator Marshall:**

> 16th December, 1986—Concerning the Radio/Television Station in Corner Brook, Newfoundland, (i) is it the intention of the Canadian Broadcasting Corporation to close the station; (ii) if yes, what are the reasons?

*Reply by the Minister of Communications:*

> I am informed by the Canadian Broadcasting Corporation as follows:
>
> No. The Corporation has announced that none of its stations will close in the 1987-88 fiscal year.

## CANADIAN PRIME MINISTERS

COMMEMORATIVE STATUES

Question No. 5 on the Order Paper—**By Hon. Senator Macquarrie:**

> 3rd February, 1987—1. What, if any, measures have been taken towards the erection of a statue to the Right Honourable Richard Bedford Bennett, Prime Minister of Canada?
>
> 2. When is it expected that such a statue will be erected?
>
> 3. What federal public buildings in (a) Ottawa and (b) elsewhere have been named for former Prime Ministers of Canada?
>
> 4. At what dates were such buildings named?

*Reply by the Minister of Public Works:*

> 1. None, but the Honourable Senator's attention is drawn to the Minister's Observations in *The Report from the Minister of Public Works to Parliament on Commemorative Statues to Prime Ministers and Commemoratives to Other Eminent Canadians* tabled in the Senate on February 11, 1987. Item 3., unfinished business, reads:
>
> In 1967, the government of the day commissioned four statues, yet only two were erected (Prime Ministers King and St. Laurent). Prime Minister Bennett has received nothing in the way of a commemorative statue

from his country. The Meighen statue was deemed unsuitable for the Hill.

2. There are no definite expectations at the moment.

3. (i) In Ottawa:

—The Lester B. Pearson Building, 125 Sussex Drive (named in 1973)

—The Sir Charles Tupper Building, Riverside Drive (named in 1961)

(ii) Elsewhere:

—The John A. Macdonald Building, 344 Edmonton Street, Winnipeg, Manitoba (named in 1961)

—The Arthur Meighen Building, 25 St. Clair Avenue, Toronto, Ontario (named in 1961)

—The Sir John S.D. Thompson Building, 125 Barrington Street, Halifax, Nova Scotia (named in 1965)

And under the authority of the Minister of Transport

—The Lester B. Pearson Airport (Formerly Toronto International—re-named in 1983)

4. Dates as indicated above.

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## CANADA SHIPPING ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Robertson, for the second reading of the Bill C-39, An Act to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and the Oil and Gas Production and Conservation Act in consequence thereof.—(*Honourable Senator Stanbury*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, this order stands in Senator Stanbury's name because yesterday I requested that the debate be adjourned in his name. I now ask that it stand until tomorrow in Senator Kenny's name.

Order stands in Senator Kenny's name.

● (1420)

## PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Efstathios William Barootes** moved the second reading of Bill C-12, to amend the Prairie Grain Advance Payments Act.

He said: Honourable senators, I am pleased to rise to speak on the amendments to the Prairie Grain Advance Payments Act.

As most senators hear repeatedly and must know, Canadian farmers are hurting because of depressed prices and a depressed international grain market. This is the direct result of subsidization by the European Economic Community and, in retaliation, subsidization by the United States. This practice has had a most unsettling effect on agricultural trade, and the prices for many agricultural products, including grain, have been driven away down in the world market.

The Prairie Grain Advance Payments Act was first introduced in Parliament by the government of the Right Honourable John George Diefenbaker in 1957.

**Some Hon. Senators:** Hear, hear!

**Senator Barootes:** It was one of the first pieces of legislation to be introduced by the Diefenbaker government, and it was dealt with on a priority basis because of the concern at that time over farmers' cash income.

We are now being asked to debate and support Bill C-12 for this very same reason. Some farmers are indeed experiencing cash flow problems, and the amendments to this legislation are aimed at alleviating, in a timely and efficient manner, that serious problem.

The farmer has a daily impact on our lives, yet Canadians are becoming further and further removed from farm life. It used to be that everyone had a friend or knew someone who was associated with farming. One hundred years ago, 45 per cent of the population of Canada was involved in farming. Today that figure is less than 5 per cent, yet food and grain output in the world has continued to rise steadily, chiefly due to technological advances and changes, biological and chemical innovations which have increased productivity, and, all in all, smarter farming.

Isn't it somewhat ironic that only a decade or so ago that famous committee of Rome was frightening everyone with predictions that we would see global starvation, over-population and, indeed, the end of this world? However, today the problem appears to be one of over-supply. Surely this must make us somewhat skeptical of these social engineers and think-tank intellectuals who are polluting our social atmosphere with their utterances.

Canadians are very well served by their farmers. While the number of farmers has indeed decreased markedly, efficiency in productivity has markedly increased, and the percentage of our disposable income which we as Canadians spend on food is the second lowest in the world. In short, efficiency and hard work by Canadian farmers is reflected in our everyday lives. The milk, the butter, the cheese, the bread, the cereals, the eggs, the chickens, the beef, the pork and the lamb that you eat—that comes to your table—did not come out of the refrigerator, honourable senators; it comes from the hard and efficient efforts of our Canadian farmers.

We as Canadians spend more than $40 billion a year on food. That is a considerable amount of money. Over all, the agricultural sector is responsible for 10 per cent of the total value of goods and services produced in Canada. If input supply industries and service industries are added, this sector contributes almost 14 per cent to Canada's gross domestic product. Therefore, I say that agriculture is vital to our

economy. And wheat farmers are very important to agriculture.

Wheat is Canada's predominant field crop. Ninety-seven per cent of our wheat crop is grown in the prairie provinces. However, our domestic market for wheat is small. The wheat producers must, therefore, rely on exports as an outlet for 80 to 85 per cent of their production. Our wheat producers depend on a chaotic, dog-eat-dog world market. The government has been pressing for reform of trade of agricultural products. In this area the government has achieved success in getting agricultural trade discussed in the current round of negotiations under the General Agreement on Tariffs and Trade.

This drive began when Prime Minister Mulroney successfully introduced discussion on agriculture at the Economic Summit in Tokyo last year. This marked the first time that agriculture has been an official Summit agenda item.

Since that time many members of cabinet in international forums have pressed to include agriculture in the GATT discussions. The Minister responsible for the Wheat Board, for example, Mr. Charles Mayer, attended a meeting of like-minded, free trading nations in Australia. He also hosted a meeting of ministers from the protagonists of five major wheat exporting nations in Whistler, B.C., last year. This year a further meeting was held in San Diego, and a third meeting will be hosted some time in the future in Australia.

The minister and this government realize that a lasting solution must be found internationally. But permanent success takes time, and that is why, here at home, the government is committed to helping our farmers through this period of low commodity prices whilst the giants of the European Economic Community and the U.S.A. exhaust themselves in trade battles.

Thanks to the Prime Minister's initiative in making the money available and to the farm leaders' ability to work together, a timely and equitable distribution of $1 billion under the special Canadian Grains Program is taking place. The government recognized that Canadian grain producers needed cash flow assistance and stepped in quickly to help.

This kind of approach characterizes the government's record when it comes to agriculture. This government has made available $3.2 billion of Canadian revenue in assistance to western grain farmers and $5.1 billion on agriculture in its first two years in office—a 62 per cent increase over that which the last government spent in its last two years in office.

**Hon. H.A. Olson:** That is the most misleading statement that has ever been made in this chamber.

**Senator Barootes:** The honourable senator will have a chance to rebut it. This year agriculture in western Canada will benefit from another 50 per cent increase in spending.

The amendments to the Prairie Grain Advance Payments Act are but part of the overall approach this government has taken to assist our farmers. By its very design, the act makes available interest-free cash advances when marketing opportunities are limited. When deliveries to grain elevators are held up by low or negative quotas, these farmers are advanced immediate dollars for their grain—for wheat, oats and barley—that they are unable to deliver but have in storage. In this way, farmers are able to meet their short term monetary commitments.

The government is to be commended for trying to make this act more responsive to farmers and easing the administrative procedures. The last thing our farmers need right now is unnecessary red tape. While the act has served producers well in the past, as Senator Argue will testify, conditions change and we must change with them. The amendments to the act will enhance and improve the way the program works.

● (1430)

In the past landlords were required to co-sign the farmer tenant's application for advance payment, regardless of whether that landlord was participating in the advance. Needless time was wasted while the landlord was found and persuaded to sign. This will now be avoided by having the tenant sign an affidavit which indicates that he has clear title to the grain covered by the advance. The Advance Payments for Crops Act, which applies to those areas not covered by the Wheat Board Permit Books, works in a similar way and is working quite well.

The current calculations for advances are based on the number of tonnes of grain prescribed per quota acre. In the past, therefore, high yield producers could not benefit fully—for example, an Alberta farmer who was growing very high yields of grain on a small acreage that was irrigated. The proposed amendment changes the method of calculation of the advances on the basis of actual volume of grain in storage rather than the number of acres.

Some farmers have been hurt by the high levels of interest rates in the early 1980s. When interest rates fell, farmers were locked into those high rates. The Prairie Grain Advance Payments Act is no different. Interest rates on defaulted accounts were set at the beginning of the crop year and remained the same throughout the entire period until the account was paid off. These amendments would change that. To avoid that problem, the act proposes that interest rates for defaulted accounts shall be able to fluctuate in relation to current interest rates.

A small number of farmers participate in both the Prairie Grain Advance Payments Act and the Advance Payments for Crops Act. Maximum allowable levels will now cover both programs together. This is a more equitable approach, and it means that an individual farmer can receive the maximum through one or a combination of both programs, but he cannot receive the maximum from each of the two programs.

The amendments will allow more flexibility in dealing with outstanding accounts in default. The board will be granted more latitude in dealing with producers who show that extraordinary circumstances prevented them from completing their obligations under the act.

Several regulations, routine and administrative in nature, are altered by order-in-council each year that the act is in

operation. The government believes that the process of order-in-council takes time and creates unnecessary paper work. It has, therefore, seen fit to delete those requirements from the act. That is streamlining.

As recommended in the bill, the application form will no longer require annual order-in-council approval. Instead, the Canadian Wheat Board will be responsible for approval of the form.

The changes proposed in the amendments would eliminate the need for orders in council to initiate emergency advance payments for purposes such as drying of grain, tough grain, and, in another category, unthreshed grain that has been left standing because of weather. That process will be sped up considerably with payment approval coming directly from the minister responsible.

The advance rate for the crop year will no longer require an order-in-council. The rate is set by the Wheat Board as a percentage of the initial payment on grain, and those initial payments are already set by order-in-council. The current process is therefore redundant and time consuming, and has been deleted.

With these amendments, the government has yet again demonstrated its commitment to reform in its responsiveness and sensitivity to the concerns of our farmers. I urge honourable senators strongly to adopt as quickly as possible the amendments outlined in Bill C-12.

**Senator Olson:** Would the honourable senator permit a couple of questions?

**Senator Barootes:** I will be delighted to provide an answer, if I can.

**Senator Olson:** Can the honourable senator give us a breakdown of the $5.2 billion—I believe that was the figure he mentioned—which has been distributed in the last two years? More particularly, can he tell us how much of that sum was paid out under programs that were set up by the previous government? Further, will he agree that the surplus or reserve funds were already in place, consisting of payments from the treasury and from the premiums paid by farmers themselves? In other words, the $1.4 billion under the Western Grain Stabilization Fund was there, and about $1.5 billion in the Crop Insurance Fund was there—money both from commitments of the previous government and from premiums paid by farmers? Since those comprise most of the figure mentioned, can the honourable senator give us a breakdown of that so that he does not mislead people into believing that it was new money, and that the funds provided were really payments out of programs and funds that were in place before the present government came into office?

**Hon. Hazen Argue:** Honourable senators, I have no objection to Senator Barootes answering Senator Olson's questions so long as it is clear that he is not closing the debate.

**Senator Flynn:** He is just practising for his speech.

**Senator Barootes:** Honourable senators, Senator Olson is right and he is also wrong. He is partly right and partly wrong.

[Senator Barootes.]

**Senator Flynn:** What else is new?

**Senator Frith:** It is "new" that he would know.

**Senator Barootes:** I do not like to mislead people. I cannot at the present time, from among my papers, provide the figures for the $5.1 billion. But I can provide, and do have at hand, some figures which might help to answer the honourable senator's question. I know that I will not be able to satisfy his argument, but I will provide what information I have. I am speaking now about what I said was the $3.2 billion supplied to grain farmers—in other words, the Grain Farm Program—as opposed to the totality of agriculture programs. I will read them to honourable senators and they will then see that Senator Olson is partly right in that some of those dollars have come from programs introduced as far back as the Diefenbaker period. I might even go back so far as the Jimmy Gardiner agricultural period, and from there onward to the present government. In 1986-87 alone—this is for one year—the honourable senator will be surprised to learn that the figure was $3.23 billion. Indeed, some of it is made up of premiums provided by farmers self-insuring themselves with participation from the federal treasury. Others are in stablization programs, crop insurance programs, and so on, and I make no apology for that fact. That is what these programs are for. Indeed, some of them are now in deficit, or what you business gentlemen would call in the red.

● (1440)

Here are the figures based on one year only: Western Grain Stabilization Act, $859 million; Agricultural Stabilization Act, $55.8 million; Crop Insurance Act, $320 million; Prairie Grain Advance Payments Act—and this part is only the interest on defaulted payments absorbed by the government—$24.7 million, although some $608 million was advanced.

**Senator Doody:** Good news!

**An Hon. Senator:** Shame!

**Senator Barootes:** I see that Senator Argue is standing, does he not want to hear the rest of this?

**Senator Argue:** Honourable senators, I think that the honourable senator has made an error, but perhaps he did not not. I think he said that the $24.7 million was money that was used in default. I believe that that amount is for the actual interest paid rather than for the default payments. I may be wrong.

**Senator Barootes:** Honourable senators, I stand corrected.

**Senator Hastings:** You are wrong.

**Senator Barootes:** That is right, because the actual interest absorbed was not as high. It was only about $11 million. The honourable senator is right. To continue: Advance Payments for Crops Act, $5.6 million; fuel rebate $96 million; transportation assistance, $869 million; and after that the $1 billion which was announced on December 9. That comes to $3.23 billion.

**Senator Argue:** Honourable senators, I have listened with great interest to the comments of Senator Barootes. Senator

Barootes is really an agricultural expert in many ways. He is a master of doctoring figures.

**Senator Frith:** Ooh!

**Senator Nurgitz:** Come on.

**Senator Flynn:** What about you?

**Senator Argue:** I am not a master. On that scale, I would be lucky to be a bachelor.

**Senator Phillips:** I bet that your wife would like you to be a bachelor, too.

**Senator Argue:** Senator Olson has brought up the $3.2 billion. I guess the government had to pay out the money it did through the Western Grain Stabilization Act or it would have been breaking the law. I think Senator Barootes has said that. However, it was really the farmers' money. It was from the farmers' account. The government put in part and the farmers put in part. The only difficulty with presenting large figures as the amount of money allegedly contributed by the government to the farmers is that it misleads the general taxpayer into thinking that, somehow or another, the government has put up $3.2 billion of the taxpayers' money for the farmers. That really is not the case.

**Senator Olson:** That is a terrible disservice.

**Senator Argue:** That is an interesting piece of accounting. In any event, Senator Barootes is a good supporter of the government, and he puts the best possible picture before the Senate. Really, a great deal has not been done. There was talk that $1 billion would go to western grain producers. The announcement of that program helped Premier Devine win the election. There is no doubt about that. But after the election that $1 billion shrank a good deal. A lot of it was siphoned off to eastern Canada, and it eventually became a little over $800 million for western Canada.

**Senator Doody:** What?

**Senator Argue:** Most of it has not yet been paid. The farmers are waiting for the payments. But the program of $1 billion has been announced and is out there. Almost every person in the city thinks, "You got a billion dollars. What are you bitching about?" In fact, the average cheque to the average farmer amounted to $1,800. I suppose that the average farmer would currently owe $18,000. So the average farmer would take his $1,800 cheque, go around town—it would take him an hour because he would have coffee everywhere he went—he wanted to make it last as long as possible—and leave $600 with three people where he had accounts. Those people would give him only a half grin because he only paid part of the account. Those who hold the balance of the $18,000 debt are really angry and upset.

The farmers out there get more telephone calls now than they have ever received. The creditors have heard that $1 billion is coming. The banks phone twice a day. This is true. The banks phone and say, "John, have you received your cheque? Don't forget the bank. You know, you owe $250,000, so bring us the $1,800." In other words, "the government has sent out $1 billion, so take your $1,800 and bring it in to us." It does not go very far. I realize that there is more money coming, a little more than twice as much. Twice as much as $1,800 is $3,600, so they might get about $4,000.

**Senator Barootes:** Nine thousand dollars.

**Senator Argue:** If on the average Senator Barootes takes 140,000 permit bookholders and divides that into the amount of money available, he will come up with the same figure.

**Senator Barootes:** The money is for farms or people, not permit books.

**Senator Argue:** You have to be a person to have a permit book, you know. They do not just pass them around. Some of them may be held by incorporated companies, but most of them are attached to persons. The amount I used, I think, is generally accurate. If you want to argue about whether it is $1,850 or $1,750, I will not oppose you.

The farmers have a crop to put in, and the $3,600 may come to them in May, depending on how good the bureaucracy is at writing the cheques and getting them out. So, for many, the money will come after seeding. In this way, the farmers will not have enough money to buy the gasoline required to do the seeding, so maybe they will not create problems by putting in such large crops. There is a lot of severe hurt out there. Last weekend I had the privilege of speaking to a health conference in Winnipeg. I had people who deal in the fields of psychology and psychiatry say to me that they have had adult farmers come to them seeking help because of their emotional distress. Farmers of 30 and 40 years of age have broken down and wept because they were losing their farms. The suicide rate for farmers today is more than twice the national average. The suicide rate for farmers today has tripled since 1981.

I know that you are not supposed to talk about caucus meetings, but I am about to describe a different style of caucus. A group from southern Alberta, which will be meeting with all the caucus members, composed of farmers, the Mayor of Lethbridge, reeves and business people met with our caucus—and they are meeting with the caucuses of the other political parties as well—and told of us of the foreclosures that are going forward in that part of the country. They told us of the problems with stores. I think they said that seven major businesses in Vulcan, Alberta, have closed in the last few months. Many of the farms out there, like many of the farms in Saskatchewan and Manitoba, will be lost to their present owners unless action is taken. That is the underlying situation. There is nothing in particular wrong with the bill before us.

**Senator Doody:** Good!

**Senator Argue:** It tidies up a few things. It says to a farmer who is in arrears and paying 15 per cent interest that it will take action to reduce the rate a little bit. It says to a farmer who is a tenant and who wants a cash advance that he does not necessarily have to wait until the landlord signs the application. So, it contains some tidying-up provisions. There is nothing wrong with those tidying-up provisions. The fact of the matter is that the farmers of western Canada will very likely be receiving less under the Prairie Grain Advance Payments

Act next year than they are getting this year, because, as Senator Barootes accurately pointed out, the cash advance is tied to the intial price for grain, and Senator Murray made it perfectly clear in the chamber today that the initial price for wheat will be going down because this government will not support it at its present level. Therefore, as the initial price of wheat goes down—

• (1450)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I said that the decision would be announced in mid-April; that is what I said.

**Senator Argue:** Exactly, and the decision will be to put the price down; that is perfectly clear—

**Senator Murray:** That is my honourable friend's statement; it is not mine.

**Senator Argue:** Honourable senators, we will see. After the middle of April, we will have that debate that you are always inviting us to partake in, and I would be very happy to say I was wrong, that the government held the price; that the government risked $500 million to support the price of prairie grain at current initial prices, but I am afraid I will not be—

**Senator Olson:** Those prices are too low already.

**Senator Argue:** Of course. The bankers say—

**Senator Murray:** Are the two honourable senators making a recommendation in this regard?

**Senator Argue:** A recommendation that it be held?

**Senator Murray:** Senator Argue and Senator Olson are recommending that it be increased, as I understand it.

**Senator Argue:** Absolutely. The Americans get $6 a bushel; the famers in Canada get $3 per bushel on high-grade wheat. The American farmer gets $6 per bushel on average wheat at his farm gate. The farmer in western Canada gets $3 per bushel for high-grade wheat. But now a lot of the crop is low-grade wheat, and for that he gets $2 per bushel. Then the debt review boards come along. One member of the debt review board, in my hearing, said: "It is a joke. The only good thing about the debt review board is that they made me a member and I get $150 per day."

**Senator Murray:** Who said that?

**Senator Argue:** I am not naming any names, but I heard it and others heard it, so you can just accept it. I tell you it is accurate. He further said: "It is just a kind of social gathering. It would be more pleasant if it were a tea party." He went on to say: "We hear the stories—"

**Senator Barootes:** Who was this person?

**Senator Argue:** I know you would like to cut me off, but this was said by a member of one of your boards. This was a member of your debt review board who is paid. He said: "The board is a joke; it has no power." I am sure we will hear many of them say it, because it is all true. They have absolutely no power; they have no teeth. What these appointees of the government will be doing is coaxing farmers to sign off, instead of providing a means whereby they can stay on their farms.

**Senator Frith:** Is that $6 U.S.?

**Senator Argue:** No, that is $6 Canadian. Thank you, senator, for keeping me accurate. The American gets roughly $6 Canadian. Our farmer gets $3, and the senators on the other side of this house are ready to knock that down. I do not know whether they want to knock it down 10 per cent, or whatever, but that is the way in which they are going, or at least that is where I think they are going.

A year ago there was a rumour around here that in January the government was going to bring in debt legislation with some teeth in it. However, the Royal Bank decided that there would not be any teeth in it, so it started a lobby campaign. The Royal Bank won and the farmers lost, and there are no teeth in the debt legislation.

The bill that is before us today tidies up in some important ways an act that has been on the statute books for a long time. The cash advance legislation has been good legislation. It is interest-free. The difficulty is that if this legislation is being introduced as a major program to help solve the farm situation out there, then it is not at all effective. Any effect this bill will have will be marginal, and we will be looking to the government for real action in the very near future because, unless there is action forthcoming, there will be a tremendous exodus of farmers from the land. There will be many heartbroken people out there and, because everyone's equity is going down, agriculture is being virtually destroyed.

Therefore, the challenge to members on the government side of the house is to bring in legislation that will have real meaning and will go a long way in being effective in meeting what is a very urgent crisis in agriculture, a crisis that is adversely affecting many communities in Canada.

**Senator Olson:** Honourable senators, I would like to adjourn the debate until tomorrow, because I want to see Senator Barootes' speech in print before I deal with it. I am sure he does not want to leave it in its present form.

On motion of Senator Olson, debate adjourned.

## MARRIAGE (PROHIBITED DEGREES) BILL

SECOND READING—DEBATE ADJOURNED

**Hon. Nathan Nurgitz** moved the second reading of Bill S-5, An Act to amend and consolidate the laws prohibiting marriage between related persons.

He said: Honourable senators, very briefly, Bill S-5 is a very simple bill. In fact, it might almost be described as "housekeeping". It is a bill to amend and consolidate the laws prohibiting marriage between related persons. This bill clarifies the public general law in Canada prohibiting marriage between related persons by enacting what we think is a complete code. In the case of persons related by blood, it reaffirms the law that persons may not marry if they are related lineally or if they are brothers and sisters, but it

otherwise relaxes the law to allow marriage between persons who are related as uncle and niece or as aunt and nephew.

In the case of persons related by marriage, it clarifies the law by providing that a person whose marriage has been dissolved by divorce may marry the brother or sister, nephew or niece, uncle or aunt of the divorced spouse. The bill would also allow a person to marry the uncle or aunt of a deceased spouse, something that is not now permitted under the law.

Finally, in the case of persons related by adoption, it generally confirms that a relationship by adoption is no prohibition to marriage. However, in the case of a lineal adoptive relationship, the bill creates a new prohibition. Thus, for example, a man may not marry his adopted daughter or granddaughter.

Honourable senators, there are two brief matters I would like to point out. First, so much of the work that was done in covering this matter on at least two previous occasions under Bill S-2 and Bill S-13, several Parliaments ago, was done by the Standing Senate Committee on Legal and Constitutional Affairs, under the able chairmanship of Senator Neiman. In fact, in this chamber on December 18, 1985, Senator Neiman, in addressing Bill S-2, covered the long history that this matter has had.

To my recollection, it was through the initiative of Senator Flynn, Senator Asselin and others that we found that every couple of years we were dealing with a series of bills asking for an exemption from the general law. Those senators stood at that time and said the general law needed so many exceptions that it was obvious something was wrong with the general law.

● (1500)

We then proceeded, as I recall, with Bill S-13 during 1983-84, and in 1985 with Bill S-2, both of which died on the order paper. Bill S-2 was at that time before the House of Commons, but when the session was prorogued last October, that ended the life of that bill.

I am sure all honourable senators are familiar with the provisions of section 91 and section 92 of the British North America Act of 1867, and in particular with subsection 26 of section 91, which says that the federal government has exclusive jurisdiction to legislate with respect to marriage and, more specifically, with respect to the capacity to marry. Section 92 provides that the provinces have exclusive jurisdiction with respect to the solemnization of marriages.

With one minor exception, the federal government has not legislated in this field; it has merely adopted the law on capacity to marry which was in force at the time of Confederation, and those laws were also in place in the various provinces that formed Canada in 1867. I might say that Quebec was governed by the Civil Code. The Civil Code at that time was, in substance, the same as what was in existence in Upper Canada at that time.

The committee, in its very lengthy deliberations, heard from numerous authorities touching on both the religious and civil aspects of capacity to marry. As Senator Neiman pointed out in her excellent presentation on December 18, 1985, the practice of barring marriages between persons having certain relationships, whether by blood or otherwise, is part of the old Judaic religious law, and Christians, in turn, adopted and adapted similar prohibitions.

Over the centuries, the list of prohibitions was extended and contracted from time to time. Some time after King Henry VIII separated himself and his country from the Holy Roman Church, he asked for some codification, I assume because of some of his own problems—

**Senator Flynn:** Or solutions to his problems.

**Senator Nurgitz:** Yes, as Senator Flynn has said, or solutions to his own problems. The Ecclesiastical Court of that day then actually pronounced certain laws which ultimately found their way into the Anglican Book of Common Prayer and became the foundation on which the common law that Canada acquired at Confederation was based. For those honourable senators who may have studied the topic of domestic relations at law school, that is how we were taught that subject: The laws dealing with the prohibitions of consanguinity and affinity as were contained in the Anglican Book of Common Prayer.

**Senator Frith:** A very good book, indeed!

**Senator Nurgitz:** To each his own.

**Senator Frith:** Have you read it?

**Senator Nurgitz:** Not completely.

The law at the time of Henry VIII was, and now is, that no person may marry another person of the opposite sex who is within three degrees of blood relationship or affinity. That means it extends literally to grandparents and grandchildren. It does not include great grandparents and great grandchildren. It also extends to aunts and uncles, as well as to siblings.

As Senator Neiman pointed out, there is one other common law prohibition, and that is between step-parents and step-children. However, there is no prohibition against siblings of such step-parents marrying one another.

Confusion further enters the picture when one considers, or attempts to consider, the effect of legal adoption. I am sure it is familiar to most senators that adoption was for many, many years a practice and not a legal matter. If one looks at most child welfare legislation, one will see that adoption did not come into force in some provinces until the 1920s and 1930s. So, formal adoption is basically a 20th century concept. The adopted child has the same status as a natural-born child.

While some statutes dealt with adoption before the turn of this century, as I have said, most of those came about somewhat later.

It is interesting to note that in 1978, before my time in the Senate, an application was made for an exemption from the general law by a brother and sister by adoption. I see Senator Flynn nodding; he was on the committee at that time. The opinion of the committee was that those people did not need a parliamentary bill, because there was no act of Parliament prohibiting adopted brothers and sisters from marrying. So their application was not dealt with.

**Senator Frith:** Would that be prohibited by this bill?

**Senator Nurgitz:** No. I might say that Bill S-2 would have prohibited that.

**Senator Hicks:** That is right.

**Senator Nurgitz:** Bill S-5, once more, is not different from the current law.

**Senator Flynn:** We amended that.

**Senator Nurgitz:** Yes. I apologize to Senator Flynn; we did amend Bill S-2 to remove the adoption prohibition, the theory being that the committee wanted to remove prohibitions and not add them.

The advice given to the committee by experts such as Professor Hubbard, of the University of Ottawa, recommended that the scope of the present prohibitions be narrowed to exclude prohibitions against the marriage, and his view was that eugenic and social justifications by retaining prohibitions are no longer persuasive or appropriate by today's medical or ethical standards.

Professor Hubbard brought to the attention of the committee the Australian experience, which was to remove prohibitions generally, not unlike what we have done, although, in fairness, I should point out that the Australian legislation does prohibit adopted brothers and sisters from marrying.

Especially for honourable senators who may not have been familiar with the work done by the committee dealing with the previous legislation, the committee did hear from leading medical geneticist, Dr. Abby Lippman, of McGill University. In dealing with the aunt-nephew, uncle-niece matings, she indicated that genetic disorder, or rather the possibility of genetic disorder, hardly increased among such related persons as opposed to non-related persons, which would justify the removal of prohibitions in those particular areas.

The chance of a problem birth among non-related persons is a certain percentage, and it increases by something of the order of less than 1 per cent when there is an aunt-nephew, uncle-niece relationship. There is a small increase in the risk.

**Senator Frith:** In that case attributable to that fact?

**Senator Nurgitz:** Yes.

**Senator Flynn:** And they are not even sure of that.

**Senator Frith:** That is a possible statistical average?

**Senator Nurgitz:** Yes.

I also want to point out that the committee heard from 13 religious groups—that is, it heard from every single religious group that had a membership in excess of 100,000 persons. Every provincial Attorney General was also consulted, as were the chief law enforcement officers of the Yukon and the Northwest Territories.

While I do not propose to go into any great detail in terms of what the proposals of the various religious groups were, I do recommend that honourable senators read the comments of Senator Neiman on those matters. Suffice it to say that the view of the committee was that inasmuch as the religious groups could still maintain prohibitions for marriages within their own churches—they could still have their rules—the general law of the land ought to treat the matter in a less parochial manner.



• (1510)

As Senator Neiman said—and I am quoting from page 1747 of *Debates of the Senate*:

> In a pluralistic society like Canada the general law should not be constrained by any particular religious views.

Let me conclude by saying that I am informed by the Parliamentary Counsel that there are another 22 applications ready to be heard, if we wish to hear them. That would amount to 22 bills that would come before Parliament from persons wishing to be married and who seek an exemption from the general law because they require one—applications that would not need to be made in the event that Bill S-5 became the law of the land.

Honourable senators, I urge upon you the passage of this bill.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I believe that Senator Neiman will adjourn the debate. I do not want to enter into the debate, but I would like to ask Senator Nurgitz if he would underline one thing that he has said and add something. Could he tell us the qualifications of Professor Hubbard, what his discipline is or what his disciplines are, and then reread that sentence where he said, "no longer justified by—." It seems to me that this is important for our consideration.

Senator Nurgitz has told us that the essence of the legislation before us now is an attempt to solve the problem that I thought he put very succinctly, namely, that if the present law needs that many exemptions, then why not change the general law? That is an appealing and persuasive argument. The only reservation that some of us might have is that if there is sufficient evidence before us concerning the genealogical and ethical foundation, whatever it is, for those laws, then that reason is no longer sustainable. So, could you give us the qualification and reread that sentence?

**Senator Nurgitz:** Professor Hubbard, at the time that he appeared before us, was acting Dean of the Law School at the University of Ottawa. Indeed, he was also Professor of Family Law at the University of Ottawa. He was the only person that I can recall, as we looked for information, who has written on this subject, and he had written one excellent article on this very subject. The article was published in the McGill Law Journal, and was entitled "Marriage Prohibitions, Adoption and Private Acts of Parliament: The Need for Reform." He has made a study of this matter. We found him to be excellent.

**Senator Frith:** Not just the legal side but the genealogical side?

**Senator Nurgitz:** Yes, he dealt basically with the legal side. He made a compelling point, that is that we have no laws prohibiting sexual relations between these people.

If your fear is that you are running around creating less than perfect people, sort of genetically damaged people, then

what you need is a law prohibiting relations between related persons. We have never seen fit to have that. Why would we, in fact, bar marriages?

My recollection—and Senator Flynn can correct me—is that in the earlier hearings, about three or four years ago, when we did eight bills at once, one of the things that we looked for was to be certain that the people were past the age of child bearing. We had, for example, a 90-year-old man and a 70-year-old woman. It was often included in the material that was sent to us that they were beyond child-bearing years.

In any event, the most telling point of Professor Hubbard was that we have no law prohibiting relations; that would be more important than having a law prohibiting marriage.

Then, finally, this may well be a quote, but Professor Hubbard does not know it.

**Senator Frith:** No, your quote is fine.

**Senator Nurgitz:** He recommended that the scope of the present prohibitions be narrowed to exclude prohibitions against marriage. His view was that eugenic and social justifications for retaining prohibitions are no longer persuasive or appropriate by today's medical and ethical standards.

**Hon. Henry D. Hicks:** Honourable senators, may I ask a question along the same lines? While Professor Hubbard may have expressed this view, did he approve of the retention in the legislation of the prohibition against marriage for persons who are lineally related by adoption? It seems to me that there are no genetic reasons why marriage should be prohibited between a man and a woman who had been adopted by him. Did Professor Hubbard have a view on that?

**Senator Nurgitz:** I apologize to Senator Hicks. I do not recall. We have not heard from Professor Hubbard in about two years, and my recollection is that he had none.

I recall the 1978 case of two people who had been adopted shortly after birth, were raised as brother and sister, and were separated for a number of years. Each had lost their spouse through a death. Both had even moved to the U.S., and had suddenly come back, for some reason, to retire in Saskatchewan. These two people found each other. They had many things in common and wished to be married. Now, I believe that is the story of the 1978 case, the name of which I do not recall.

**Senator Hicks:** Well, their marriage would not be prohibited under this legislation.

**Senator Nurgitz:** That is correct.

**Senator Hicks:** But the father-adoptive daughter, or the mother-adoptive son marriage would be prohibited.

**Senator Nurgitz:** That is correct.

**Senator Hicks:** Yes. Well, I want to say something about this, but I shall wait until a later time. Thank you.

On motion of Senator Neiman, debate adjourned.

## HAZARDOUS PRODUCTS ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Lapointe, P.C., for the second reading of the Bill S-4, An Act to amend the Hazardous Products Act (tobacco and tobacco products).—(*Honourable Senator Argue, P.C.*).

**Hon. Hazen Argue:** Honourable senators, I rise to support Bill S-4, introduced a considerable time ago by Senator Haidasz.

I think it is an important bill. The purpose of the bill is to ban the advertising of tobacco and tobacco products.

As with any other subject, when you move in one direction, you may appear to be causing hardship by such a move. Of course, there is a tobacco industry; there are tobacco farmers, and to the extent that peoples' habits are changing, the demand for tobacco smoking is going down, and that industry faces difficulty. However, while the two questions are related, both need to be addressed, namely, if farmers who have had a substantial income from the production of tobacco do, in fact, get into trouble economically, then action by the government to assist them in production of other products, and to assist them in whatever financial difficulty they may be in, might well be taken, while at the same time generally understanding the great hazard that tobacco constitutes for the health of Canadians.

Dr. Haidasz made a most comprehensive and very effective speech. Nothing that I can say can add very much to the statement he has made. However, from time to time I think it is proper and desirable to let a senator who is putting forward a bill know that there is support for that bill, and that his colleagues think it is an important initiative which should have general support, go on and be dealt with in committee, should come back to the Senate and, we hope, receive Senate approval. It should then go on to the House of Commons where, it is to be hoped, it will be dealt with in a supportive manner.

It has been pointed out that 30 per cent of cancer deaths may be caused by smoking, and that 32,000 Canadians died as a result of tobacco-related diseases in a given year. Those kinds of figures indicate the major hazard that smoking constitutes in terms of the health of the Canadian nation.

In dealing with this major question, one does realize that the position of the tobacco industry is influential and that there is definitely pressure from it to oppose any banning of the advertising of tobacco. Nonetheless, I think it should be the role of parliamentarians to proceed and to take the necessary action to sustain and protect the health of Canadians generally.

There are a lot of vested interests, of course, in the tobacco industry. It is a major industry and, as has been pointed out in an article in the *Toronto Star*, pharmacists are encouraged by tobacco companies, through the offering of free cigarettes or by the payment of actual cash, to display tobacco products in a

prominent position. It is pointed out that a big chain store in a shopping centre could receive between $4,000 and $6,000 annually for a variety of displays, and that six years ago it was not unusual for a big store to receive between $12,000 and $15,000 annually in such incentives.

There is a demand that not only advertising as such be prohibited but that tobacco companies should disclose all of the additives in cigarettes, because, I think it is fair to say, there are some 400 additives available for use in connection with smoking and that are added to cigarettes that are placed on the market. Some of the additives which have been found would frighten almost anyone. They range from turpentine, shellac, butane, ammonia, volcanic ash and a long list of others.

This measure is important. Other things should, perhaps, be done in parallel with the same objective in mind.

The cost to Canadians flowing from the use of tobacco, impaired health and the loss of time at the workplace is of astronomical proportions. It is estimated that the total cost runs into many billions of dollars. The sum of $4.5 billion dollars is lost in income; $1.5 billion dollars is lost due to hospitalization costs; $860 million is lost due to disability payments; and so on.

Other countries have banned tobacco advertising. In Norway, it is stated, before the banning of tobacco advertising, 41 per cent of women between the ages of 16 and 20 smoked. In 1984 only 22 per cent smoked. There was a major reduction. In Canada in 1983, 40 per cent of women between the ages of 20 and 24 smoked. In 1985 this had increased to 51 per cent. While there is some change in the habits of Canadians generally in relation to smoking, the statistics indicate that young women, in particular, have increased their incidence of smoking.

I wish Senator Haidasz every good fortune in gaining the unanimous support of the Senate in the initiative he has taken. I think that if we pass this bill, and if it should result in a change in the law, we all shall have made an important contribution towards improving the general health of Canadians.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the only intervention I make on this order is to suggest that there seems to be a consensus that this is an appropriate subject for the Senate to deal with, that is, that it is appropriate for us to consider launching some legislation on this question of smoking and the hazards attendant on smoking to the smoker and to non-smokers who are exposed to side-stream smoke.

If there is some problem in terms of modalities, it seems to me that the study of those modalities—that is whether the correct way to proceed is by a change to the Hazardous Products Act—is eminently appropriate to be considered by a Senate committee.

Unless someone else wishes to speak to this matter, perhaps Senator Haidasz should close the debate on second reading and, with his agreement, we should refer the bill to committee for study and report before third reading.

[Senator Argue.]

**Hon. Stanley Haidasz:** Honourable senators—

**The Hon. the Speaker:** Honourable senators, I wish to inform the Senate that if the Honourable Senator Haidasz speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Haidasz:** —in thanking Senators Argue and Frith for their participation in this debate on second reading of Bill C-4 to amend the Hazardous Products Act, I should like to mention that there have been several reports, not only epidemiological reports but also reports from anti-smoking advocacy groups, about the dangers not only of direct smoke but also of second-hand smoke, specifically the ill-effect on health in an environment where smoking is taking place. I believe that one of the most flagrant actions of the tobacco industry was the recent promotion of an ad giving three, four or five cigarettes per package free to entice more sales of cigarettes. There has also been put on the market a 15 cigarette package of tobacco products directed especially towards those who feel that the price of 25 cigarettes is too high. I believe that this is a temptation, especially to the youth of Canada, to begin smoking.

• (1530)

Without any further remarks at this time, honourable senators, I move second reading of Bill S-4.

**The Hon. the Speaker:** It was moved by the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Lapointe, P.C., that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

**Senator Flynn:** I do not think Senator Lapointe can second the motion.

**The Hon. the Speaker:** I must say that I have researched this matter, and Senator Lapointe was here to second the motion when it was first moved.

**Senator Flynn:** Mr. Speaker, you said that it is moved now.

**The Hon. the Speaker:** I am sorry, I said that it was moved.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Haidasz, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

## ILLITERACY IN CANADA

DEBATE ADJOURNED

**Hon. Joyce Fairbairn** rose, pursuant to notice of Friday, December 19, 1986:

> That she will call the attention of the Senate to the question of illiteracy in Canada.

She said: Honourable senators, one of the fundamental freedoms in our Charter of Rights and Freedoms is that of thought, belief, opinion and expression. One of the fundamental rights in that Charter is the right of equal benefit under the law, without discrimination based on race, nationality or ethnic origin, colour, religion, sex, age, mental or physical disability. For one in five Canadians, honourable senators, those words have no meaning. They offer no sense of security and no promise of opportunity. Those Canadians are the victims of what I believe to be our country's hidden shame. They are illiterate.

I have introduced this inquiry for debate because we have a profound problem in our country and we have to do something about it. More than four million adult Canadians cannot read or write well enough to function adequately in our society, and one million more cannot read or write at all. They cannot read the Charter of Rights; they cannot communicate with their government; they cannot do a great many of the ordinary things that all of us take for granted.

Honourable senators, 70 per cent of the illiterate population in Canada was born right here in this country and lives in our cities. Approximately 40 per cent of those people are under the age of 45, one of the most productive periods in a working lifetime. These are accepted statistics and, if anything, they are probably underestimated in Canada.

Who are these citizens who remain in private isolation—frustrated, afraid and angry—in a world in which success and fulfilment depend so heavily on communication at every level of our society? Some 60 per cent of the Canadian illiterate population are unemployed, and they are not looking for a job. They cannot find a job and they cannot hold a job. They cannot read the classified ads; they cannot read the telephone book; and they cannot fill out applications. To them a visit to a Manpower office is a numbing experience because they cannot read the rules. Therefore, they miss the opportunity. Because of their disability, they cannot benefit from government training programs, not merely because they are illiterate but also because they have not accumulated enough years in the school system to qualify for that training.

The illiterate are mothers running dreadful risks in their homes because they cannot read the labels on dangerous substances or the instructions to deal with accidents to themselves or to their children.

The illiterate are workers in our plants and construction sites, who are constantly vulnerable to accidents and mistakes because they cannot read.

The illiterate are farmers, failing themselves, their families and their land because they cannot keep up in an increasingly complex and technical industry where, to keep abreast of change, you must read and understand.

The illiterate are prisoners, men, women and young people in our jails and penitentiaries, whose lives are ruined because of their own inability to understand and function by society's rules.

The illiteracy average for federal penitentiaries is said to be something in the area of 50 per cent, but in some institutions, we are told, it could be as high as 80 per cent.

The illiterate are students going through the system without learning the basic communication skills and dropping out of school. Thirty per cent of our teen-agers are drop-outs, or are students who have managed to get through the system as far as university without developing an adequate capacity or capability to read and write. Literacy scores among first-year students at some of our major universities and community colleges in Canada have shown an appalling failure rate in recent years. It was with great regret that I read just last weekend that more than 40 per cent of the students who took writing competence exams at the University of Alberta in Edmonton have failed since last November. Two years ago the number was 40 per cent, and nothing has changed. Forty per cent of the students tested at the University of Alberta—and that university is not alone.

The illiterate are also senior citizens who are in frightening isolation as their inability to communicate compounds the natural difficulties of the aging process.

The illiterate are Canadians with mental disabilities, who are not even given the opportunity to learn.

The illiterate are men and women of all ages across Canada, who learn to travel in a city by counting the bus stops and subway stops because they cannot read the signs; who shop at a corner store or supermarket by memorizing the colour, shape, sizes and positions of goods on shelves.

Saddest of all, it often starts with the little children who are questioning and interested, and whose first efforts at learning are obstructed by the barrier of illiterate parents; and the cycle begins again on another generation.

● (1540)

The illiteracy picture I have just described is grim enough, but we must add to that the separate but related issue of learning disability, which also affects some 20 per cent of Canadians and, if undetected in young people, can brand them as mentally retarded, slow, spoiled, or just plain bad.

I do not like the label of "learning disability", because those Canadians are really not disabled. They are different, and they learn in a way that is different from the way in which you and I learn; but if we cannot provide them with the alternative teaching techniques, they do not learn at all.

All of these manifestations highlight the fact that illiteracy is truly a national disease and a national crisis. It spreads across all groups in our society, regardless of age, economics or region. It cripples individual Canadians for a lifetime—in a way sometimes just as deadly as a physical disability—and, in doing so, it also cripples the social development and economic productivity of our country.

Because we cannot actually see illiteracy, we, as a nation, have not yet been shamed into dealing with it in the way that we have dealt with more visible disabilities. Traditional education methods have failed this group and they are now alienated

from the system. This applies not just to young people but to people of all ages.

However, unlike other grave national problems which seem to defy solution, illiteracy is one which can be solved, if we want to take the trouble to try. It is not a partisan issue. It affects us all and we do not think about it, we do not know about it, and I suspect that too often we may not want to know about it.

The key to achieving success in fighting illiteracy is public awareness, and that is why I am raising the subject here today. I profoundly hope that I will not be the only senator to speak on this issue, that discussion will continue in the coming days and weeks and, let us hope, that it will receive some attention beyond this chamber.

There may be a number of reasons why Canada trails significantly other western countries such as the United States and, most particularly, Britain in recognizing and dealing with this problem. Perhaps we have too few people in too vast a country to be able to focus our attention easily on the issue. Perhaps we have tended for too long to think of illiteracy in terms of underdeveloped countries of the Third World, or, here at home, in terms of poverty, mental and physical disability, racial origins and lack of opportunity for education.

Perhaps the illiterate have become statistics in increasingly large numbers over recent decades because we no longer have a labour-intensive economy, providing the kind of jobs where the illiterate can hide. Perhaps our relative good fortune as a nation has made us complacent. The truly substantial benefits of the television age have, at the same time, turned our children and young people into viewers rather than readers. Perhaps the changes in our family life, with the growing number of single parents struggling to maintain a living for their families, have hampered the early development of reading skills in our children.

Whatever the reasons, we must face the reality that one fifth of our citizens in this rich country are overwhelmed by this problem, and another generation is already at risk in following the same pattern.

Like many Canadians, I have been aware of the problem of illiteracy in North America, but it was an abstract awareness until I travelled across this country with some of my colleagues in the Senate on the Special Senate Committee on Youth. Again and again we heard from young people, from educators, social workers and parents about illiteracy and learning disability, and the emotional and functional crises caused by the simple inability to read and write. As this house knows, our committee strongly recommended that the government launch a national campaign against illiteracy.

Again, last spring, with colleagues from the Standing Senate Committee on Legal and Constitutional Affairs, I witnessed some of the truly tragic results of this disability while visiting prisons in western Canada and in the Kingston area. Last October, for the first time in history, illiteracy was mentioned in the Speech from the Throne as an issue requiring action, and late last year the Solicitor General, the Honourable James Kelleher, indicated that he would declare war on illiteracy in Canada's prisons. That is a very worthwhile idea, but I have to ask, "Why just the prisons? Why not all of the other Canadians who may be headed for trouble, and, indeed, some of them for prison, if they are not helped now?"

[Senator Fairbairn.]

Early in January I wrote to the Prime Minister and to the Secretary of State, the Honourable David Crombie, outlining my concerns, indicating that this debate would take place, and encouraging them to truly take an initiative with regard to this nationwide problem. The minister, Mr. Crombie, responded in a letter which indicated that he was consulting with experts on this question and that he would then begin discussions with the provinces to consider a plan of action. At this point I wish to say that the provinces are involved in this field. As the Ontario government clearly indicated last night, it has committed millions of dollars toward dealing with this problem. But I strongly and firmly urge Mr. Crombie not to believe that this is just a provincial problem. Indeed, it is, but overhanging that is the fact that it is a national problem, from coast to coast and through our northern territories.

In my effort to learn more—and I regret very sincerely that I have relied all my life upon reading and writing, particularly in my profession—it has only been in the past two years that I have become involved in and educated on this issue. In an effort to learn, I have been helped by individuals who have focused their professional lives and their personal abilities on seeking help and understanding for these problems, people like Jack Pearpoint, President of Frontier College in Toronto; June Bourgeau, Executive Director of the Learning Disability Association of Canada which has headquarters here in Ottawa; Ruth Baldwin, President of World Literacy of Canada. And a constant source of encouragement and support to me has been Linda Hays of Calgary, who is the partner of my friend and colleague, Senator Hays. She has been tireless in her work with the Foothills Academy on behalf of the learning disabled in my province.

These people have impressed on me the need for all of us in public life to educate ourselves on the depth of illiteracy and learning disabilities in Canada, and then to use our positions to help spread awareness in every community across this country. That is a first step.

The second step is to understand that this is one disease that can be cured, and that we have in our country people with dedication and worldwide reputations for excellence in the field.

● (1550)

I mentioned Frontier College. This institution has reached out to teach reading and writing since 1899. I would like to speak of the college for a moment, because it offers a clear example of what it is possible to do. It is not a giant institution devoted to formal classroom instruction but an institution that has developed teaching methods, manuals and videos which can be transmitted to groups and individuals for use in communities across the country, as well as for one-on-one instruction at the college itself. It has founded and supported a variety of programs to tackle illiteracy, training everyone from

students to prison inmates to teach others how to read. Methods range, as I said, from one-on-one tutoring to actual work in the streets with those who have turned off and dropped out of our society.

This particular program, called "Beat the Street", has received wide publicity. It is an amazing success story of a former long-term prison inmate who broke his pattern of crime, having learned to read and write for the first time at the age of 32. With another former offender, he initiated a program to go directly into the community which they knew best—the street people of Toronto—to pass on what they had learned through Frontier College. This program works. It is successful. It is recognized and supported by the Ministry of Community and Social Services in Ontario and the Toronto Board of Education.

**Senator Gigantès:** How long does the training to teach people to teach literacy take?

**Senator Fairbairn:** In the "Beat the Street" program?

**Senator Gigantès:** Yes.

**Senator Fairbairn:** I would say that the training is open-ended. There is no specific beginning or end to this kind of instruction. It is because of the lack of instruction that many of these people have dropped out of the system. This program literally takes place in the streets, by using such things as street signs or licence plates to learn how to read and add.

**Senator Gigantès:** How long does it take to train a tutor?

**Senator Fairbairn:** I cannot answer that question. Frontier College also has programs upgrading adult learning. It assists in native education in urban areas. It trains students to tutor their peers in high schools. It provides a voluntary tutoring program for federal inmates in the Kingston area and also a job placement program for those who have finished their term in the penal institutions. The training manuals of Frontier College are aimed at teaching volunteers and community organizations anywhere in the country how to begin the tutoring process with illiterate youths and adults.

Senator Gigantès, you and I and all those in this chamber could become tutors to an illiterate person. This is one of the handbooks available. I think the question as to how long it would take to master the technique would depend upon individual considerations, but each of us could do it. Another such organization is Laubach Literacy of Canada, which recruits and trains volunteer tutors to work with adults in the Atlantic provinces, Quebec and Ontario. Like Frontier College, they produce their own materials, and the two regularly exchange and share information.

I have mentioned World Literacy of Canada whose focus and network links awareness and initiatives in Canada with other nations in the world. There is the Learning Disability Association of Canada, which works here in Ottawa constantly to enhance government recognition of the special difficulties of the learning disabled. And in Calgary there is the Foothills Academy, a provincially approved school dedicated to providing a direct community service for identifying learning disabled children. It also provides an outreach program throughout western Canada for educators and parents.

These are some of the organizations which have developed a public image, and they have been very helpful in helping me to understand. But they are no more important than the countless community groups and volunteers in the provinces and territories who provide the front-line action of persuading those with difficulties to come forward and then offering the help they need.

A great deal of activity in the private sector has been generated in recent years by everything from the chartered banks to mining companies, oil companies, publishing houses, magazines, transport companies, television networks and national hockey, football and baseball associations. Well-known Canadians from all sectors are beginning to speak out as volunteers, and the public is becoming aware of projects like the "Right to Read" and fund raising drives such as the Gift of Literacy Campaign which some of you may have seen in the book stores, which is conducted by the Book and Periodical Development Council to support literacy groups.

Honourable senators may have noticed that I have not yet indulged in that favourite Canadian pastime of saying that the government must solve the problem, that it is completely up to the government. The reason is that this is one area where the government simply cannot do it all. It is not equipped to do it all, and it does not have the expertise or the essential contacts to do it all. As Mr. Pearpoint told the House of Commons Committee on Labour, Employment and Immigration last fall:

> If the government tries to deliver literacy programs directly, you will write-off an enormous number of resources that are available in this country. That is precisely because this is a community issue—a public issue affecting every Canadian. The resources required to deal with illiteracy are Canadians.

● (1600)

He went on to say that if the government were to respond to the problem by simply creating a ministry of literacy, it could be a very costly investment in failure. Canadians would conclude that it is solely a government problem and would sit back and wait for the government to find a solution, and that is not the way to go.

Having said that, I must very quickly add that such comments do not let the government off the hook—not by a long shot. Federal government leadership—and that means everyone from the Prime Minister down—is critical to this issue, because the government has something that no other group or individual in Canada has: It has a national presence; it has a national responsibility and it has national facilities to use.

The federal government is uniquely poised to tell Canadians that this problem is a top-priority problem in every corner of this country; to explain the problem and how it cripples its victims, and to counsel tolerance to all of us in dealing with an issue that causes such deprivation and humiliation to those who suffer from it. The federal government must tell Canadians that the problem can be solved and that they are crucial to

that solution. The federal government must provide core funding to help all the groups develop a nation-wide network to transmit the skills, the methods and the techniques to those who must learn to teach at the local level.

Honourable senators, the government must communicate, motivate, encourage and support financially a national war against illiteracy. It must work with the provinces, but the federal government must take the lead. To begin with, it could launch an awareness campaign very quickly by inserting graphic pamphlets on illiteracy and learning disabilities in every cheque the government issues—not just the pension or Family Allowance cheques but with every cheque. It can be done, it should be done, and those groups who have expertise in this area are eager to assist in any way they can.

Next, the government could develop a national advertising campaign on illiteracy and learning disabilities on television, radio, in newspapers and magazines, and on highway billboards. Terrific work has been done in terms of public education on the dangers of smoking, on mental health, on drinking and driving, and even now we are witnessing the beginning of a televised campaign against AIDS. Honourable senators, illiteracy touches probably more than 20 per cent of our population—a staggering figure—and it cries out for similar exposure. This public awareness must be accompanied by core funding, and I am not talking about multi-billions of dollars but, in part, re-directing and priorizing money that is already available in the system and adding to it.

It is interesting to note that out of the multi-billion-dollar budget for education and re-training each year in Canada, the amount committed to combatting illiteracy is 0.001 per cent. In other words, virtually nothing. For a start, we are talking about only $12 million to $15 million to enable community literacy programs to function and create new initiatives. Without this funding support community groups will not be able to deliver the assistance to illiterate Canadians who may be encouraged to seek help because of the public awareness programs.

For some time now, Frontier College has been working with governments across the country. However, that college is now in the process of dismantling nationally and internationally recognized programs because of lack of funds. It needs $1 million to expand its training capacity to work with the private and public sectors and the volunteer agencies in this country.

The Department of Manpower and Immigration used to direct about $1 million to illiteracy core funds—a very small amount. However, that contribution lapsed and is now only partially restored. It must be renewed and increased and, in the process, the government could dramatically emphasize its own commitment by facilitating programs to assist its own employees who have literacy problems.

I might add, honourable senators, we would do well to ensure that similar opportunities were also available within the Senate working environment, and I will let you think about that one!

The government must take a serious leadership role with the provinces to build a network of help for the learning disabled, separate from other literacy programs. No longer should the children in Newfoundland with learning disabilities go through life illiterate because there is no opportunity for the kind of identification, assessment and teaching which exists in downtown Toronto or Calgary.

**Senator Hicks:** And it exists in Corner Brook, Newfoundland, too.

**Senator Fairbairn:** It does, indeed, senator.

While the assessment process is expanded across the country, teachers must be trained not just to detect children who may be learning-disabled but also to respond to their need for special learning techniques. No province or federal government can turn away from this disability which affects 20 per cent of all Canadians.

All of these suggestions are feasible and possible. They will not drain the federal treasury. What is needed is the will to get going. I submit that must begin with the political will of the federal government. It should have happened a long time ago. Illiteracy is a national issue so severe that we must not permit it to continue to fall between constitutional jurisdictions, or continue to be compounded by our own ignorance and neglect. We have the financial capacity; we have the human resources; and we have the materials and the skills to launch a national campaign and to make it succeed. I suspect for everyone in this chamber the ability to read and write has opened the way for our involvement in public life. I cannot imagine my existence without that ability. We are failing in our duty, honourable senators, if we let one fifth of Canada's human resources remain without access to that same opportunity.

Parliament Hill is the place where the nation-wide battle against illiteracy must begin, and I ask all of you to join in that battle, in your regions, in your provinces, in your cities and towns. This chamber was created in part to protect those who exist outside the power of the majority. I suggest now is the time to fulfil that mandate for the silent minority of illiterate Canadians.

**Hon. Ann Elizabeth Bell:** Honourable senators, I would like to congratulate Senator Fairbairn on her excellent speech and ask her to tell us the name of the book that she is recommending from which we can glean some helpful information on this subject.

• (1610)

**Senator Fairbairn:** I could list a number of books that have been written on this subject. The one I have with me today is entitled "The Right to Read—Tutor's Handbook". That was published by Frontier College. That is the handbook they use to teach students in high schools how to teach their peers.

There are other books on this subject, but, as I said, each one of us is perfectly capable of teaching an illiterate Canadian.

On motion of Senator Marsden, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, March 12, 1987**

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

Prayers.

## HEALTH CARE

APPOINTMENT OF SPECIAL COMMITTEE—NOTICE OF MOTION

**Hon. Hazen Argue:** Honourable senators, I give notice that on Tuesday next, March 17, 1987, I will move:

That a special committee of the Senate be established to examine Canada's health care system and report upon the role that preventative medicine and other preventative measures, together with the provision of a wider range of health services, can play in providing a more effective health care system, thus contributing to the health, happiness and longevity of Canadians; and further to examine how such an improved health care system might modify or control the ever increasing costs of health care;

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

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

That the committee present its final report to the Senate no later than twelve months following its establishment.

## THE ESTIMATES, 1986-87

SUPPLEMENTARY ESTIMATES (C) REFERRED TO NATIONAL FINANCE COMMITTEE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (C) for the fiscal year ending the 31st March, 1987 (Sessional Paper No. 332-244).

Motion agreed to.

## ADJOURNMENT

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 17th March, 1987, at two o'clock in the afternoon.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## AGRICULTURE

FARM CREDIT CRISIS—GOVERNMENT ACTION

**Hon. H.A. Olson:** Honourable senators, I should like to direct a question to the Leader of the Government in the Senate respecting the crisis in farm credit. I have tried to ask a couple of questions about this on a number of occasions. Today, however, the situation has become so serious that a number of organizations are getting together. For example, there is the Agricultural Stability Action Committee of southern Alberta—which is made up of the municipalities, the city councils of Lethbridge and other towns, farm organizations, chambers of commerce, and so on—which is meeting because farmers in western Canada, particularly in southern Alberta, are moving into that time of year when they have to make some arrangements for seeding. They have to obtain the supplies they need while there is still uncertainty, as I mentioned yesterday, as to the initial prices.

I am going to give a speech in a little while, so I will not go into the details now, but I can tell the Leader of the Government that the situation is so serious that a lot of people who used to be good, stable farmers are unable to obtain credit for seeding their crops from the financial institutions where they usually get it—banks, credit unions, and so on—because of that uncertainty.

Is any action being contemplated or under consideration now that will enable an announcement in time so that these farmers can obtain the credit they need to seed their crops and to buy the supplies that are necessary for that purpose?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have nothing to add today to what I said yesterday about the recommendation of the Canadian Wheat Board to the government on the initial price and the date of the announcement to be made by the government in that regard. I look forward to hearing the honourable senator elaborate later on his policy that the government must take a political decision to increase the price over what it is at present.

The honourable senator will be aware that the Minister of Agriculture and others have been meeting with representatives of farm groups on a continuing basis, and that consideration is being given to the kind of assistance that could be provided by the federal government.

The honourable senator will also be aware of the statements made yesterday by representatives of the federal government that any assistance that we might provide should be product-and-market neutral. Therefore, his questions about the timing of any announcement are answered by that.

**Senator Olson:** Well, honourable senators, I have a supplementary question, if I may.

I wish that it were true that whatever my policies may be might have some effect. The fact is that we are not in office at the moment. The Progressive Conservative Party is in office at the moment, and it is what they are going to do that matters to the farmers, not whether or not I have suggestions that are different. That is why I want to know what the government will do.

I ask the Leader of the Government very sincerely: What are you and your government going to do? Do you have any programs now under consideration that have reached a stage where they can be useful to farmers who need to know the basis on which they can obtain credit, starting now? It is not something that can be arranged later. I think he said yesterday that the prices may be announced in the middle of April, which he implied was the usual date. I would like him to know that that is wrong. That is not the date on which it was usually announced, it was announced earlier than that. That may have been the date since this government came into office, but it was not the middle of April in the past. It was announced in time so that farmers could take that into account in their seeding plans, which are made earlier than the middle of April.

The situation is quite desperate now. Can he give us some assurance that this government has some sympathy for farmers who are going to the banks that they have gone to for years and who are being told, "I am sorry, it looks as though even the initial price is going to be cut by 20 per cent. We are unable to give you any credit on the basis of that, except at a lower level than we did last year."? As I said a while ago, even last year it was too low.

Can we give any comfort to farmers who are trying to make plans to seed their crops?

**Senator Murray:** We are not operating in a policy vacuum. The honourable senator knows that farm incomes in the aggregate improved in 1986, but he is referring, of course, to grain and oilseed producers who have certainly not shared in this recovery.

The government has already announced the $1 billion Special Canadian Grains Program for 1987. This is in addition to other assistance which is available to grain producers, including payouts under the Western Grain Stabilization Act.

The honourable senator knows, because we discussed it yesterday, that third-party reviews are available through the farm debt review boards for farmers who are in financial difficulty. He also knows that there are Farm Credit Corporation commodity-based and shared-risk mortgages; FCC interest rate write-downs; small business bonds; crop insurance and income stabilization and subsidy programs. We are not operating in a vacuum. All the programs that are available are being brought to bear to assist grain and oilseed producers as much as can be done.

If it is possible to bring additional assistance to them, we will do so. Discussions are taking place in that regard between the government, representatives of farm organizations and the provinces.

The honourable senator is well aware that there is a limit to what we can do.

**Senator Olson:** I should like to ask a supplementary question. I am aware of all of those things, and I am also aware of one other thing which is even more important than all of those put together, and that is that a 20 per cent reduction in the gross revenue—that is the price of the grain—amounts to more money than all those programs the honourable gentleman mentioned put together. I am talking of 20 per cent of the gross receipts, if the price is cut by the amount rumoured. When I say "rumoured," I use that term rather loosely, because apparently the Canadian Wheat Board has made that recommendation to the government. I do not know whether the government will accept it or not, but I do know that when a farmer goes to a banker and asks for credit which he needs to seed his crop, the bank will tell him, "It looks like your gross revenue is going to be cut by 20 per cent." The initial price is all that is going to be paid. There will be no surplus to make a final payment. In fact, the pool for 1986-87 is in deficit to the tune of $200 million already—at least that is what we hear.

All of those things mentioned by the Leader of the Government do not add up to the amount that is being lost because of the rumoured cut of 20 per cent. That is what the public and what the bankers know. Can the government not come clean with a program to help farmers who are in this desperate situation, where the banks have cut them off because they believe that their gross revenue receipts will be cut by 20 per cent?

• (1410)

**Senator Murray:** Honourable senators, the farmers will be assisted a good deal more by the actions of this government than they will by the rumourmongering of honourable senators opposite.

**Senator Olson:** If it is rumourmongering, will the government come clean and tell us what the facts are? How much is it going to be?

**Senator Murray:** I told the honourable senator that the government receives confidential advice on the matter from the Canadian Wheat Board. It also obtains advice from other sources, as he is aware, and it will make an announcement by mid-April, as I indicated yesterday.

**Hon. Hazen Argue:** I wonder if the minister is aware of the Agricultural Stability Action Committee in southern Alberta? It is really an all-party committee that got together and

worked out a common approach to the government. I ask the minister whether that committee has met with any cabinet ministers. Did that committee meet with the Conservative caucus? Did that all-party committee, which represents in a very real way all of the 150,000 producers in southern Alberta, make the same statement to his caucus as it has made in other places; namely, that what the government is doing today reflects only about 20 per cent of what the farmers need? That is a statement I heard the committee make.

Despite the minister's story about all of these programs, I can tell him what he is able to do and what the government is able to do. You are able to convince the urban people of this country that the producers are being looked after, but the farmers know that that is not the case. I have other questions on this point, but I wish to ask whether that committee has stated to you that what you are providing is 20 per cent of what you need to provide.

**Senator Murray:** Honourable senators, unlike my friend, it is not my habit to discuss what goes on in the party caucus.

**Senator Argue:** I did not hear that statement in the party caucus.

**Senator Olson:** Did they meet with cabinet?

**Senator Murray:** All I can tell the honourable senators for certain is that this committee did not meet with me. Whether it met with any of my colleagues, I am not sure, but I shall find out.

**Senator Argue:** The minister said that the government is not operating in a vacuum. I think that the government is a vacuum. The trouble with a vacuum is that it does not produce anything. From my limited study of science, I know that everything is absent in a vacuum, and I think that is the way the government's policies are today. They are not effective at all.

Can the minister say whether the Farm Credit Corporation, as an arm of the government, is considering any alternative programs, apart from this 6 per cent, which is smoke and mirrors, has a lot of things wrong with it and does not deal with the problem? We need other ways to reduce the onerous interest rates that the Farm Credit Corporation is charging farmers today—interest rates of as high as 14 per cent—against young farmers like a neighbour of mine, Randy Verhagee, who is a good farmer, a very intelligent person, an excellent mechanic, a good producer and a hard worker. He bought not the most expensive land in the world, land selling for $300 per acre, but at 14 per cent interest he cannot make a go of it. Is there any other program under consideration that might reduce this onerous interest rate of 14 per cent?

I think it is usury if the taxpayers of Canada, through the Farm Credit Corporation, want to extract 14 per cent interest from young farmers.

[Senator Argue.]

**Senator Murray:** Honourable senators, I cannot discuss the affairs of individual borrowers, as my honourable friend seems to be in a position to do. I can say that the FCC interest rates have not changed since 1986. When commercial lending rates increased last summer and fall, the FCC did not increase its rates. Thus, its rates are currently still at or below commercial lending rates. The honourable senator says that the 6 per cent rate is smoke and mirrors.

**Senator Argue:** It is; that is right.

**Senator Murray:** I do not know what he means by that. This is a commodity-based loan program which provides loans at 6 per cent for ten years, albeit with payments linked to changes in commodity prices. If the honourable senator is seeking to debate FCC interest rates and the efficacy of FCC programs, he will have to find another time to do it, because this is the oral Question Period. In any case, I think that he and I would need more information.

**Senator Argue:** Honourable senators, I asked the Leader of the Government a very specific question: Is any additional consideration—put it in any way you like—now being given by the Farm Credit Corporation, or the government, to a reduction of the 14 per cent interest rate, or the type of interest rates I have talked about, apart from and in addition to the 6 per cent—which I could go on to explain, but it is pretty much a hoax? It is a hoax. It does not mean anything. It does not do anything. Anyway, the specific question is—and surely the minister can answer it: Is the government giving any consideration to any additional action by the Farm Credit Corporation to reduce the onerous interest rates, apart from the 6 per cent? That is a pretty fair question. I cannot see anything wrong with it.

**Senator Murray:** Honourable senators, if there is a change in the policy of the government, or an announcement to be made by the FCC, that will be done in the usual way. I have no announcement in that regard to make to the Senate today.

**Senator Argue:** I guess from what the Leader of the Government has said there is no consideration at all being given for anything more—and that's terrible.

## CANADA-UNITED STATES RELATIONS

### BILATERAL TRADE NEGOTIATIONS—GOVERNMENT PROPOSAL ON RATIFICATION FORMULA

**Hon. Stanley Haidasz:** Honourable senators, in view of the reports of the failure of last night's federal-provincial consultative meeting on Canada-U.S. free trade to reach a consensus on a ratification formula, would the Leader of the Government inform the Senate as to what was the federal government's specific proposal for ratifying an agreement?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the question of approval and implementation of an agreement was not even on the agenda last night. The First

Ministers had agreed some time before, and I take it there was agreement last night, that the question of approval and implementation of a treaty, in practical terms, could only be discussed once we knew the shape of an agreement between Canada and the United States. So, that matter will not be addressed in any organized fashion before June or perhaps even September.

**Senator Haidasz:** Would the Leader of the Government at least tell us whether Quebec will be allowed to ratify any agreement between Canada and the U.S. on free trade before it becomes a signatory to the new Canadian Constitution?

**Senator Murray:** Honourable senators, I do not believe it is useful to mix the two issues. It is not at all clear, as I have said several times during the past week or ten days, that a ratification formula will be needed.

BILATERAL TRADE NEGOTIATIONS—NATURE OF RATIFICATION INSTRUMENT

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, does that mean that the government is not seeking a treaty with the United States on trade? Or is it seeking an executive agreement, which will not be a treaty?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, we are seeking a treaty with the United States on trade. But it is our position, as I believe it is his, that the federal government has the authority to conclude such a treaty and that the conclusion of such a treaty by the Canadian government is not subject to provincial veto.

**Senator Frith:** That is on the American side.

**Senator MacEachen:** Honourable senators, on that point of the congressional view, is it the expectation of the government that whatever results come about in the negotiations will be reflected at the October deadline in the form of a treaty between Canada and the United States?

• (1420)

**Senator Murray:** Honourable senators, I hesitate to enter into a detailed discussion of what may be the precise meaning of various legal terms. The fast-track procedure in the United States provides that Congress will have voted on this agreement very early in 1988. We have always spoken of what we propose as a treaty, a treaty to secure our access to that market well into the twenty-first century. If the honourable senator is making a distinction between an agreement and a treaty between the two governments, I would have to take counsel on the meaning of the various terms. We have always spoken of a treaty, and a treaty is what we are attempting to negotiate.

**Senator MacEachen:** Honourable senators, I find those comments reassuring, because it has been at least mentioned—I do not say by the government—that the results might be reflected in an executive agreement between Canada and the United States. I understand, with my very sparse knowledge of constitutional or international law, that an executive agreement would have a legal status different from that of a treaty. That is why I asked the question about whether the conclusions would be reflected in what is described as an executive agreement, which in American law would lack the status of a treaty.

**Senator Murray:** Honourable senators, our objective is a treaty to secure our access to that market and to put our bilateral trading arrangements on a secure basis into the next century.

BILATERAL TRADE NEGOTIATIONS—ROLE OF PROVINCES—GOVERNMENT POLICY

**Hon. Stanley Haidasz:** Honourable senators, I have a supplementary question. In view of the fact that a majority of the provinces have asked the federal government for a role in ratifying a Canada-United States trade agreement, I would like to know what the federal government's policy is on giving the provinces such a role.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not know on what basis the honourable senator says that a majority of the provinces have asked for a role in ratifying a treaty. All provinces sought and have received assurances of full participation in the process. As I explained the other day, the First Ministers meet quarterly to receive a report from our chief negotiator and to renew his mandate. The trade ministers meet quarterly, or as often as they need to, to go into more detail. The continuing committee of trade officials from the federal government and the provinces hold two-hour conference calls after negotiating sessions to discuss what is going on at the negotiating table. There has never been an international negotiation in which the provinces have been more fully consulted or involved.

The question is: Will the cooperation of the provinces be required to implement a treaty? The answer is: Yes, to the extent that it engages their jurisdiction. Do the provinces have a veto over such a treaty? Our reply to that question is in the negative.

**Senator Frith:** No constitutional veto. But they can have an effective veto if provincial legislation is needed for implementation

## AGRICULTURE

VIABILITY OF SECTOR—GOVERNMENT POLICY

**Hon. Joyce Fairbairn:** Honourable senators, I would like to return to the topic of the farm crisis in western Canada. It is a deep and threatening crisis to the farmers in western Canada, as it should be to non-farm Canadians all over the country. The Leader of the Government in the Senate talked about net farm income. We are told that the estimated loss in 1987 in Alberta for net farm income will be 27 per cent. I am not going to ask the Leader of the Government about specific programs but about something I and all farmers would like to hear this government tell us. Will this government tell Canadians and the international community that we are prepared to support the viability of our agricultural sector?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I remind the Senate that it was the present Prime Minister who, recognizing that the origin of many of the problems lies in international conditions, and specifically in the insane subsidy war taking place between the United States and the European Economic Community, succeeded in placing agriculture on the agenda for the Economic Summit. He did so after close consultation with farm organizations in this country, and we will continue to use that forum to try to obtain the concerted international action that is required on these problems.

At the preliminary GATT discussions in Punta del Este, Canada was successful in having agricultural subsidies, for the first time since World War II, made subject to discussions in some multilateral forum leading, we hope, to the acceptance of some international disciplines in this regard.

From the action we have taken, I think it is obvious that we are prepared to support the viability of our farm sector. The honourable senator knows as well as I do—and perhaps better than I—that Canada, as well as a number of other countries of our size and importance in this business, cannot compete in the subsidy war between the United States and the European Economic Community. That is why we are attempting to address these matters in international forums in an effort to bring about some concerted international action on the problems.

**Senator Fairbairn:** I thank the Leader of the Government in the Senate. I accept the advances that our government and other western governments have made in bringing the question of agriculture and subsidies before international fora.

However, the farmers of Canada are not convinced that the government is now—not three years from now—prepared to do what it must to support that sector in terms of farmers who, at this moment, do not know whether they can seed a crop; farmers who, we are told, are selling their combines to buy seed and hoping that luck and the Lord will help them if their crop grows. We are talking about farmers who are described as being under chronic and dangerous stress. As my friend Senator Argue said yesterday, the suicide rate among farmers has tripled since 1981.

Yesterday I was asked a question by one of the delegates from the Agricultural Stability Action Committee, and I would like to pass that question on to the Leader of the Government and, through him, to the cabinet. That question is: If this government is not prepared to make commitments now that will ensure the survival of our farmers in the next year, what are the contingency plans to deal with the inevitable depression that will follow in the agricultural sector?

**Senator Murray:** Honourable senators, I can only take the statements of the honourable senator, which concluded with a hypothetical question, and convey them to my colleagues in the cabinet.

## JUSTICE

### CANADA COMMISSION OF INQUIRY ON WAR CRIMINALS—IMPLEMENTATION OF RECOMMENDATIONS—GOVERNMENT ACTION

**Hon. Stanley Haidasz:** Honourable senators, the federal government has spent $4 million on the Canada Commission of Inquiry on War Criminals which, in turn, has spent two years investigating the problem and has come out with a 966-page report.

● (1430)

I should like to ask the Leader of the Government in the Senate whether the federal government has the political will to implement the recommendations contained in the Deschênes commission report, and, if so, what funds for the fiscal year commencing April, 1987, it has allocated for the implementation of those recommendations?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, as to whether the federal government has the political will to implement the recommendations contained in the Deschênes commission report, I can tell the honourable senator that in a statement made by my colleague, the Minister of Justice, this morning, the government's intention to act on a number of important recommendations contained in that report was stated in quite a forthright manner, and the government's decision not to act on, or to reject several of the recommendations, was also stated.

Insofar as resources are concerned, the government has made it clear that it is prepared to do whatever is necessary through the Department of Justice and the RCMP to provide whatever resources, financial or human, are needed to bring about the apprehension and prosecution of any war criminals who may still be in Canada.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, is it the intention of the government to amend any existing laws or to create new laws to deal with the matter of war criminals?

**Senator Murray:** The answer to that question is in the affirmative. In particular, recommendations were made by the Honourable Mr. Justice Deschênes for various amendments to the Criminal Code of Canada, and various changes to the Citizenship Act or the Immigration Act and regulations. The government has undertaken to proceed with some of these changes.

## CAPE BRETON DEVELOPMENT CORPORATION

### NEGOTIATION OF COALMINERS' CONTRACT

**Hon. Robert Muir:** Honourable senators, two or three weeks ago the federal government made moneys available to the Sydney Steel Corporation for the modernization and rejuvenation of its plant. Mr. Callaghan, President of Sydney Steelworkers' Union 1064, met the Prime Minister, along with a great many other steelworkers, at the Sydney airport to

express his personal gratitude and the gratitude of the steelworkers. I should also like to express my gratitude to the Prime Minister for that.

That leads up to the following question: Workers of the Cape Breton Development Corporation do not have a contract at the moment. The last proposed contract was rejected. There have been some discussions with the president of the Cape Breton Development Corporation, Mr. Derek Rance. Has Mr. Rance now decided that he is going to meet with the coalminers and start bargaining?

I am pleased to know that the steelworkers have had their dispute settled; now I would like something done for the coalminers. Will Mr. Rance meet with the United Mine Workers Union, its president, Mr. Joe Burke, and his executive and get back to the table and get these negotiations started, as the minister, Mr. Côté, has suggested, or is Mr. Rance going to continue saying: "Well, I shall continue to deal with six or seven other unions before I get back to you people."?

Is the leader in a position to tell us whether this will be expedited so that this problem is settled and another contract is signed, thus enabling that segment of the workers on Cape Breton Island to have peace of mind?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am aware of the problem. My honourable colleague helpfully arranged for me to see representatives of the United Mine Workers Union, District 26, when I was in Cape Breton for the opening of the Canada Winter Games.

I am also aware that the Department of Labour has done some mediation in this dispute.

I do not know whether a date has been set for returning to the negotiating table, but I shall undertake to determine that from Mr. Côté.

**Senator Muir:** I have a supplementary question. I appreciate what the leader has said, and I thank him for that, but would he, no later than today, have someone get in touch with Mr. Côté so that someone can then get in touch with Mr. Derek Rance and ask him to get busy down there so that the coalminers will know that they have someone they can work with in an effort to get a contract and get this settled?

**Senator Murray:** I will certainly convey the honourable senator's representations to my colleague as soon as I get out of here.

## THE CABINET

### CONFLICT-OF-INTEREST INQUIRIES—ASSUMPTION OF MINISTERS' LEGAL COSTS

**Hon. John B. Stewart:** Honourable senator, my question is for the Leader of the Government in the Senate.

Yesterday the President of the Treasury Board tabled supplementary estimates (C) for the financial year ending March 31, 1987. Those supplementary estimates contained a second tranche for payment for the Sinclair Stevens inquiry, a very large tranche.

My question is not a new one; it is this: Does the government have a settled policy with regard to the payment of counsel for ministers who, one way or another, become involved in similar inquiries as a result of an alleged breach of conflict-of-interest guidelines, and, if there are not now rules with regard to the compensation of counsel, are such rules being developed, and, if so, when will they be made public?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will inquire as to whether there is a settled policy or whether there are guidelines on the matter. There are precedents—and the problem with precedents of this kind is that no two cases are exactly alike—but there are precedents for the government to pay counsel.

**Senator Stewart:** Perhaps when the Leader of the Government in the Senate is giving his response, he will let us know the precedents which exist where the Crown has paid the expenses of a minister involved in an alleged breach of conflict-of-interest guidelines situation such as that which prevails here.

## THE JUDICIARY

### REPORT OF COMMISSION ON JUDGES' SALARIES AND BENEFITS—GOVERNMENT ACTION

**Hon. John B. Stewart:** Honourable senators, while I am on my feet, may I ask if the government has yet formulated its response to the report and recommendations of the 1986 Commission on Judges' Salaries and Benefits?

It is contended that judges need an ample increase in salaries, because without such an increase it will be difficult for the government to attract to the bench suitable lawyers, because they already make such fabulously large salaries in private practice—presumably as a result of acting as counsel on inquiries and other such activities.

• (1440)

What does the government propose to do with regard to implementing the recommendations of the 1986 commission?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I am sure Mr. Guthrie's report will be taken under advisement by the government, and a decision will be announced in due course.

*[Later]*

## CAPE BRETON DEVELOPMENT CORPORATION

### OFFICE OF PRESIDENT—STATUS OF INCUMBENT

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, may I follow up on a question with respect to Devco asked by Senator Muir?

I noted several days ago that the Minister of Regional Industrial Expansion, Mr. Côté, said that he was reviewing the performance of Devco, including the management. I also noted

that the United Mine Workers, in a meeting with the minister, are reported to have requested a new president at Devco.

My question is: What are the plans of the government for the presidency of Devco? Is it intended to continue with Mr. Rance, or is there a change to be made?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the purpose of the review is precisely to make recommendations of that kind to the government.

## NATIONAL STATISTICS COUNCIL

MEMBERSHIP—REGIONAL REPRESENTATION—REQUEST FOR ANSWER

On the calling of Delayed Answers:

**Hon. Charles McElman:** Honourable senators, at this stage of the order paper, could I draw to the attention of the Deputy Leader of the Government that on October 9 last I drew to the attention of the Leader of the Government in the Senate that the minister responsible for Statistics Canada had just formed a National Statistics Council which would advise the Chief Statistician of Canada? I also drew to your attention that there were some shortcomings in the regional and provincial representation. Then, on October 28, the Deputy Leader of the Government filed a reply which stated that:

> The concerns raised by the senator have been brought to the attention of the minister responsible for Statistics Canada. The minister is looking into ways to rectify the situation.

Could the Leader of the Government perhaps make a further inquiry—almost five months have passed now—to see whether any steps have been taken to correct the regional representation on this board?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, subject to correction, I thought I heard the other day that some further appointments to that council are imminent.

**Senator McElman:** I shall check it. I hope you will, too.

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## THE SENATE

DELAY IN PRODUCTION OF COMMITTEE PROCEEDINGS—QUESTION OF PRIVILEGE

**Hon. Ann Elizabeth Bell:** Honourable senators, I would like to raise a question of privilege before we go to Orders of the Day. I think I could do this under rule 33—but I am not terribly sure about that.

There is a considerable delay, as you know, between the holding of our committee meetings and the publishing of the proceedings. I realize that a committee is looking into this question, but it does hamper our ability to operate in an efficient way in carrying out the work that we are trying to do.

[Senator MacEachen.]

I would like to give as an example, because it is a current one, the situation concerning our Banking, Trade and Commerce Committee. I received today my first copy of the proceedings resulting from the hearings held on the subject matter of Bill C-37, the Softwood Lumber Export Charge Act. The meeting took place on February 11, 1987, if I remember correctly, and it is only today, over a month later, that I received the printed proceedings. It is absolutely useless to receive it at this time. If we had been studying an actual bill rather than the subject matter, it would have been through all its stages by now.

I also have in my hand today, for the first time, the second proceedings of the Banking, Trade and Commerce Committee's study of the subject matter. Those meetings were held on Wednesday, February 18, and Thursday, February 19; so that is only a delay of three weeks.

I know that this has been a problem for years and years. So I decided to see what they were doing in the other place. I sent for the reports of whatever the relevant committee is in the House of Commons. I received those reports and they are on my desk here. But if they had to be sent to Vancouver Island, British Columbia, by Canada Post as first class mail, forget it! As it is, copies were sent to me there a week ago Tuesday; they still had not arrived when I left on Monday morning, although I received Monday's mail before I left.

Now, if you take into account the postal service—and don't forget that we were adjourned for two weeks—as well as the unacceptable delay between our hearings and the production of the committee proceedings, how on earth can we keep up with the work that we are expected to do here, and how can we expect to have available the information that is so necessary for committee members?

I will not make a motion under rule 33, but is there any way that we can improve efficiency, even if it means increases in staff and equipment? Perhaps such an increase would expedite the production of the printed proceedings. I think it is awfully important.

**The Hon. the Speaker:** If I may respond to the honourable senator as chairman of the Internal Economy Committee, I shall provide a report some time next week which will address the concerns of the senator.

**Senator Bell:** Thank you, Your Honour.

## PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Barootes, seconded by the Honourable Senator Doyle, for the second reading of the Bill C-12, An Act to amend the Prairie Grain Advance Payments Act.—(*Honourable Senator Olson P.C.*).

**Hon. H.A. Olson:** Honourable senators, I moved the adjournment of this debate yesterday because there are a number of things that I want to draw to the attention of the

Senate, and particularly to the attention of the sponsor of this bill and the Leader of the Government in the Senate, respecting the crisis in agriculture that is, apparently, unknown to honourable senators opposite. If it is unknown to them, I think we have an obligation to draw it to their attention in the most forceful way that we can.

I also wanted to say a few words on this bill because of the introductory remarks of Senator Barootes when he moved second reading. I know Senator Barootes well. I know that he is sincere and does not intend to mislead this house, or to make statements that are in any way deceptive. I am not blaming him for some of the figures that he quoted in his speech, because I have seen them before. As a matter of fact, some of the figures that he used, namely, that this government has passed out $5.1 billion in the last two years to agriculture all over Canada and that $3.2 billion of that has been made available to western agriculture, I have seen before, because the Deputy Prime Minister, the Honourable Don Mazankowski, sent a letter to the *Calgary Herald* containing all of those figures, and they devoted a whole page to them. What annoys me more than anything else is that the figures, as they are presented, do not represent the truth. I think that Senator Barootes understands that, and yet it was put forward that these programs were introduced by this Conservative government since they took office.

• (1450)

**Senator Barootes:** I never said that.

**Senator Olson:** I will tell the honourable senator what he did say. He can find this at page 589 of *Debates of the Senate*. He said:

> This kind of approach characterizes the government's record when it comes to agriculture. This government has made available $3.2 billion of Canadian revenue in assistance to western grain farmers and $5.1 billion on agriculture in its first two years in office . . .

What does "Canadian revenue" mean in that context? If it means that that much money was taken out of the Consolidated Revenue Fund and passed out in several programs to western Canadian agriculture, that is simply not true. The government did not take that much money out of the Consolidated Revenue Fund; rather, for example, it took $1.4 billion that was in reserves in the Western Grain Stabilization Fund.

Yesterday I asked the honourable senator how this was made up and he replied:

> Here are the figures based on one year only: Western Grain Stabilization Act, $859 million; . . .

I agree that that is correct. The $1.4 billion for the two years is what was in the reserve fund that had been built up by the previous government and by farmers' payments into that fund. He went on to say:

> . . . Agricultural Stabilization Act, $55.8 million; . . .

I agree that that was a transfer out of the Consolidated Revenue Fund for that year. He then went on to say:

> . . . Crop Insurance Act, $320 million; . . .

That is just not true. Farmers pay into that fund.

**Senator Barootes:** But the figure is correct.

**Senator Olson:** I do not know whether the figure is correct or not, and neither, apparently, does he. I can tell him that the reason I cannot get the exact figure is because the Crop Insurance Fund is not paid out of the federal treasury at all; it is paid by the provinces' crop insurance administration. The federal government pays 50 per cent of the premium and the farmers pay the other 50 per cent. It is then paid over to the crop insurance administration in each of the provinces and then the claims by the farmers or the producers are made to those administrations. The amount of money that was paid to the farmers may be $320 million or it may be some other figure, but I also know that there was a very large reserve in the crop insurance funds in many of the provinces, which reserve was contributed to by farmers and by the federal government in previous years.

What we have, honourable senators, is government by deception.

**Some Hon. Senators:** Oh, oh!

**Senator Argue:** It is a hoax.

**Senator Olson:** Senator Argue is right, what you are trying to say to the Canadian people about what you are doing for Canadian agriculture is a hoax. If it were not doing a lot of damage to the agriculture sector, I would probably let it pass, but it is. A few minutes ago Senator Argue mentioned that you can talk urban people and those outside the area of agriculture into believing that you are paying all this money to agriculture out of taxpayers' money or out of the Consolidated Revenue Fund, but you do a terrible disservice to farmers and to agriculture when you make that kind of a pretence.

Agriculture needs and deserves some consideration in terms of the amount of money you claim you have taken out of the Consolidated Revenue Fund, but it is not getting it. As I mentioned a few minutes ago during Question Period, organizations are springing up because the credit crisis of farmers is so serious now that even long-term farmers who had been stable over many years are now being affected by what this government is doing and has done to them. I am referring to what they have done by both commission and omission; and omission is the more serious.

I can tell the Leader of the Government in the Senate that there is nothing new about this. Farmers are starting to realize that every time the Tories are in office for a little while their whole economy collapses. In 1930, when R.B. Bennett was elected, we went into the worst depression. And, of course, it is always somebody else's fault! However, I can tell you that the distress that occurred in Canada was worse in the prairies than in any other part of the country. The next Conservative government that came into office, "Diefenbaker and Company", found exactly the same kind of results two or three years after they had been in office. I remember 1961 and 1962 as being one of the most difficult periods farmers have experienced over the past 30 years.

Now we have the same situation again. When Conservatives have been in office for a couple of years, you find that the depression that overtakes the agricultural community reaches desperation point.

I know that a lot of criticism was levelled at the previous government, but you cannot find any farmer in western Canada today who would not trade what he had under the previous government for what he has today.

**Senator Murray:** I will get you some quotations on exactly that point.

**Senator Olson:** We would like to have some, and we would also like to have some action.

**Senator Argue:** You will need all you can get.

**Senator Barootes:** The farmers did not vote for your party in the last two provincial elections.

**Senator Olson:** You are absolutely right. I know that every generation seems to have to learn the same lesson about the consequences of the election of a Conservative government, and, believe me, they are learning it now in spades.

The other day I asked the Leader of the Government when the government will make an announcement so that farmers can have some idea of what the initial payment for grain is going to be. He said that it would probably be done by the middle of April. For my own benefit, I checked the practice of the past, because I seem to recall that years ago the announcement was made just before the new crop year, which begins on August 1. There was a change in policy about 18 years or so ago. We were going to move the date of the announcement back so that it would be made early enough in the year so that farmers would know in advance what the possible Canadian Wheat Board price for any particular grain, whether it be wheat, oats, barley or whatever, might be.

As a matter of fact, it was also determined at that time that the initial price would be the floor price. In other words, if a deficit showed up in those pools, it would be paid by the federal treasury rather than by going to the farmers and asking them to repay some money. That happened this year. I think it is about $200 million in deficit from the initial payments that were made for this crop year.

Moving the announcement to a date earlier in the year was done to give farmers and their banks, credit unions, and so on, some indication so that they could make arrangements for the credit they needed to seed the crops. Why was it put off to the middle of April, which is far too late for any part of the southern prairies? One of the reasons for my concern is that the Leader of the Government apparently does not understand that the farmers have to know in March whether they will get enough credit to purchase the seed, chemicals to treat the seed, herbicides and all of the other necessary supplies. In case he does not know, spring arrives in the southern prairies around the first part of April. Farmers need to make those arrangements a little earlier than that. I hope that some action will be taken in this regard.

[Senator Olson.]

• (1500)

This year it is highly likely that the amount of initial payment is going to be all the farmers will get for their crops. I know there is some risk involved in that. But when the price has already declined by approximately 35 to 40 per cent since this government took office, surely it can screw up enough courage to do something to assist these farmers.

**Senator Frith:** They screw up everything else, so why not?

**Senator Olson:** That's right, they screw up everything else.

**Senator Argue:** Be careful now—or don't be careful!

**Senator Olson:** I hope that the Leader of the Government understands the gravity of the situation and that he will inform his colleagues of it so that something can be done. There is nothing hypothetical or probable about it—it is a fact that the farmers are going to their bankers now and are being turned away because they are unable to give the banks and credit unions any solid evidence of what their income may be. We do not know what the price is going to be. The government will have to decide. The projected revenue is the basis upon which farmers can get credit for operating expenses, so the amount of the initial payment is critical for all of the grain producers. I want to repeat that the release of this information in the middle of April is not satisfactory. It is too late then.

I want to make one other point regarding Senator Barootes' claim that this government has made available $3.2 billion of Canadian revenue in assistance to western grain farmers. I presume that that amount includes the billion dollars in the Special Canadian Grains Program. We have only just received Supplementary Estimates (A) for the fiscal year 1987-88 for $700 million of that program. Those estimates were studied in the National Finance Committee this morning. That money has not been paid out yet, because the government does not yet have authority to pay it out. There is some deception in this. Why was that amount not put in the main estimates? I do not understand why not. We knew weeks ago that it was to be $700 million, or at least the government claimed to have known it because it announced that there would be $1 billion paid out, about 30 per cent in the first tranche and 70 per cent later on. The $700 million in Supplementary Estimates (A) is the second tranche, and the authority will be given to pay it out some time in May.

It is this sort of deception that is going on. Anyone who is familiar with how these estimates are put together can understand why it is being done this way—it is so that the Main Estimates that were presented in the other place by the President of the Treasury Board, Mr. de Cotret, could be $700 million less. If the government knew what the amount was going to be, it should have put it into the Main Estimates. Who are you trying to fool? This is going to catch up to you. It does constitute government by deception, trying to make things appear to be something other than what they really are.

**Senator Barootes:** Does the senator believe that this money will not be paid?

**Senator Olson:** I believe it will be paid, there is no question about that, but why come along with provision for it in Supplementary Estimates (A) when the Main Estimates were tabled only a few days ago? I think the government is trying to deceive people with this sort of tactic. If the $700 million had been included in the Main Estimates, it would have increased government spending over the magic $30 billion deficit figure. That is probably the reason for this amount appearing in the supplementary estimates, because there is no other explanation for it. Some argument has been advanced that the government wanted twelve twelfths of it rather than three twelfths, which would be the interim supply between now and when the Main Estimates are passed in June. But any amount of that can always be reserved, so the debate could go on.

At any rate, I think this demonstrates the point I was trying to make with the sponsor of this bill, that to adopt the legislation with these figures and say that $3.2 billion of Canadian revenue has been paid out in assistance to farmers constitutes government by deception. That statement is simply not true. I realize that these figures were provided to the honourable senator and that all of the background detail was provided with them, and I am not blaming him for this. I am, however, blaming the government for trying to pull the wool over our eyes with that sort of statement. More important, I hope that the government will take seriously how desperate the situation is so that it will allow farmers to get on with what they have to do to survive. I hope that we will not have any more of this kind of garbage peddled around western Canada and in this chamber. I hope that the government will stick to the facts and come up with some programs that are useful and of assistance to the farmers so that they can obtain the credit they need to survive.

**Hon. Efstathios William Barootes:** Honourable senators—

**The Hon. the Speaker:** I must advise honourable senators that if Senator Barootes speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Barootes:** Honourable senators, I am pleased that such eminent and experienced senators from the other side of the house have undertaken to speak on this debate yesterday and today. Senator Argue is the former Minister of State responsible for the Wheat Board. Senator Olson, of course, is a past Minister of Agriculture of the federal government and has had numerous posts of that nature.

**Senator Doody:** An economic czar!

**Senator Barootes:** I am particularly pleased that Senator Argue gave his unqualified blessing to the amendments in this bill.

**Senator Frith:** Did he give unqualified approval?

**Senator Barootes:** Indeed, he did. The amendments, of course, are housekeeping—they are not major changes. They will make it easier to remove some red tape and administrative entanglements so as to allow hard pressed farmers to gain access—temporarily, if you will—to cash for their stored grain on the prairies. It is going to match the provisions of the Advance Payment for Crops Act which is working so successfully in other parts of the country.

• (1510)

However, I must take umbrage. In the figures that I supplied yesterday in answer to Senator Olson's questions for the dollar amounts that were being made available—I think the term I used was "being made available"—at no time when using the term "Canadian revenue" did I use the words "Consolidated Revenue Fund", which have been placed in my mouth by the honourable senator on the other side of the house. He should get a dictionary and find out the definition of "revenue". Webster's dictionary does not refer to "Consolidated Revenue Fund". The word "revenue" means sums of money coming into an organization. And at no time did I claim that it was anything but the people's money. That admission was made. Those dollars are contributed in some part by farmers and in a large part by Canadian governments—and when I said "Canadian governments," I also corrected that to say that it goes back to the time of Jimmy Gardiner, George Diefenbaker and, for that matter, Alvin Hamilton when we are speaking of the sums that are being made available to the hard-pressed farmers.

I take umbrage when someone suggests that I doctor figures. That is a little embarrassing. I find it a little damaging to my reputation to suggest that I would try to deceive anyone with the use of figures. I am hurt that the honourable senator on the opposite side refers to such statements as being misleading. I do not cherish his remarks that I am doctoring figures. As a matter of fact, I am grateful that no one in this house should ever accuse me of being a Doctor of Agitation.

As much as others in this chamber, I too enjoy good theatre; but I have no intention of trying to match the emotional, spectacular and regular performances of some of my senator friends on the opposite side of the house.

**Senator Argue:** I think it would be much better.

**Senator Barootes:** I find it preferable to try to deal, as I do in a modest way, in logical, reasoned statistical facts and to bring them to your attention for discussion. There is one other misconception that must be cleared up. I was hurt when I heard someone on the other side of the house say that they must educate us, on this side of the house, in the dire straits being suffered by the farmers of western Canada. Indeed, we suffer as much as anyone. No one in this house with eyes, ears, or the ability to listen, should ever make the mistake to think that the farm community of western Canada is doing well. Indeed, we are doing very poorly. And federal, provincial and other governments are doing whatever their purse will allow to assist in what is, indeed, a most dangerous and difficult time—and whether it comes in the time of a Conservative government—

**An Hon. Senator:** It always does.

**Senator Barootes:** —or a Liberal government—

**Senator Frith:** It never does.

**Senator Barootes:** —or anyone else, it doesn't matter. Recalling my life on the prairies, I think that about the worst time was the period between 1935 and 1939, 1937 being a particularly destructive year. I do not identify who was in power at the time, except to say that drought, grasshoppers, infestation and blowing winds gave us a very bad time.

I can give the honourable senator another figure to think about, if anyone believes that we do not recognize the sufferings of our farmers. Suffer with them? We die with them. When I was in practice, most of my patients were farmers—and most of them were older farmers who had gone through the depression. If the honourable senator takes the cost of living index as it was originally established, from 1932 to 1935, and updates it to the different changes that were made when we went back to 100, started over again, and then again brought it back to 100—two or three times—and if he considers the lowest price that was paid for wheat in Canada, which I believe would be about 1932 or 1933—the extrapolation of such figures might be a little managed, or not be fully comparable, because other things have been put into the cost of living index—I would suggest that the price of wheat this last year was at least as low as it was in that worst period of time. That is why I say that honourable senators opposite have no exclusive monopoly on identifying with the suffering of the farm people of western Canada. We also suffer with them.

Therefore, I take umbrage at the idea that we have to be preached and lectured to about what farmers are going through in western Canada.

**Senator Olson:** You are in office. You can do something about it.

**Senator Barootes:** The honourable senator spoke about the new Grains Assistance Act. We are all aware of the figures. We are all aware of the 30 per cent and 70 per cent, and that money will be paid out; but there are certain calculations and administrative matters to be taken care of first. By March 31 each farmer, acting on his own behalf as a recipient of this benefit, must make an application providing certain information from his own books—grain stored and sold, and so on—and it is on that basis that the administration can then undertake to make payments.

I hope, as I have some experience in the west, that we do not do seeding on April 1 in too many areas of Saskatchewan and Alberta. As honourable senators know, much of it is done in May, and even right into June.

Senator Olson brought up the matter of crop insurance. I am well aware of where the money for crop insurance comes from. Some is contributed by the farmers on a per bushel basis and the rest is contributed by the federal government, and it is paid out by the provincial governments on the basis that it is easier to administer it at the provincial level. The provincial governments absorb only the administration costs of doing that work. That is why it is left at the provincial level.

But surely the honourable senator would not in one instance accuse the federal government of using farmers' money and pretending it is their own, and on that basis try to tell me that it is provincial money that is being paid out from crop insurance simply because it comes out of an administrative office in Regina, Calgary or Edmonton. Obviously, the money represents crop insurance contributed to by both parties.

So I bring to honourable senators my hurt feelings about this. I do not think it helps to bring forward dire and gloomy circumstances, predictions, and almost making the wish the father to the thought, that things in western Canada are going to be that bad. I am afraid they will be, but we are not helping ourselves by doing that. I will leave the honourable senator with one challenge. If he looks at these 52 pages, he will see, leading up to July 22, 1986, the amount of dollars, $5.18 billion, which has been made available and provided to the Canadian agriculture industry through the Canadian government. And when I say the Canadian government, I do not mean the Progressive Conservative government, because it has indeed been built up through all administrations. But I will say this as a challenge to you, and I would be willing to take my chances on it: That in the 120 years of Confederation, which is what we are at today, no other Government of Canada has given more attention, more care, or more sensitivity to the needs of the agricultural sector of our economy and of the grain farmers of western Canada.

• (1520)

**Senator Olson:** They have never been worse off, either.

Motion agreed to and bill read second time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Barootes:** Honourable senators, I move that the bill be read the third time at the next sitting of the Senate.

**The Hon. the Speaker:** Honourable senators, is it your pleasure to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, speaking to the motion, are we not going to send the bill to committee?

**Senator Argue:** No.

**Senator Olson:** I do not think it is necessary.

**Senator Frith:** I knew that if I asked the question I would get an immediate answer from my colleagues.

**Senator Doody:** What a warm feeling!

On motion of Senator Barootes, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## CANADA SHIPPING ACT

### BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Robertson, for the second reading of the Bill C-39, An Act to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the

Maritime Code Act and the Oil and Gas Production and Conservation Act in consequence thereof.—(*Honourable Senator Kenny*).

**Hon. Colin Kenny:** Honourable senators, my concern with the proposed amendments to the Canada Shipping Act relates to the legal requirement to have masters present on offshore drilling rigs when they are drilling. The previous act and the earlier proposed Bill C-75 specifically excluded offshore drilling rigs from the requirement of having masters on board and in charge. The situation at present is unsatisfactory inasmuch as offshore drilling rigs are required by law to have masters on board only when in transit to and from the drilling site and not when they are operating. In light of the "Ocean Ranger" disaster, this would appear to be a significant oversight. However, after making inquiries with the industry, I gather that there are informal guidelines in place, without the force of law, which require masters to be on board and in charge at all times, and that this has become standard industry practice. Further inquiries with COGLA and with the Ministry of Transport have reassured me that the current guidelines will be incorporated into regulations under the proposed act once it is passed. If this is the case, I would be in favour of the proposed legislation being referred to committee as soon as it is convenient.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, in the absence of Senator Finlay MacDonald, I would like to say that the points raised by Senator Kenny are worthy of consideration. I agree that it might be appropriate to refer the bill to the Standing Senate Committee on Transport and Communications.

With that understanding, on behalf of Senator MacDonald, I move second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill referred to the Standing Senate Committee on Transport and Communications.

## TURKS AND CAICOS ISLANDS

UNION OR ASSOCIATION WITH CANADA—DEBATE ADJOURNED

**Hon. Hazen Argue** rose, pursuant to notice of Tuesday, March 10, 1987:

> That he will call the attention of the Senate to the desirabililty and advantages of the Turks and Caicos Islands becoming a part of Canada; the support for such action among Turks and Caicos Islanders and Canadians; and whether any of the following steps might be usefully taken prior to a formal union or association:—
>
> (1) adoption of a common currency;
>
> (2) designation of Canada's Governor General as the Queen's representative for the Islands;
>
> (3) a closer economic association between the two countries;
>
> (4) any change in procedures to our mutual advantage that would assist the entry of Canadians to the Islands, and of Islanders to Canada; and
>
> (5) provision of efficient direct air service between the two countries.

He said: Honourable senators, I am pleased to speak to this inquiry that stands in my name. I think it is important. I think it is far reaching. I think it is constructive, and I think it holds great promise for an initiative that would be to the advantage of some 8,000 or so citizens of the Turks and Caicos Islands and to some 26 million Canadians. I was honoured to receive an indication from Senator Macquarrie that he is prepared to second this motion, if I may put it that way, and to support the inquiry. When the appropriate time comes, I expect that a motion will be made referring this matter to committee, presumably the Foreign Affairs Committee.

**Senator Doody:** Let's do it by a Committee of the Whole, and we can all go down there!

**Senator Argue:** I think we will get general support whether it is done by one method or another. I guess Committee of the Whole would be fine. We could bring in all kinds of witnesses. It might have the greatest amount of support in the Committee of the Whole that we have ever seen, because sometimes in the Committee of the Whole there is not exactly complete agreement on both sides.

• (1530)

I put this inquiry forward believing that it is an important question that goes far beyond partisan politics. Gaining the support of Senator Macquarrie—and he has been a veteran in supporting this question—indicates to me that in the Senate it will have support—and I hope unanimous support—from members of both parties in the Senate, Conservative and Liberal, and also from those who list themselves as independent. Also, the history of the discussion of this idea suggests that the New Democratic Party is likely to give it support, and, therefore, I think it bodes well if the whole issue is handled carefully and with great sensitivity, and that the interests, above all, of the Turks and Caicos Islanders are given the first and most important consideration.

This initiative on my part in dealing with this subject is not new. I became interested in this question approximately 14 years ago, and I think the same can be said for Senator Macquarrie. Senator Macquarrie brings to this subject experience in international questions and international affairs. He also brings to bear on this subject an inquiring and academic mind. Over the years Senator Macquarrie has built for himself an extensive reputation as a Canadian who can look at international questions in an objective and constructive manner and come forward with ideas and proposals that are helpful to the international community. Therefore, I anticipate with pleasure the remarks that Senator Macquarrie will make on this subject, whenever he feels that he can participate in this debate.

My wife and I have had the pleasure of visiting the Turks and Caicos Islands on two separate occasions. We went there on our own initiative. I was not able to attach myself to a parliamentary committee! However, the important thing from my point of view was that I was able to go to the islands and become acquainted with the situation there. When representatives from the Turks and Caicos Islands came to Canada, I was greatly honoured to meet with them in the company of Senator George McIlraith. I think all of us who have had the privilege of knowing Senator McIlraith over the years will agree with me that he is a man with a very practical and constructive outlook. When Senator McIlraith supported an association between Canada and the Turks and Caicos Islands, that suggested to me that, then as now, I was travelling in very good company.

I had the privilege to visit the islands in 1978. At that time Liam Maguire, who may be known to some of you, was a minister in the islands. He was also a pilot and he had a little plane and invited me to go along on a flight. We touched down at all of the airports—approximately six of them—on the various islands, and in a very short time I was able to get a pretty good idea of the population and the economic situation on the various islands.

This is an area of the world with a long history. The people in the Turks and Caicos Islands think there is good reason to believe that Columbus touched there for the initial discovery. In any event, the Spanish explorer, Ponce de Leon, came to those islands in 1512. He was, of course, the explorer who discovered Florida.

This is a wonderful place in many ways. The Turks and Caicos Islands cover only a small area amounting to some 166 square miles. The climate is as near perfect as one could order, because, as far as I could tell, every single day of the year was a really good day, certainly as far as temperature was concerned. We stayed at the main hotel on Grand Turk Island. They probably have air conditioning now in the majority of the rooms, but when we were there there was no air conditioning and no artificial heat. Our room had doors on both sides. There were a couple of little fans in the room, and the room was very comfortable both day and night. The temperature varies between 70 degrees and 90 degrees fahrenheit consistently, both winter and summer. I remember talking to a citizen of the islands and asking him if he had ever experienced any cold weather, and this is what he said: "Yes, I have been here when it has been really cold. I remember a time when the temperature went down to 60 degrees." So, compared to Canada, or even Florida, I suppose that would really be a paradise, weather-wise, because the temperatures are excellent.

In recent years there has been a major improvement in airport facilities. The islands now have three airports that can accommodate Boeing 737 jet aircraft. I am informed that the L1011 can also land at these airports. In earlier times when I was there, only turbo-prop planes landed on the islands, so that has been a major step forward.

[Senator Argue.]

The Turks and Caicos Islands are small. The population is nearly all black. They are a very pleasant and hospitable people. On Grand Turk Island, which has the largest population of any of the islands, the children go to school clean and attractively dressed, and it is heartwarming to see the Canadian flag flying, just put up there in an informal way by some of the school children or some of the townspeople. The people in those islands think Canada is really something special, and there is a great deal of goodwill towards our country.

The industries, of course, are limited. There is a lobster industry, and the production and sale of conch is important. A standard soup on the island, which is really delicious, is conch chowder. There are no forests.

● (1540)

There is a little, but not a great deal of, agricultural production. The main industry, if one can call it that, is the tourist industry. That has been increasing. There have been reports of up to 20,000 visitors annually in recent years. It seems to me that it is an area one could look to for great and important developments in the future.

The Senate, in a limited way, has had some dealings with people from the Turks and Caicos Islands. On February 16, 1978, Senator Perrault stated:

> Honourable senators, I know you will wish to join me in extending a warm Canadian welcome to two distinguished visitors in our gallery today. I should like to introduce the Honourable C.W. Maguire, Minister of Tourism and Development of Industries and Resources, Turks and Caicos Islands, and his colleague, Mr. Herbert Been, Vice-Chairman of the People's Democratic Movement, Turks and Caicos Islands. These gentlemen are on an informal visit to our capital. We are delighted to have them with us.

I added a few words in welcoming them and in recalling that I had been to the Turks and Caicos Islands and had had an opportunity to enjoy the hospitality of those islands.

Mr. Liam Maguire, who was a leading member of the Turks and Caicos Islands administration at that time, came to our home in Ottawa one evening to show us a film he had of the Turks and Caicos Islands. Max Saltsman, M.P., who had a bill in this regard before the House of Commons, was invited. We had a rather pleasant evening with Mr. Maguire and his colleague, Mr. Been.

On March 15, 1973, the State Council of the Turks and Caicos Islands passed a lengthy motion pointing out the advantages they saw from a close association with Canada. If honourable senators agree, I ask that that motion be printed in *Hansard* at this point. I think honourable senators will find that motion interesting. It is too long for me to impose a word-by-word reading of it on honourable senators at this time. If honourable senators agree, I would ask that that be done.

**The Hon. the Acting Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Argue:** It reads as follows:

"BE IT RESOLVED AND MADE KNOWN THAT:

The State Council of the Turks and Caicos Islands desires to thank formally the Canadian People and their Government for the considerable help and advice received by these Islands from them in recent years.

This State Council, recognising the urgent need for both long and short term solutions to our present constitutional, financial and economic problems, further resolves that it would welcome additional professional and technical advice from both governmental and non-governmental organisations so that we may benefit from your long and loyal membership of the British Commonwealth.

In particular, this State Council would welcome far greater official contact between our two governments and herewith cordially invite a Canadian Parliamentary Delegation to visit these Islands and advise us during these days of decision."

And to the fact that, from time to time, both before and after the passage of this Resolution, there have been discussions between a number of Senators, Members of the House of Commons and representatives of the State Council of the Turks and Caicos Islands, and that members of that Council have expressed the following:

"(a) The need for a new Constitution caused by the independence of the Bahamas and the desire for greater internal self-government.

(b) The need to establish a new relationship with Britain and the Commonwealth now that Britain has entered the European Community.

(c) The need to work out a practical relationship with the United States Government over such matters as immigration, bases agreement, use of Grand Turk airstrip and currency restrictions.

(d) The need for a long-term (30-year) plan for the economic development of these Islands so that the short "Three Year Plans" can fit into a meaningful pattern and so that they can establish a sensible order of priorities.

(e) The need to find many more job opportunities for the rapidly increasing work force which is leaving school or returning from the Bahamas—and who are finding it very difficult to migrate or to find suitable jobs at home.

(f) The need for the Islands to develop new and reliable markets and industries to supplement the present dangerous dependence on fishing and ephemeral tourism.

(g) The need to find additional sources of finance, capital funding and expertise so that the basic infrastuctural requirements can be met more quickly and more efficiently than at present."

And that members of the Council have stated that by becoming closely associated with Canada the Islands would obtain the following advantages:

"(1) much greater internal self government at a "Provincial" or "Territorial" level, but within the framework of Canadian federal laws and regulations. They would become an integral part of a major world political unit.

The Canadian Governor General and the Federal Courts of Appeal would be shared with the Islands.

(2) The Islands would utilise the Canadian dollar.

(3) As Canadian citizens, the Islands would acquire a completely different relationship with other members of the Commonwealth and the world. They would have the benefit of the Canadian diplomatic services which are well established in the neighbouring countries and they would cease to be unwanted British Colonials and a burden on the British taxpayer. At present, the British passports give them no right to migrate or to work in Britain.

(4) The Islands would benefit from the very close relationship that Canada has with the United States.

(5) The economic future of these Islands would be rapidly integrated into that of Canada. Canada has no warm southern states and suffers some of the worst winters in the world. These Islands would naturally attract the Canadian winter vacationist and the retirement couples who wish to invest their savings, earned elsewhere, in seasonal homes. The geographical position of these Islands will probably be developed by those Canadian manufacturers who need a Caribbean showcase and entrepot facilities. Canadian airlines could become "domestic" airlines with the ability to quote preferential tariffs.

(6) The educational system would become Canadian and it should then be far easier to obtain places in Canadian universities and trade and professional institutions. Employment opportunities and the spectrum of jobs would increase far beyond those of these small Islands with their small population.

(7) As a Canadian tropical Province or Territory, the Islands would be able to tap a "domestic" tourist market.

(8) The Canadian Government has a long tradition of helping underdeveloped countries and communities. They have well established governmental agencies, development funds and professional consultancy firms who have worked throughout the world."

And that in considering this association the following steps should be taken:

"(1) Visits by parliamentary and governmental delegations.

(2) Acceptance of Canadian dollar as basis for currency.

(3) Appointment of Governor General of Canada as Governor of Turks and Caicos Islands.

(4) Establishment of Canadian banks and financial institutions.

(5) Encouragement of Canadian investment in tourist facilities and industry.

As it is stated in that motion:

(3) As Canadian citizens, the Islands would acquire a completely different relationship with other members of the Commonwealth and the world. They would have the benefit of the Canadian diplomatic services which are well established in the neighbouring countries and they would cease to be unwanted British Colonials and a burden on the British taxpayer.

The motion further states:

These Islands would naturally attract the Canadian winter vacationist and the retirement couples who wish to invest their savings, earned elsewhere, in seasonal homes.

It further states:

The educational system would become Canadian and it should then be far easier to obtain places in Canadian universities and trade and professional institutions.

I think that situation continues today. The motion goes on to state:

Employment opportunities and the spectrum of jobs would increase far beyond those of these small Islands with their small population.

Education in the high schools on those islands today, I understand, goes to grade 11.

They would like to have the Governor General of Canada as the Governor of the Turks and Caicos Islands.

When those representatives came to Ottawa, they said that they wanted to accept the Canadian dollar as their currency. In the meantime, since they were using their native currency, they had hoped the Royal Canadian Mint would produce their currency.

So they are affable people. They are friendly and would like to work with us. I think the possibility that they might, step by step, become part of this nation is very exciting.

One can always raise impediments, objections and problems, but my view of life is that the impediments, the objections and the problems, no matter what they may be, do not constitute sufficient reason to say it cannot be done. Whatever the arguments, objections or problems that may be raised, those can be dealt with and resolved. I believe we can achieve a much higher and more important objective if we overcome those impediments, objections and problems.

This, I think, is a rare opportunity for Canada. The population of the Islands is approximately 8,000 people. In relation to Canada, the cost would not be great. They are still part of the Commonwealth. They are still under the United Kingdom as far as administration is concerned. Their annual grant from the United Kingdom, I am informed, is some $2 million. Canada's annual budget is approximately $122 billion, so that $2 million is not a large sum of money, relatively speaking.

[Senator Argue.]

In recent years there have been additional economic grants from the United Kingdom, one in the amount of $6 million, to help with infrastructure and to help improve the islands' airport facilities.

When one considers that Canadians spend some $2 billion annually on tourist travel outside of Canada, it is easy to see that Canadians would bring large sums of money to the Turks and Caicos Islands. This would offer all Canadians an opportunity, if this develops, to enjoy a tropical climate that is part of Canada. We would give those people an opportunity to produce in an economic and constructive way, and the opportunity to enjoy a standard of living a great deal higher than that which they now have.

Others have taken initiatives in this field from time to time. Dan McKenzie, a Conservative Member of Parliament from Manitoba, has shown a great deal of interest in this subject recently. I believe he has recently been to the Turks and Caicos Islands. I have talked with Mr. McKenzie, and he has informed me—and he can speak for himself, of course—that he has a proposal in this regard before the Conservative caucus and before the Prime Minister. He told me that he hoped that a study of perhaps some three months' duration might be made by a caucus committee. He has told me that he hopes the report will be favourable.

I hope, as does Mr. McKenzie and others, that the study that is likely to be made brings forward a positive conclusion and positive recommendations.

• (1550)

I think that we can reach an agreement with the people of the Turks and Caicos Islands. I would think that we can arrive, step by step and by mutual agreement, at an economic and political union that would result, at some point in the future, in the Turks and Caicos Islands and the islanders becoming an integral part of Canada. I see it not only as an economic opportunity for all concerned, but also as a social opportunity in the sense that we would be associating with new people and could work out approaches to our problems that would help both countries.

It has been said in the past that there are dangers, as far as foreign policy is concerned, for Canada to have a presence in that part of the world. I suppose that it would carry with it certain problems and challenges, but it would seem to me that Canada—which has an international view and a record that recommends itself in the international economic field and in the international diplomatic and political field and commends itself and appeals to many countries, many governments and many peoples—would be a stabilizing influence in the international field by its presence in the Caribbean. We would have a presence and a responsibility much further south than our current nation. It seems to me that as you go south in this hemisphere, political problems are more difficult, but perhaps here would be a chance for Canada to have a presence in the Caribbean which would exercise a stabilizing influence in a much larger area, a positive influence for goodwill, good human relations, and the establishment of a stronger peace initiative and accomplishment.

I hope that when senators and members in the House of Commons are discussing this opportunity in the days ahead, they will look at each and every step in a positive, friendly, constructive way, thinking more of the opportunities, desires and needs of the citizens of the Turks and Caicos Islands than of our own position, because we are so much larger and stronger. If we give this careful attention and meet these people with goodwill on both sides, perhaps we can work out a new system that will be a model to other countries who want to bring nations together and reverse some trends that we have seen, where nations become more and more divided.

I am honoured to have been able to deal with representatives of people from the Turks and Caicos Islands from time to time over a long period of years and to have been associated in discussing this question with members of Parliament and senators in other political parties. I hope that together we can work towards an arrangement that will be helpful to Canada and the Turks and Caicos Islanders and will provide all of us with an exciting vision of the opportunity that we have to go forward in an economic and political association that will have tremendous possibilities for the future.

**Hon. Senators:** Hear, hear!

On motion of Senator Macquarrie, debate adjourned.

## NATIONAL DEFENCE

### APPOINTMENT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

**Hon. Paul C. Lafond,** pursuant to notice of Tuesday, March 10, 1987, moved:

> That a Special Committee of the Senate be appointed to hear evidence on and to consider matters relating to national defence;
>
> That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee; and
>
> That the Committee report to the Senate no later than 15 December, 1987.

He said: Honourable senators, if I may say just a few words, the proposed committee will be called upon to consider matters relating to national defence and to place the problems of national defence before the people of Canada.

As honourable senators are aware, I have been an advocate for a number of years of there being a standing committee of the Senate on national defence.

**Senator Bell:** Hear, hear!

**Senator Lafond:** However, the Senate has not judged it appropriate to create such a committee up to this time and until further notice.

In the interim, I have been urged, not to say pressed—and I must say that I have not resisted that pressure—to invite the Senate to reconstitute this special committee so that it will be in existence when the white paper comes down—I am still optimistic—and also to complete our studies on Canada's Armed Forces, by looking into Mobile Command and our land forces generally.

These pressures have come from a majority of the senators who were members of the previous committee, as well as from military associations, for instance, the National Chairman of the Federation of Military and United Services Institutes of Canada, who writes:

> This letter is a word of encouragement, if that is necessary, to continue the fine efforts of the past. I hope that your Committee will again become very active, particularly with the White Paper about to appear.

The Royal Canadian Artillery Association adopted the resolution in February, 1986. It states the following:

> Recognizing the outstanding contributions to the analysis of the defence and security issues made by the excellent reports of the Senate Special Committee on Defence.
>
> Wishing to see the Senate Special Committee continue its highly useful and closely reasoned analysis of Defence issues.
>
> Concerned that insufficient attention has been given to the issues of force structure, mobilization, and sustainment of the army.
>
> Recommends to the Chairman of the Senate Special Committee on Defence that the Special Committee continue its investigation of Defence issues with a study of the Force Structure of the Army.

As well, I have had many verbal presentations from members of the Armed Forces who feel that, after the in depth and extensive studies we have made of Maritime Command and of Air Command, they deserve and need the same treatment from the Senate.

Of course, getting into a study of our land forces involves looking into a variety of commands such as Mobile Command itself; Canadian Forces Europe; Training Command; Communications Command and Northern Command. This may become extensive in terms of time.

If and when the committee is formed, the committee itself will decide how it will proceed and how much time it can afford to spend on these matters. For the time being, the motion suggests that the Special Committee of the Senate report by December 15, but it appears to me quite probable that by December 15 an extension will be requested for an ultimate report.

Honourable senators, I encourage the Senate to adopt this motion.

On motion of Senator Phillips, for Senator Doody, debate adjourned.

The Senate adjourned until Tuesday, March 17, 1987, at 2 p.m.

# THE SENATE

**Tuesday, March 17, 1987**

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

Prayers.

## ST. PATRICK'S DAY

TRIBUTES TO ST. PATRICK AND THE IRISH PEOPLE

**Hon. Richard J. Doyle:** Honourable senators, surely there is no need to remind this company of the day it is. It is one of the great gifts of my ancestors that the seventeenth is kept as it is, a joyous celebration of the goodness—not just the goodness of a saint, but the goodness of the people he served and of the gladness they gave and continue to give all the world over.

They are not all of the ould sod. Oh no, there are far many more of them abroad than have ever seen that green and smiling place. They are to be found in great numbers in many lands, certainly in Canada, where their achievements are many, their deeds are famous and their heritage is held dearly, even where only two of three of them may meet over a cup or a glass on the seventeenth. They are, you know, to be found even in the Langevin Block, or in high office in the Senate.

This city is especially blessed. In its pioneer days, it welcomed many of the Irish coming from the tribulations of the old land to find new hopes and dreams in Canada. My grandmother Doyle was born at Billings Bridge, where her father and mother had farmed before her. As we would say today, she had assimilated very well, thank you.

I remember her saying to me once of a new neighbour just over from Cork, "Oh, but she's a fair one. But you know, she's still got the brogue and she still has the blarney."

Senator Grattan O'Leary, one of the Irish of Gaspé, once wrote:

> For the English I hold no animosity. They have been my friends, and true friends in every clime. The worst that can be said of them is that they are prisoners of their history and their pride. Once removed from Irish soil (which I, incidentally, have visited 24 times), an Irishman should leave ancient hatreds where they can do no harm, in the coffers of eternity. No more bitter alchemy in my years than the spectacle of Irishmen, hatred in their hearts, cruelly murdering and destroying other Irish over the dismal chimera of religious difference.

My father, like the senator, bore no grudge against the ancient enemy, but even in the dark days of the war, the best thing he could say of Sir Winston Churchill was: "Ah, he does sometimes listen to Mr. Roosevelt."

But this is not a day for quibbling—although we may hear of a fight or two before sundown.

I thank honourable senators for hearing me out in the forbearing spirit of St. Patrick's Day.

**Hon. Philippe Deane Gigantès:** Honourable senators, there are none more charming than the Irish. I have not enjoyed myself more in any other land. I hope, now that Senator Patrick Doyle has joined the Tory Party, that he will do what St. Patrick did and lead the snakes out of it.

**Senator Frith:** I don't detect any movement over there!

[*Translation*]

## PARLIAMENT

THE ESTIMATES, 1986-87—PARLIAMENT VOTE 10C—REFERRAL TO COMMITTEE—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Wednesday, March 11, 1987

ORDERED—That Parliament Vote 10C, for the fiscal year ending March 31, 1987, be referred to the Standing Joint Committee on Parliament; and

That a message be sent to the Senate to acquaint Their Honours thereof.

ATTEST

Michael B. Kirby,
for *The Clerk of the House of Commons*

[*English*]

## RADIO ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-3, to amend the Radio Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Thursday next, March 19, 1987.

## BORROWING AUTHORITY BILL, 1986-87 (No. 2)

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-40, to provide borrowing authority.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have discussed this matter with the Deputy Leader of the Government. Can I assume that he will be proceeding with his intervention at second reading debate today?

**Senator Doody:** Yes.

**Senator Frith:** Then he understands that we will be adjourning the debate at that point. On that basis, I believe we should grant leave to permit him to do so today.

**The Hon. the Speaker:** Then, is leave granted, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

## LEGAL AND CONSTITUTIONAL AFFAIRS

FIRST REPORT OF FRENCH CONSTITUTIONAL DRAFTING COMMITTEE—SENATE COMMITTEE STUDY—NOTICE OF MOTION

**Hon. Joan Neiman:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That for the purpose of its examination of and report upon the First Report of the French Constitutional Drafting Committee (Sessional Paper No. 332-159), the membership of the Standing Senate Committee on Legal and Constitutional Affairs be increased to fifteen members, and that Rule 67(1)(*k*) be suspended in relation thereto.

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, Senator Neiman has explained the reason for this motion to me, and I, personally, support it. However, she was unable to give my colleagues and me an opportunity to consider it earlier today.

For that reason, I believe that she and the deputy chairman, Senator Nurgitz, would be content if this matter were put over until next Tuesday. By that time both caucuses will have had an opportunity to consider it. I suspect they will support it, but we should give them an opportunity to look at it. Perhaps we can consider this as a notice of motion.

[The Hon. the Speaker.]

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

## FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. George van Roggen:** Honourable senators, if I may digress for one second, having heard from the distinguished citizen from Greece on St. Patrick's Day, as a Dutchman I would like to be permitted to say that my dedication to this chamber is evidenced today by the fact that, while I am here, my wife is in Vancouver celebrating our third wedding anniversary.

**Hon. Senators:** Hear, hear!

**Senator van Roggen:** Obviously, I was married on St. Patrick's Day so I would not forget that date!

In the spirit of that dedication, honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## TERRITORIAL LANDS ACT

AGRICULTURE AND FORESTRY COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-43

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

> That the Standing Senate Committee on Agriculture and Forestry be authorized to examine the subject matter of the Bill C-43, an Act to amend the Territorial Lands Act, in advance of the said Bill coming before the Senate or any matter relating thereto.

If necessary, I would be pleased to give a brief explanation.

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

**Hon. Senators:** Agreed.

**Senator Doody:** Honourable senators, this particular piece of legislation deals with the transfer of forestry control authority from the Department of Indian Affairs and Northern Development to the Government of the Northwest Territories. I am told that negotiations were going on until as late as last week. Real estate settlements are involved and I assume they

deal with cutting rights, timber rights and so on. There are also personnel and regulation involvements.

The legislation should be passed by March 31. Otherwise, it will carry over into another fiscal year and will lead to a lot of confusion for industry, the public and so on. So, with a view to trying to move the legislation ahead, I have asked the Chairman of the Standing Committee on Agriculture and Forestry to have the committee pre-study the subject matter of the bill, and he has agreed. With the agreement of the Senate, I suggest that the subject matter of this bill be referred to the committee.

• (1410)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, can the Deputy Leader of the Government tell us, since this is a House of Commons bill and not a Senate bill, whether his information encourages him to believe that we will get the bill before March 31 and, in fact, that we will get it in time to give it some study and debate in the Senate after the committee reports?

**Senator Doody:** Honourable senators, my information is that we should get the bill fairly soon from the House of Commons. I am not in a position to give a date, but I am told that the urgency of the bill has been conveyed to the various house leaders in the other place, and I understand that they are in the process of coming to an accommodation.

Motion agreed to.

## BUSINESS OF THE SENATE

On Notices of Motions:

**The Hon. the Speaker:** Senator Doody, is there another motion?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I am going to ask that the other motion be deferred until we have had an opportunity to look at it more closely. It is the same sort of bill, except that it deals with the disposal of certain assets held or used by the Northern Canada Power Commission in the Yukon Territory. I am told that there is a great deal of urgency attached to this bill as well, but I would like to make some inquiries in order to be in a position to answer questions that may be raised about it. I may ask for a pre-study of this bill tomorrow or whenever we get the necessary assurances.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, we should have on the record that the bill the honourable senator is referring to is Bill C-45.

**Senator Doody:** Yes, it is Bill C-45, the Yukon Power Act.

# QUESTION PERIOD

[*Translation*]

## THE CONSTITUTION

### NEGOTIATIONS TO INCLUDE QUEBEC—GOVERNMENT POSITION

**Hon. Jean Le Moyne:** Honourable senators, my question is directed to the Leader of the government in the Senate. We know the government has the praiseworthy intention of "bringing Quebec into the Constitution". We hope it also has the desire to do so, which would bring it one step closer to the decisive act.

My question is: Why is the government still involved in so-called preliminary and informal meetings like the one announced for April 30, to which all provincial premiers will be invited?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, it would be a disaster if a new initiative by the federal government and the provinces were to founder. That is why we have made every possible effort to finish the preliminary work completely before starting formal negotiations.

I may add that all provinces and the federal government agree the time is not yet ripe for formal negotiations.

That is why the Prime Minister has invited the ten provincial premiers to Meech Lake on April 30, to take stock of the situation and decide what the next steps will be.

**Senator Le Moyne:** Honourable senators, I have a supplementary. Could the Leader of the Government in the Senate firm up the specifics of the rather woolly announcement made this morning?

**Senator Murray:** Honourable senators, my honourable friend is asking me to be firm and specific. All I can say is that the Prime Minister issued a press release in which he announced that the provincial and federal first ministers have had four meetings on the trade talks with the United States, that the first ministers will meet at the end of March to discuss constitutional questions affecting aboriginal peoples, and that the time has come for the first ministers to meet and take stock of the situation with respect to Quebec and decide what the subsequent steps will be.

As the minister responsible for Federal-Provincial Relations, I have met with my counterparts across the country, and our officials have met on several occasions. The Prime Minister feels that both ministers and officials have done a good job, that they have done as much as they could for the time being, and it is now up to the first ministers to take stock of the situation.

**Senator Le Moyne:** If I understand correctly, the minister feels that it is too early, that it is premature to demand specific details of the proposals the government intends to make and the government's intentions.

**Senator Murray:** Honourable senators, we have not tabled any concrete proposals on this matter, for the simple reason that the other parties have not asked us to do so.

We are all agreed that for the time being we should have the requisite latitude to discuss the five proposals made by Quebec as well as all the implications thereof, without putting any formal documents on the table.

The federal government will be ready to table concrete proposals at the appropriate time. I do not mean tomorrow, and I do not mean at the first ministers' meeting at Meech Lake at the end of April. At that meeting, the first ministers are to take stock of the situation and decide whether the time is ripe for initiating formal negotiations.

[*English*]

## CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—GOVERNMENT POLICY—CONSEQUENCES OF FAILURE TO REACH AGREEMENT—EFFECT OF AGREEMENT ON EMPLOYMENT AND AUTO PACT

**Hon. Philippe Deane Gigantès:** Honourable senators, I have a question for the Leader of the Government in the Senate. Did I understand correctly that the Prime Minister, during yesterday's debate in the House of Commons on free trade said that if we could not reach an accord with the United States we would be in a terrible situation?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, *Hansard* of the House of Commons is available to my honourable friend, as it is to me.

**Senator Gigantès:** Does the Leader of the Government think that it is a good negotiating tactic to say to your opposite number across the table that if an agreement is not reached you are "cooked"?

**Senator Murray:** I am sorry, but I did not hear the last word.

**Senator Gigantès:** Does the Leader of the Government think that it is a good negotiating tactic, when sitting across the table from someone, to say to that someone, "If we cannot reach an agreement our goose is cooked"?

**Senator Murray:** Again, honourable senators, I would appreciate it if my honourable friend were to point out the passage in *Hansard* that would confirm that any such statement was made by the Prime Minister or by any spokesman for the government.

What the government has said is that an unemployment rate amounting to over a million people in this country is disastrous. What the government has said is that to create jobs for the tens of thousands of young people and others who will be entering the labour force over the next few years a new impetus to economic growth is needed. We say that that new impetus, the impetus that is needed, can come only—I repeat only—from increased trade. It therefore makes sense to us to work at lowering trade barriers on a multilateral basis, and it makes eminent sense, in our view, to secure our access to our biggest market and closest neighbour, which accounts for 70 per cent of our trade.

[Senator Murray.]

• (1420)

**Senator Gigantès:** So, if we do not succeed in striking a deal with our closest neighbour, then all sorts of dire consequences will flow. Is that what I am to understand?

**Senator Murray:** If we do not succeed in striking a trade deal with our closest neighbour and in obtaining secure access to that large market, we will have missed a tremendous opportunity for the future economic and social well-being of this country.

**Some Hon. Senators:** Hear, hear!

**Senator Gigantès:** Does the Leader of the Government not believe that we should also be able to say, and also say it, that "Yes, we would like a deal. We do think that a deal that is to the advantage of both sides would be a good thing. But if we do not succeed in striking a deal that we consider fair, then we have a fall-back position. We are not utterly prisoners of what the Americans will agree to."?

**Senator Murray:** Honourable senators, I invite my friend to read the statement that was made by the Right Honourable the Prime Minister on September 26, 1985, and all of his subsequent statements on that subject since. The Prime Minister has stated very firmly that any trade arrangements that we strike will be in the best interests of Canada, and all of Canada, or no such deal will be signed.

**Senator Gigantès:** I am afraid the Leader of the Government is evading the question, which is: If we do not strike such a deal because we cannot get a good deal, why are we saying to the Americans that striking a deal is so very important to us that we are practically ruined if we do not strike it? Why, in other words, are we confessing to a weakness which I do not believe we have?

**Senator Murray:** Honourable senators, it is no secret that there are over one million unemployed in this country, and that there are tens of thousands of Canadians coming into the labour force in the next few years. It is no secret that on the basis of current projections the economy will not grow fast enough to absorb those people. We need a major new impetus to economic growth, and it is hardly a secret to the Americans or anyone else that that impetus must come from trade, and principally from increased trade with our American neighbours.

It is no secret to anyone in Canada that there are protectionist forces at work in the United States that endanger our present access to that large market. We therefore seek a trade treaty with the United States that will secure our access to that market into the twenty-first century. It is hardly revealing any secrets to admit that much to the United States. They know all of those things. The problem is that some of our friends opposite do not seem to be alive to or aware of those factors.

**Senator MacEachen:** You sound like Sir Wilfrid.

**Senator Gigantès:** Is the Leader of the Government aware of the fact that since the mid-1970s every country in the OECD, including Canada, increased its exports, but also had

to increase its imports? Is the Leader of the Government not aware of special studies by the Canadian government—one of which I would be delighted to send him; I have it in my office—which show that every job that we gained exporting, we forcibly had to lose importing? So the argument that exports will improve our position in terms of jobs is not backed up by the facts not only in this country but in every other industrialized country around the world.

**Senator Murray:** Honourable senators, I would very much like to see that study, if it says what my honourable friend reports that it says. I can tell him that all of the studies that I have seen or heard about, whether they were undertaken by the Macdonald Royal Commission, the C. D. Howe Institute, or various other academic and research organizations in this country, indicate that there will be a net gain of as high as three-quarters of a million jobs from a comprehensive free trade arrangement between Canada and the United States.

**Senator Gigantès:** The Economic Council of Canada produced the latest of these studies in which it said that between now and 1995, if there were a free trade agreement, there would be an increase in jobs of some 370,000, which represents a yearly increase in employment of three-tenths of 1 per cent, compounded. However, I will be delighted to send you this study, Senator Murray. You may see in that study some of the figures that were obliterated from the studies which your government released about the effectiveness and the cost benefits of such a free trade agreement.

However, I have some other questions to ask that were not answered yesterday either by the Right Honourable the Prime Minister or by the honourable minister responsible for the trade negotiations. My question is: If tariffs are abolished, what happens to the Auto Pact, which operates on the basis of tariffs?

**Senator Murray:** The honourable senator is asking some questions that were asked yesterday and answered by ministers. If he now intends to enter into a detailed series of questions on the trade negotiations, I suggest that this is really not the time for it. Perhaps he should have the matter referred again to a committee where he could invite the ministers responsible, or perhaps the negotiators, to discuss these matters.

**Senator Gigantès:** Honourable senators, before the Prime Minister's speech yesterday, we were told that we would be given information. In my opinion, this is vital information. I am asking these questions because they were asked yesterday and were not answered. That is why I am asking them.

There are other aspects. The Europeans examined this issue of free trade and decided that if they have free trade, which includes the free movement of investments, there might be some investments that would move from one country to another and there might be factories or whole industries that would be moved from one country to another. The Europeans decided that the way to compensate for that danger would be to allow the people to move also.

Therefore, if a Canadian manufacturer decides to build a new plant to serve his new American market, which is ten times larger than his Canadian market, it makes sense to put that plant near his big market, which might be somewhere between Boston and Baltimore. He might then decide to shut down his Canadian plant and his Canadian workers would find themselves without jobs because they cannot follow their jobs down south. I wonder if that aspect has been considered.

**Senator Murray:** Honourable senators, in the report of the Standing Senate Committee on Foreign Affairs my friend will find a very concise and excellent description of the various forms of trade agreements ranging from customs unions to common markets to the kind of comprehensive free trade arrangement that we are talking about with the United States. I commend that part of the report of the Standing Senate Committee on Foreign Affairs—indeed I commend all three volumes of that report to my friend's attention.

The Europeans have a common market; that is not what we are negotiating with the United States.

**Senator Gigantès:** Honourable senators, might we not be better off negotiating a common market with the United States? Of course, we would be swallowed politically, but in that way we would ensure that our people would not lose jobs that move to Georgia where the friendly sheriff does not allow unions and where employers do not have to make contributions to health services and where the UI payments are minimal.

**Senator Murray:** The honourable senator is now suggesting that it might be preferable to negotiate a common market with the United States. If he really hurries, he may be able to get that suggestion included in the Turner amendment, which will be voted upon in the other place at six o'clock tonight. Everything else is in there.

**Senator Gigantès:** I notice that the Leader of the Government in the Senate is still not answering any questions. He is still asking us to buy a pig in a poke. I would like to relate to him the information that the Honourable Senator Frith gave to me. I thought that a pig in a poke was a pig in a pocket, or poche. It is not. Apparently, a poke is something that is put on a pig so that if it pushes against a fence, the poke pokes the pig and he or she desists.

● (1430)

I suggest that perhaps our negotiators or the government should wear such an intellectual poke when considering what may be extremely damaging to Canada. Instead of giving us waves of rhetoric, could they not give us some details about what the government is trying to do?

**Senator Murray:** Honourable senators, I assure my friend that the interests of the hog farmers will also be protected.

**Senator Gigantès:** There we go again! We are being treated in this house the same way as the opposition was treated in the other place. We are asking legitimate questions which have to do with the welfare of the country—questions which have to do with regions of Canada and Canadian industries that might

or might not be drastically affected. We would like to know more and we are given no answers at all.

**Senator Murray:** Honourable senators, there has been on our order paper since November 27 an inquiry in the name of Senator Everett, that he will call the attention of the Senate to the free trade negotiations with the United States. It may be well to get on with that debate.

**Senator Gigantès:** Honourable senators, I know that I am a neophyte, but, unless I am mistaken, there is nothing about the fact that there is an inquiry on the books to prevent any senator from asking questions of the government on the same issue.

**Senator MacEachen:** Dead on.!

## CAPE BRETON DEVELOPMENT CORPORATION

### NEGOTIATION OF COALMINERS' CONTRACT

**Hon. Robert Muir:** Honourable senators, I direct my question to the Leader of the Government in the Senate. I do not want to talk about pigs or pokes or snakes or anything of that nature. Last Thursday I asked the government leader a question with regard to possible negotiations between the coalminers of Cape Breton Island and representatives of the the Cape Breton Development Corporation. Up to that time we had heard nothing other than reports of the apparently defiant attitude of the president of the Cape Breton Development Corporation. The Leader of the Government said that he would check into the matter and get back to me as soon as possible.

After the Question Period, honourable senators, I received from him a message indicating that negotiations had begun while we were discussing the subject in this chamber. Is he in a position to provide a progress report as to what may be happening? Is there any indication of an agreement between the management of the Cape Breton Development Corporation and the union, in light of the cooperative attitude expressed by the president of district 26 and the executive of the United Mine Workers Union?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I was told just before coming to the chamber today that a tentative agreement has been reached in the negotiations between the United Mine Workers and Devco, but I have no details on the matter.

[*Translation*]

## CANADA-UNITED STATES RELATIONS

### FREE TRADE NEGOTIATIONS—REDUCTION OF REGIONAL DISPARITIES

**Hon. Pierre De Bané:** Mr. Speaker, my question is directed to the Leader of the Government in the Senate. What I am interested in personally is the reduction of regional disparities.

Yesterday, the Prime Minister announced that in the event of a free trade agreement with the United States, one of the benefits of such an agreement would be the reduction of regional disparities in Canada.

My question for the Leader of the Government is about this reduction of disparities. Would it be due to a general improvement in the Canadian economy or to the Canadian government's continued flexibility in modulating measures to fit the needs of disadvantaged areas? And in the event of an agreement with the United States, would the Canadian government not be as free to develop special programs for this country's disadvantaged areas?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the federal government's ability to provide assistance to disadvantaged areas in this country is not negotiable.

As for a free trade agreement between Canada and the United States, I can only quote the report of the Royal Commission on Economic Union which felt that all regions in Canada would benefit under such an agreement, and especially our disadvantaged regions.

**Senator De Bané:** I am most grateful to the Leader of the Government for stating in no uncertain terms that the Canadian government's latitude for helping our disadvantaged areas is non-negotiable. I had the impression that all departments, to the extent that it is not incompatible with their mandate, have an obligation to reduce disparities in Canada, and I hope they will continue to do so.

I would also like to know whether the Leader of the Government in the Senate has any studies on the impact of the Common Market's Treaty of Rome on Europe's various disadvantaged areas.

Some economists claim that on the whole, the Common Market has helped Western Europe enormously, but that the impact was felt particularly in the prosperous regions of each country. I would appreciate it if the Leader of the Government in the Senate would let me know whether he has any studies on the impact of the Treaty of Rome on Europe's disadvantaged areas.

**Senator Murray:** I certainly will, honourable senators. However, since it is St. Patrick's Day, I would like to take this opportunity to say that I have the impression the Republic of Ireland has benefitted enormously from its membership in the European Economic Community.

**Hon. Philippe Deane Gigantès:** Did the Leader of the Government by any chance read a recent article in *The Times* which said that the Irish economy was in such bad shape that not only had the government been defeated but the percentage of Irish emigrants had increased tremendously?

While he is looking into what is happening in various European countries that have prosperous areas, perhaps he could also look at what has happened in what is called the "Northern Tier", in other words, the group of American states just south of our borders which are in full decline, despite free access to markets in the United States. They are in full decline because new factories and new investment are going further south where it is warmer, where there are fewer social restric-

tions and where there is no public health insurance, for instance in states like Georgia, the Carolinas, etc.

Could this happen to us, and if not, why not?

**Senator Murray:** Honourable senators, I doubt very much whether the current state of the Irish economy is due to that country's joining the European Economic Community.

As for the rest of Senator Gigantès' question, may I suggest that he make those points during the debate to be held on the inquiry by the Honourable Senator Everett?

**Senator Gigantès:** I never suggested that Ireland's misfortunes were due to the fact the country joined the Common Market. I was merely reminding the Leader of the Government in the Senate that he was mistaken when he said that all was well in Ireland. In fact, all is far from well. Senator De Bané made the point that despite their membership in the Common Market, disadvantaged regions have remained so, some examples being Scotland, Wales, Northern England and even areas in Belgium. And what about southern Italy, which is still economically depressed although Italy has been a member of the Common Market for quite some time. In Milan and Turin, the economy is in good shape, but in southern Italy that is not the case. Considering these precedents, how can the government claim that a free trade agreement with the United States will help our disadvantaged areas when this is not happening anywhere else?

● (1440)

[*English*]

## HEALTH AND WELFARE

### ALBERTA HEALTH INSURANCE LEGISLATION—GOVERNMENT POSITION

**Hon. Gildas L. Molgat:** Honourable senators, my question is for the Minister of State for Federal-Provincial Relations.

Recently the Alberta government introduced Bill No. 14, the Alberta Health Insurance Act. This apparently will provide for commercial insurance companies to issue policies for both medicare and non-medicare services. It seems to me that this is a contradiction of the Canada Health Act.

I would like to know whether the minister has undertaken, in his capacity as Minister of State for Federal-Provincial Relations, any discussions with the Alberta government. If not, does he propose to do so?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, we have not received a written statement from Alberta. Our information is based on media reports and on some brief discussions with Alberta officials. However, on the basis of these reports and discussions, it appears to us that the proposed legislation in Alberta does not violate the Canada Health Act.

**Senator Molgat:** Under the provisions of the Canada Health Act, medicare services presently under that act—if I understand that act properly—are to be comprehensive and administered by a public body. Is there not a conflict in what Alberta is proposing?

**Senator Murray:** Honourable senators, the honourable senator will be aware that to meet the comprehensiveness requirement of the Canada Health Act, provinces must ensure all medically necessary services. The present Alberta provincial plan meets this requirement. There is no prohibition in the act against private insurance of medical services.

The Minister of National Health and Welfare is monitoring the situation closely and, of course, we would be concerned, as a federal government, if medically necessary services were de-insured.

**Senator Molgat:** It will be in order, then, for other provinces to proceed with similar legislation?

**Senator Murray:** Honourable senators, the Canada Health Act does not prohibit private insurers. In fact, Saskatchewan and Newfoundland provincial legislation is similar to the Alberta proposal, or so I am informed.

## CANADA POST CORPORATION

### PRINCE EDWARD ISLAND—CLOSING OF RURAL POST OFFICES—GOVERNMENT POLICY

**Hon. M. Lorne Bonnell:** Honourable senators, I have a question for the Leader of the Government. On March 9 of this year, according to the *Charlottetown Guardian*—which covers the island like the dew—of March 10, it says that the Canadian Postmasters and Assistants' Association released a list of post offices to be closed in Prince Edward Island. One of those to be closed is one which is close to the home of my friend, Senator Macquarrie, at Borden. It will be closed in 1989. The post office in my home town, Murray River, will be closed in 1988, as will those at Belle River, Elmira and Freetown. The post offices located at Morell and Victoria will close in 1989.

**Senator Macquarrie:** Shame!

**Senator Bonnell:** That is my friend's home town.

It looks to me, honourable senators, as if we might only have one or two post offices left in Prince Edward Island.

Some years ago, when we had a strong Liberal government in Prince Edward Island—in fact we had Liberal governments federally and provincially—we used to have the mail sorted right on the trains and passed off at the station. Now they are closing out our little post offices. Next I guess we will get super mail boxes, or we will go back to ponies!

Will the Leader of the Government in the Senate stand up and tell us in this house that the Canadian Postmasters' Association is wrong and that these post offices will not be closed; that Senator Macquarrie will get his mail at the post office; and that I will get my mail at the post office for years to come in Murray River and in Victoria—not in Charlottetown?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable

senators, my information is that there is no policy to close rural post offices. Canada Post Corporation does not have any plans to effect widespread closures of rural post offices.

Some communities may experience future changes from the current methods or locations of postal service. However, any changes will result only through natural opportunities such as the resignation, retirement, or promotion of the postmaster, loss of the post office site, or on the initiative of the community itself.

These cases allow the corporation to review its services as part of its ongoing business management.

**Senator Frith:** Now try reading that again without smiling.

**Senator Bonnell:** Honourable senators, there is no doubt that all postmasters will retire some day. Even senators will retire when they reach age 75.

**Senator Molgat:** They may even die one day!

**Senator Bonnell:** Some of our postmasters have been giving us good service for many years. We do not expect them to go on forever; they do not have that dispensation from above. Therefore, this government is insinuating that they are liable to put it out on contract to somebody to run a second-class Post Office and to give some of our citizens second-class service, while others get first-class service.

If you happen to live in Toronto, Vancouver, Montreal, or perhaps Ottawa, you will get first-class service. But if you live in Victoria, Alberton, or Murray River, you will get the kind of service we are getting now in Atlantic Canada: Not good enough, Mr. Leader of the Government in the Senate. Use the strength which you have; use that strength on St. Patrick's Day—and I want to wish you a happy St. Patrick's Day—to go and tell your Prime Minister that he will never make it again if he does not do something for our rural people.

**Senator Frith:** Well, then, don't tell him! We don't want him to make it again.

**Senator Bonnell:** Tell him that he will never make it again if he does not do something for the poorer regions of this country. And tell him, for God's sake, not to interfere with the mails—it is bad enough now!

**Senator Murray:** Honourable senators, I am glad to have the honourable senator acknowledge that some Canadians are receiving first-class service from the Post Office. That is an improvement over what it was under his regime.

Let me say that at least 90 days' notice of any change will be provided to allow those affected to make representations. Members of Parliament will be the first to be notified by Canada Post and provided with as much information as possible to ensure the best possible communication with their constituents.

**Senator Bonnell:** Honourable senators, 90 days' notice of the closing of a post office? Just enough time to get a horse to go farther!

Are senators members of Parliament? Will we be notified, as senators, or will just members of the House of Commons be notified? Advance notification that a post office will be closed in 90 days is not much good. Will they let the representatives of the people speak and will they listen to them, or will they pay no attention? That was the case with the CNR in relation to Prince Edward Island. They notified us, they listened to us, but they removed our passenger trains. That was some years ago and, I must admit, your party was not in power.

[Senator Murray.]

• (1450)

**Senator Murray:** There will be consultation.

**Senator Bonnell:** Will you put the railroad back? I understand the intention is to take the railways off ferries and that we will have a causeway with no rails.

There is no sense in notifying us if you are not going to listen to us and heed what we are saying.

**Senator Murray:** The honourable senator is attempting to conduct a debate on the basis of hearsay and rumour. I have just told him what the policy of the Canada Post Corporation is. I would have hoped he would have welcomed that policy and that he would have particularly welcomed the fact that no change is even being considered except in the circumstances that I mentioned. If any change is contemplated there will be 90 days' notice in order that everyone may make representations. "Everyone" emphatically includes my honourable friend and other interested senators.

**Senator Bonnell:** Honourable senators, we are told that there will be no change apart from certain exceptions. Those exceptions may include places like Borden, Crapaud, Victoria and Murray River where those involved are close to retirement age, that is, 65 years of age. The honourable gentleman said that retired persons would be excluded, yet the changes will be made in those areas I have just mentioned.

If I were being told that a new, young postmaster was to be appointed in order to keep the post office operating, then I would happily sit down.

**Senator Murray:** Honourable senators, as I have said, the Post Office management will review its services in the event of retirement, promotion and these other hypotheses that I have put forward. It will review its services as part of its responsibility to manage the operation.

## ABORIGINAL PEOPLES

### MICMAC TREATY—MEETING WITH GOVERNMENT

**Hon. Robert Muir:** Honourable senators, I should like to draw to the attention of the Leader of the Government a matter that is causing me some concern. I shall say to him, as I said to the Leader of the Government when I sat on the other side of this chamber, that I do not expect him to carry this information around in his head but I would ask him to take the question as notice.

Recently, the Supreme Court of Canada held in the *Queen vs. Simon* case that the Treaty of Halifax (1752) is still existing and in force. This was a treaty between the Micmacs and the government of the day. This treaty secured the

alliance between "Mikmakik" and the Crown, guaranteed the safety of British settlements already established on Micmac territory and, likewise, guaranteed their rights to hunt, fish and trade throughout the province of Nova Scotia as it was then. It ceded no land. The Micmac word for this treaty is "Elekawaki" or, to translate, a "room in the King's house."

The Union of Nova Scotia Indians has written to the Prime Minister with reference to the possibility of meeting with him and the Minister of Indian Affairs and Northern Development to discuss this subject. As far as I know, no date for that meeting has yet been set.

Would the Leader of the Government check into this matter and find out if a meeting is to be held and when. Since I am a senator from the region concerned, and an honorary Grand Chief of the Micmacs—

**Hon. Senators:** Hear, hear!

**Senator Muir:** —may I say that I feel it is my duty—and I felt this long before I became honorary Grand Chief—to bring to the attention of the House of Commons and this chamber any problems affecting the Micmacs.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will make inquiries.

Meanwhile, I can tell my friend that some of my Micmac friends are coming to see me in Antigonish on Thursday morning to discuss this very matter of the court decision and related matters.

**Senator Muir:** Honourable senators, someone must be psychic because I have never previously discussed this matter with the Leader of the Government.

I am happy to hear what he has said. I hope he will be able to tell the representatives from the Micmacs—whom he will meet when he is in that area representing the Prime Minister at the installation of our new bishop in the diocese of Antigonish—that he will be able to give them a date as to when a meeting will be held.

**Senator Murray:** I do not know if I can do that, but I am certainly going there to listen carefully to what the Micmac representatives have to say.

I will make inquiries as to when a meeting might be possible between the Prime Minister and those people, and I will let the honourable senator know what the situation is.

## CONSUMER AND CORPORATE AFFAIRS

### DEPARTMENTAL INVESTIGATION OF TOBACCO AS HAZARDOUS SUBSTANCE—ALLEGED INTERFERENCE BY MINISTER

**Hon. Peter Bosa:** Honourable senators, as one who gave up smoking some 20 years ago, not because I was afraid of contracting lung cancer but because I was smoking 50 cigarettes a day and I was running out of cigarettes all the time, I would like to put a question to the Leader of the Government in the Senate as to whether he is aware of any reasons why the Minister of Consumer and Corporate Affairs interfered with an investigation in his department as to whether tobacco should be declared a hazardous product, considering that it has been established that some 30,000 Canadians die every year as a result of smoking.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am somewhat astonished that the honourable senator would take an accusation contained in a media report and make it his own.

If I understand correctly, a legal suit has been launched against the minister on the basis of that accusation or those accusations. That being the case, it would not be proper for me to comment.

**Senator Bosa:** Would the honourable gentleman look into the matter of whether there is any substance to this report?

**Senator Murray:** Not so long as the matter is before the courts, honourable senators.

## REFUGEES

### REPLACEMENT OF EXISTING REGULATIONS—GOVERNMENT POLICY

**Hon. Stanley Haidasz:** Honourable senators, last year, in fact only a few months ago, Canadians had a great sense of pride and gratification as a result of having been honoured with an international award for humanity towards political refugees.

Today, many Canadians, among whom are representative groups such as the Canadian Jewish Congress; the Canadian Council of Churches; the Canadian Labour Congress; Amnesty International; the Canadian Ethnocultural Council are not only saddened but also shocked. All of those are, today, asking whether the federal government intends to replace its unfair and restrictive new regulations governing refugees to Canada with regulations that are fair and compassionate.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, many Canadians and, indeed, the Government of Canada were saddened and shocked by the abuse of a refugee process by people who did not qualify as refugees and who were attempting to jump the queue of those who were seeking to be considered as immigrants. I can show the honourable senator the statistics on that in due course.

The honourable senator alleges that the changes in the regulations are unfair and restrictive. I should like him to demonstrate which of those regulations is unfair and restrictive.

Meanwhile, I can tell him that, before long, amendments to the act will be introduced by the Minister of Employment and Immigration.

• (1500)

**Senator Haidasz:** Honourable senators, in the preamble to my question I stated that spokesmen for many Canadians from such groups as the Canadian Council of Churches, the Canadi-

an Jewish Congress and other organizations have condemned these recently imposed regulations concerning refugees as unfair, restrictive and inhumane. In view of what the minister said a few moments ago in answer to my question, does it mean that what was said in the feature article in Sunday's *Toronto Star* by Olivia Ward to the effect that there exists a federal cabinet document showing that these regulations and others tougher than those already in force are being considered by the government, is true?

**Senator Murray:** No, honourable senators. The Minister of State for Immigration has already commented on the article to which my honourable friend has referred. I do say, however, that amendments to the act will be forthcoming shortly.

**Senator Haidasz:** Honourable senators, the Leader of the Government in the Senate has still not stated whether the proposed amendments to the Immigration Act will be humane or, at least, fairer than those that have been imposed by the federal government.

**Senator Murray:** Honourable senators, the amendments to the Immigration Act will be, to use the honourable senator's word, humane. They are intended to maintain in reality the reputation of Canada as a haven for true refugees. We have a good reputation in that regard, and we intend to maintain it. What we intend to close off are the avenues of abuse which have been used all too frequently in the last little while.

**Senator Haidasz:** Honourable senators, does that mean that the Canadian Council of Churches, the Canadian Jewish Congress and the Canadian Ethnocultural Council are unfair in their criticisms of the federal government's recently imposed regulations vis-à-vis refugees?

**Senator Murray:** Honourable senators, if as the honourable senator suggests, they have described the new regulations as unfair and restrictive, yes, the groups to which my honourable friend has referred are wrong.

## DELAYED ANSWER TO ORAL QUESTION
## FEDERAL-PROVINCIAL RELATIONS

EQUALIZATION PAYMENTS TO ATLANTIC PROVINCES—
PROVINCIAL ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question raised in the Senate on February 11, 1987 by Senator Bonnell regarding Federal-Provincial Relations—Equalization Payments to Atlantic Provinces—Provincial Action. In the absence of the honourable senator, I ask that the answer be taken as having been read.

(*The answer follows:*)

> Under section 36(2) of the Constitution Act, the principles behind the equalization program are enshrined in the Constitution:
>
> > Parliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.
>
> At the present time, the federal government continues to meet its obligations under the equalization program consistent with section 36(2) and no province has yet undertaken a suit against the federal government citing this reference to the equalization program in the Act.
>
> In the case of the Atlantic provinces, the honourable senator may want to note that the four Atlantic provinces receive, per capita, higher payments than other recipient provinces and that the federal payments represent a higher proportion of provincial revenues in the Atlantic provinces than in other recipient provinces.



## THE SENATE

DELAY IN PRODUCTION OF COMMITTEE PROCEEDINGS—
QUESTION OF PRIVILEGE—SPEAKER'S STATEMENT

**The Hon. the Speaker:** Honourable senators, before coming to Orders of the Day I would like to make a brief statement on a question of privilege raised by Senator Bell on Thursday last concerning a delay in the printing of the Banking, Trade and Commerce Committee proceedings.

It appears that there was a misunderstanding and that Senator Bell's name was not on the distribution list to receive copies of the Banking, Trade and Commerce Committee proceedings. I am also informed that the proceedings of February 11 were delivered to senators' offices on February 25, and that the proceedings of February 18 and 19 were delivered on February 27.

## THE LATE HONOURABLE DOUGLAS CHARLES ABBOTT, P.C.

TRIBUTE

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, a few moments ago a note was passed to me indicating that the flags on Parliament Hill have just been lowered to half mast in tribute to the late Mr. Justice Douglas Abbott, a retired judge of the Supreme Court of Canada. Honourable senators will know very well the excellent reputation of the late Justice Abbott, who was a parliamentarian for many years in the other place, a former Minister of Finance and Minister of Defence as well as the father of another privy councillor and former minister in a recent government, the Honourable Anthony Abbott. On behalf of the government, I express our sincere sympathy to the members of his family and say how proud all of us are of his luminous career in the public service.

## PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—THIRD READING

**Hon. Efstathios William Barootes** moved the third reading of Bill C-12, to amend the Prairie Grain Advance Payments Act.

Motion agreed to and bill read third time and passed.

## CANADA-NEWFOUNDLAND ACCORD IMPLEMENTATION BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Muir, for the second reading of the Bill C-6, An Act to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on offshore petroleum resource management and revenue sharing and to make related and consequential amendments.—(*Honourable Senator MacEachen, P.C.*)

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, last Tuesday we listened to the second reading speech of the Deputy Leader of the Government on Bill C-6. We certainly have no complaint about his forensic style—

**Senator Doody:** I will look that up.

**Senator MacEachen:** —but I must say that his speech had a tone of optimism and, possibly, complacency. This, of course, is in marked contrast to the actual evidence that was presented during our committee hearings on the pre-study of the bill. Senator Doody spoke in terms of cooperation, economic activity, benefits, security of supply and self-sufficiency. The committee hearings disclosed a somewhat different reality when it comes to the assessment of the situation, particularly on the east coast.

Before examining the situation as it was revealed in the committee hearings, I should set a bit of atmosphere by asking senators to cast their minds back to February more than two years ago, when the Accord was formally announced in the ballroom of the Hotel Newfoundland. I recall the proud and intemperate boasts that surrounded the announcement of the Atlantic Accord and the proud assertions of those who claimed that prosperity and plenty would come to the province of Newfoundland and that that have-not province would be transformed, almost overnight, into a land of plenty. One of the reporters present, Ms. Diane Francis of the *Toronto Star*, described the atmosphere in the ballroom of the Hotel Newfoundland as one of "near hysteria". She described the scene as follows: "Yesterday's news conference on the pact took on the air of an old fashioned religious revival, with the crowd of 500 applauding wildly as five Tory politicians made 90 minutes of speeches."

• (1510)

I can only say that time has taken its toll, or, to repeat Mr. Diefenbaker's words, "It's a long road without ash cans."

When Tory politicians rise to speak about Newfoundland, particularly in Newfoundland, they no longer speak to hundreds of people applauding wildly. That has all changed. In fact, they are now as likely to criticize their own government for the treatment meted out to that province and the other Atlantic provinces in the field of fisheries and regional development.

It is in that light that the Atlantic Accord must now be examined. In approaching an examination of the bill, and the policy which is behind the bill, I think it is relevant to point out the long delay which the government has allowed in the implementation of this cornerstone of its energy policy. The Atlantic Accord, as I pointed out last Tuesday, which was signed on February 11, 1985, more than two years ago, contained a clause requiring the two governments to introduce enacting legislation within one year. The Government of Canada met that deadline with only three or four days to spare. Bill C-94, as it was then called, was introduced in the House of Commons on February 7, 1986. Of course, given the collapse of oil prices, the timing of the legislation could not have been worse. It took the government almost an additional three months to proceed to second reading of the bill, which took place on May 26, 1986.

In light of the subsequent neglect of this bill by the government, one can hardly but be puzzled by the statement made by the Parliamentary Secretary to the Minister of Energy, Mines and Resources on May 26, 1986, when he stated:

> It is important that this legislation be passed as expeditiously as possible so these funds can flow to Newfoundland for . . . development projects.

Of course, the Deputy Leader of the Government used almost the same phrase last Tuesday, almost a year following the speech made by the Parliamentary Secretary.

I must say, honourable senators, that the opposition in either house cannot be blamed for any delay in coming to the rescue of the province of Newfoundland. The debate on second reading which took place in the House of Commons began, as I have said, on May 26, 1986, and the bill was referred to a legislative committee on the very same day, with a day or less of debate on that important stage of the bill. The Senate itself embarked on a pre-study of the bill. Neither committee, however, had an opportunity to complete its work and report because Parliament was unexpectedly prorogued by the government on August 28, 1986.

When the new session began on September 30, the opposition in the House of Commons showed its willingness to facilitate government business. On October 3, 1986, unanimous consent was given for Bill C-94 to be deemed to have been introduced, read the first time, read the second time and referred to a legislative committee as Bill C-6. Despite that magnanimity, as I would describe it, by members of the opposition, again there was delay. The committee did not meet

to consider the bill until October 29, 1986, a delay of almost four weeks. In the meantime, the Senate Committee on Energy and Natural Resources had once again begun a pre-study, hearing from the Minister of Energy, Mr. Masse, on October 22.

In the House of Commons, the Legislative Committee met twice before presenting its report to the House on November 6, 1986. True to form, however, the government again delayed. Debate on the report stage did not begin until March 2, a delay of four months.

Why has the government shown such neglect for this bill, which the Deputy Leader of the Government asked last Tuesday to have passed expeditiously "so that funds could flow to Newfoundland", the same phrase used a year earlier by the Parliamentary Secretary in the House of Commons? The reason is, of course—at least one can infer this—that the government has found itself helpless in the face of the collapse of oil prices, and has been unable to adjust a policy which was presented in a bill at a time when the world economic situation—certainly in the energy sector—was totally different.

In February, 1985, the spot price of West Texas Intermediate was $27.82 per barrel expressed in U.S. dollars. In November of that year, it had actually risen to more than $31; however, by March, 1986, it had plummeted to $13.10, and over the last year, prices have remained relatively soft, falling to $12 in July and only climbing to approximately $18 as of last week.

That is an important point, honourable senators; the legislation before us was predicated upon a price of $30 (U.S.) a barrel for oil, and the expressions which the Deputy Leader of the Government used in his speech—namely, the benefits from hydrocarbon exploration projects and the economic activity the bill will generate—might have been relevant when the bill was first put together.

The most charitable thing that can be said, honourable senators, is that it is certainly not the right bill at the right time. It fails completely to address problems now faced by the offshore oil industry. It fails to achieve the goal of encouraging offshore exploration and development. Simply put, it has been overtaken by world events, and the government has not responded. One would certainly not call this a "timely" bill.

In a way, this bill is a symbol of the failure of the government's overall energy policy, a policy of deregulation. Even many of those in the industry who may have originally supported the government's overall thrust are now expressing serious doubts. Mr. John F. Smith, chairman of the board of directors of the Offshore Trade Association of Nova Scotia, stated before the energy committee as follows:

> I would say that the timing of it was incorrect. There are times for deregulation and there are times for regulation.
>
> Perhaps it was not a mistake at the time. It certainly is a mistake, in my view, at the moment. I do not know of anyone in the industry who would take issue with what I just said. They want regulations now. They want—I almost hate to use the word—

[Senator MacEachen.]

This is Mr. Smith speaking:

> —protectionism. They want guidance. They want control. They also want input into that direction and control.

With direct reference to the east coast, he noted that Bills C-5 and C-6 deal with the development, or, as he called it, "the implementation phase" of offshore development. He expressed concern that, and here I quote him again:

> the implementation phase may not reach stage one unless the basic policies are different.

And, of course, Mr. Strong, the president of Newfoundland Ocean Industries Association, began his testimony before our committee with a somewhat colourful introduction. He said as follows:

● (1520)

> Thank you, Mr. Chairman. Good afternoon, honourable senators. I bring greetings from what some may call Fantasy Island, but I guess I might say I bring greetings from Fantasy Island to Disneyland.

And, of course, he was right. Bill C-6 does not deal with reality; it deals with a state of affairs which may have existed in the spring of 1985, but which has long since disappeared. It does nothing for the offshore on the east coast.

When Mr. Stanford of Petro-Canada was before the committee, he was asked by Senator Kenny whether there was "anything in Bill C-6 which would cause you to increase your activity or start any activity on the east coast?" His simple answer was, "No, there is not, senator."

As we have all heard, Petro-Canada last week announced a drilling program for the Terra Nova oil field off Newfoundland. However, it is a truly modest program that may in large part have been prompted by other considerations. After all, Mr. Stanford himself told us there was nothing in this bill or in this policy—and that is the important thing—which would encourage activity on the east coast. In any event, I would like to say a word or two later about Petro-Canada's more recent announcement.

We heard in the Senate committee from the Minister of Energy, Mines and Resources. He reiterated that one of the Atlantic Accord's major goals was to "create a clear and balanced regime that will serve as a framework in which industry can invest with confidence." We all know that investment in the offshore has virtually disappeared and there is certainly no confidence.

The minister, in a truly puzzling statement, went on to say:

> The period of falling prices we are now experiencing offers the perfect opportunity to establish a legislative framework that will maintain the level of activity, ensure the development of new projects and enable all Canadians to take full advantage of this future growth.

Well, how can this be? The legislative framework we have before us was constructed when the price of oil was almost $30 per barrel. It does nothing to address the present situation. The "level of activity" has not been maintained, the "development of new projects" has not been ensured, there is no growth for

"Canadians to take full advantage of". By all measures, as enunciated by the minister himself, this legislation is wide of the mark.

I would like to mention the government's role in the current slump in offshore exploration and development. As we all know, world oil prices are indeed an important factor, a factor which this legislation does not take into account. Nevertheless, oil prices are but one factor, and the evidence of that was borne out in testimony before the committee. Mr. Smith, again, when he appeared, stated that the world price of oil:

> . . . is only one leg of the stool. If the only leg remaining is world oil prices, then they—

Meaning the major oil companies:

> —will leave for that one reason. However, if they see legislation that supports them and demonstrates that they are part of a partnership, and that they are "going down the road together", even if the deal is tied into Canadian benefits packages and returns on investment, my belief is that the major players will still hang around.

That was the evidence from Mr. Smith, chairman of the board of directors of the Offshore Trade Association of Nova Scotia. Of course, we heard further testimony from other witnesses bearing on the same theme, particularly by the president of Husky Oil Limited. He described how the replacement of grants under the Petroleum Incentive Program with a tax credit system ruled out any further participation by his firm in the offshore, regardless of the price of oil. He said:

> If we still had $28 oil prices under this policy, we would not be able to explore in the Canada Lands . . . Oil prices are a big factor but the fact of the matter is that in this environment this kind of investment—mid-$20s, $28-U.S. oil prices—we would not be able to invest in the Canada Lands—not in the exploration phase and not in the high risk phase, because we don't have the capital base to do it.

His company was ruled out because the new tax credit scheme—the scheme which replaced the incentive grants—did not offer it the encouragement to continue. He went on to say that even with $28 barrel oil:

> we wouldn't be investing because the system does not allow us to take into account the risk.

Well, what of the future of Husky, which company was the most active explorer offshore Newfoundland? Mr. Price said:

> . . . I see our company's participation in the east coast basically drawing to a halt at the end of the work program that is currently eligible for petroleum incentive payments. That would be the middle of next year. To change that would take a price rebound, along with a policy framework that we can operate within, or a special policy framework dealing with the current price environment. It would take changes in those variables for Husky Oil to be able to deploy capital in that kind of an investment.

Petro-Canada had an interest in almost half of the 300 wells drilled off the east coast since 1976. When its Resources Division president, James Stanford, was asked by Senator Barootes:

> Were the PIP grants a major factor in your activity off the east coast?

He answered:

> There is no question about that, senator. The PIP grants were very significant.

We know, and have always known, and the testimony before the committee confirmed the realization that the Petroleum Incentive Program grants were instrumental in encouraging exploration on our frontiers. The government then announced the end of these grants and that is when the offshore began to decline. We all know that the price of oil did not collapse until December 1985/January 1986. Well before that, however, there were signs that activity on the frontier was slowing. In September of 1985 when oil was $28.79 U.S., the *Globe and Mail* reported that three major drilling rigs left the Atlantic offshore and headed for the North Sea, and two other rigs were idle without contracts. This was occurring when oil prices were only $1 less than they had been a year before; when prices had actually increased by more than $2.50 from a low of $26.12 in January, 1985. Drilling rigs were leaving Canada to drill overseas because the Conservative government had made it perfectly clear through its energy policies that offshore exploration was no longer to be a priority. The subsequent collapse of oil prices only accelerated the exodus which had already begun.

• (1530)

Honourable senators, I think it is a sober reflection that, should world prices increase to their previous levels, a resumption of activity off the east coast is by no means guaranteed under the current policies of the present government.

As I mentioned a moment or two earlier, Petro-Canada announced last week that it would drill two delineation wells in the Terra Nova field off Newfoundland. However much we would like to believe that this is a signal of a resumption of strong activity in the offshore, the facts unfortunately indicate otherwise. First, this is a relatively modest $45 million drilling program designed to determine the northern boundary of the field. Only after this drilling is complete will the company decide whether or not it wishes to proceed with development. Of course, any development plan, as is indicated in the bill, would require agreement between the federal and provincial governments.

Honourable senators, some say that the announcement by Petro-Canada has much to do with its reported unhappiness with Mobil Oil over the Hibernia negotiations. Petro-Canada has a 25 per cent interest in Hibernia, and reportedly would like development to proceed. It may be that by moving closer to development on the Terra Nova field, Petro-Canada is trying to embarrass and force Mobil's hand on Hibernia. That would be all right, but we also ought to bear in mind that Petro-Canada is known to be reserve-poor. If the drilling is successful, Petro-Canada could increase its reserves by up to

60 million barrels at a very modest cost, and that, needless to say, would increase the company's worth.

However, having made these observations, let us put Petro-Canada's announcement in perspective. The only well now being drilled off the east coast is one on the Grand Banks being drilled by Husky-Bow Valley. Now Petro-Canada announces that it will spend $45 million to drill two additional wells. This illustrates how the perspective and the vision of the government has collapsed. When that modest $45 million program was announced by Petro-Canada, the honourable John Crosbie declared, and I quote:

> It's a great day for Newfoundland.

In 1984, $790 million was spent on the Newfoundland offshore and $608 million was spent for work off Nova Scotia. Today, when an announcement is made that $45 million will be spent, we hear that "It's a great day for Newfoundland." That shows how the vision of the government has collapsed over the sobering period of two and-a-half years in office. Presumably, the government is as surprised as everyone else that there is any activity in the offshore under its policies, and that an announcement of an expenditure amounting to less than 5 per cent of what was spent in 1984 is therefore a cause for celebration. For any other government, it would be a cause for shame.

What is the future for the local industries in Atlantic Canada? We know that with a downturn in prices and under this government's policies the energy industry in Atlantic Canada is devastated. Offices have shut down; drilling rigs sit idle; people are jobless. Petro-Canada, which at one time had five rigs operating offshore employing 700 people directly and almost 2,000 people indirectly, is now down to two mothballed rigs with a staff of 50 persons to watch over them. In fact, the company—and this almost does not bear repeating—shipped some of its onshore equipment from Mulgrave, Nova Scotia to Ghana, West Africa. Such is their faith in the future of the offshore in Canada.

Geophysical Services Incorporated has gone from approximately 180 permanent employees in 1983 to less than a dozen. Mr. Strong from the Newfoundland Ocean Industries Association testified before the committee on October 22, 1986 that direct jobs in the Newfoundland offshore service industry had fallen from 3,600 to 1,200.

As regrettable as all of this is, perhaps even more distressing is the fact that the expertise that has slowly developed in the offshore is now in danger of being lost for good. Mr. Strong expressed his fear before the committee that, should activity resume in the offshore, the people of Newfoundland would not be in a position to participate in any future development. He said that:

> ... under the Atlantic Accord ... first consideration should be given to those businesses resident in Newfoundland, so long as they are competitive in price, quality and delivery.

Of course, I would agree with that, as would all of you, but Mr. Strong went on to say:

> But if they have gone bankrupt, how can they be competitive in price, quality and delivery? That will be the state of the service sector in Newfoundland over the next 12 months.

That testimony is fresh in the memory of all of us who attended the committee. Mr. Strong feared that:

> ... because of the downturn we are not going to be competitive, which will therefore allow the operator to go outside Canada to source a lot of the equipment and the technology required in the development of Hibernia.

Honourable senators, that problem pinpointed by Mr. Strong is not in any way addressed in this bill. It is a real and serious concern, and Mr. Donald Seaman of Bow Valley Industries Limited stated that people who had been assembled "to carry on the east coast exploration programs will be dissipated ..." He went on to say that the only presence his company would soon have in Nova Scotia and Newfoundland would be "caretaker people, looking after the equipment ..." We have gone from talent which was "renowned world wide" to "caretaker people." This is quite an indictment of the policies that are in effect at the present time.

● (1540)

The energy industry, particularly the oil industry, which was to be the engine of growth for the Canadian economy—and I will return to this later—has now, in Atlantic Canada and on the east coast, been entrusted to "caretakers."

I will add to this description by referring to the results of an acreage auction held off the east coast in April, 1986. Of the six tracts of land on the Grand Banks offered for auction, exploration bids were received on only three. The government called the results "a concrete indication that the federal government's new frontier lands policy is a success." Well, Ian Doig, who is regarded by many as an excellent oil analyst, called the auction "a disaster." Another analyst, Mr. Jim Hamilton, said that it was "even more catastrophic than I would have thought." Robert Orr, exploration vice-president of Husky Oil Operations, commented that the bidding was "indicative of what is going on out there. It's getting grimmer all the time."

While the analysts in the oil industry were calling that auction disastrous, devastating or whatever term they could use to describe its seriousness, the minister, at that time the Honourable Pat Carney, was totally unaware of what was going on. She did not even adjust her rhetoric to the reality. She issued a news release in which she proudly stated: "The interest in the three parcels of land on the Grand Banks is certainly a positive sign the new frontier lands policy is working." Well, we all know that it is not working.

Exploration and development have virtually ceased on the east coast. If the government's policy was a success and if it was working, why would anyone call its results "catastrophic" and "a disaster"? Why did four Newfoundland business groups, including the St. John's Board of Trade, band together less than three weeks later to warn of "a total collapse of the East Coast drilling program" and draw attention to "devastat-

ing economic and employment ramifications"? I suppose I should now ask: Is it any wonder that your committee hears from witnesses who use the words "Fantasy Island" and "Disneyland" when describing both what is happening in Newfoundland and the attitude of the government in Ottawa?

When the Minister of Energy, Mines and Resources, Mr. Masse, appeared before the committee, he finally admitted that all might not be well. He stated: "It is up to us to discover the means of encouraging activities during the difficult period we are now facing." The disaster that was and is occurring on the east coast was now referred to as a "difficult period". Well, that was an advance. Furthermore, although Mr. Masse, in his statement, acknowledged that the government had a responsibility to help alleviate the problem, his words have not been followed by any action. Again, he stated, "It is up to us to discover the means of encouraging activities." But that was five months ago. After acknowledging its responsibilities, the government has apparently decided to abdicate them. No action has been taken to discover any means by which to encourage activities.

The question which must now be addressed is: What is to be done? Clearly something must be done, not only for the sake of the Canadian oil industry but also for the longer term security of Canada's energy needs. I know the deputy leader quite rightly used the words "energy security" and "energy supply", but there is nothing in the bill or in the policy that will bring that about, at least for the offshore.

Time and time again, concern was raised in the committee on security of supply. One oil analyst, Mr. Doig again, described how we are using our reserves faster than we are finding or creating new ones. Since 1976, our oil reserves have fallen by 6 per cent and American reserves have fallen by 22 per cent. The Alberta Energy Resources Conservation Board estimates that by the year 2010, Alberta's light and medium production will fall from 900,000 barrels per day to less than 100,000 barrels per day. As Mr. Doig pointed out in a brief submitted to the committee:

> Saving our bacon has been the growth of non-conventional reserves which now represents about one-third of the total. On the conventional side, we are only replacing seven barrels for every 10 barrels produced.

Honourable senators, it is clear that the government has turned its back on the growth of non-conventional reserves. Exploration in the offshore and the frontier regions is not a priority at all. Development of the Husky upgrader has been stalled. The government is content to live off the exploration gains made during previous administrations, all the while condemning them and letting the future somehow take care of itself. That is not a policy. That is an abdication of responsibility.

Others have been pointing out to the government what might be done. It is not up to me to prescribe the solutions, but it is certainly up to the government to tell us why it has not publicly addressed solutions which have been proposed.

In June of last year, the Standing Senate Committee on Energy and Natural Resources recommended loan guarantees for frontier oil projects and a floor price for both non-conventional oil production and for the first thousand barrels per day of conventional production for each Canadian producer. These recommendations were ignored by the government. In its earlier report of August, 1985, the same committee of this body recommended "that special incentives for both petroleum exploration and development on Canada Lands be established to encourage Canadian participants." That recommendation has not been acted upon by the Government of Canada.

More recently, on December 2, 1986, Mr. Art Price, president of Husky Oil Ltd., appeared before the House of Commons Committee on Energy and presented an innovative and interesting plan which immediately caught the imagination of the industry. Mr. Price began by noting that:

> The federal government is the only Canadian entity that can take steps that could temper the impacts of current low OPEC oil pricing policies on the Canadian economy and reduce the ability of OPEC to cause dramatic impacts through future pricing policies.

Honourable senators, I will not at the moment give expression to my views about OPEC and its role in the world economy. At another point I may. But Mr. Price certainly put his finger on a crucial problem existing in the world, namely, OPEC oil pricing policies, which are not intended in their formulation to assist the industrialized countries or the consumers of the industrialized countries, but are intended to increase long-term OPEC market power.

• (1550)

Any government or country which ignores the implications of OPEC pricing policies will live to regret it—but I will not go into that. I simply say that Mr. Price pinpointed the problem and proposed that the federal government enter into long-term contracts to buy oil at a specified price when it came on line some years in the future from major non-conventional sources.

Of course, we know that these sources include oil sands, Hibernia, the Beaufort Sea, and a floating production system on the Grand Banks. This proposal that was made in the House of Commons committee has many interesting aspects to it and should be examined. It was brought over three months ago, caused a stir in the industry, but the government has yet to respond officially.

It is regrettable that not only is the government unable to formulate new policies on its own, but it is also apparently incapable of evaluating and weighing the suggestions of others. The government is, in fact, acting as if Canada's needs will be met indefinitely by oil imported at less than $20 a barrel. That is simply not realistic. Unless we take action to ensure acceptable levels of future domestic production, we are inviting excessive and opportunistic future pricing by OPEC.

The government is pursuing a policy of non-intervention, a policy of no policy. It has introduced again this rather stale piece of legislation which is out of touch with current reality—

certainly on the east coast—but it still repeats the rhetoric that it first used when it took office two and a half years ago. It has shown no capacity to adapt to the new situation. It should adapt and produce some new policies and abandon the rhetoric of the past.

When this government came to power it lost no time in proclaiming that the oil industry would be the engine of growth for the entire economy. Remember two and a half years ago when, in the flush of victory and the optimism generated by that victory, the oil industry was to be the engine of economic growth? Well, that has been abandoned. It was abandoned this afternoon by the Leader of the Government in the Senate, who said, "A new impetus for economic growth can only come from trade with the United States." The only impetus for economic growth in Canada that we can look forward to is a trade agreement with the United States!

So the people of Newfoundland can forget about the offshore as the impetus to their growth, and the people of Nova Scotia can forget about it, because the policy enunciated today, and yesterday, by the Prime Minister is that in the future even the offshore areas of Canada must rely not upon their natural resources in the main, but on a new bilateral trade agreement with the United States.

The government should rethink its approach and understand that by its abdication of responsibility—through its inability to conceive for itself a role in Canada's energy future—it not only handed to OPEC the key which starts this engine of growth, but it also willfully neglected to keep a spare key for itself. That is a reckless policy and it is recklessness for which the people of Canada will suffer and for which the people of Atlantic Canada are now suffering because this bill, which is the energy policy for Atlantic Canada, offers no relief to the decline in economic activity and it offers no way by which exploration and possible development will take place. I say that it is fine that we should establish a framework and that there should be a place for Newfoundland in the future of the offshore and that we should provide $300 million in the offshore development fund, but what is the point of all of this if there is no development? That is the basic question.

I must express my regret that the government has not reflected the urgency of the situation in its policy and that it has brought forward a bill—and has asked us to pass it, which we will do—which was conceived in a time of altogether different economic circumstances.

**Senator Frith:** Well done!

**Hon. Frederick W. Rowe:** Honourable senators, I believe most of us have committee meetings either in process or about to start, so I will not speak as long—you will be glad of this, I am sure, after a full afternoon—as I had intended to. I will try to make a couple of points, and then we could adjourn the debate on this, unless there was someone who wanted to follow me immediately.

I want to congratulate Senator Doody. His presentation of the situation was probably as good as anybody could hope for because he had a difficult job, as we all have, really, when we are dealing with the Newfoundland problem, which goes back hundreds of years.



There are two Newfoundland items before the Senate right now. One is the Atlantic Accord and the other is the Canada-France Agreement that took place two or three weeks ago.

Our difficulties with France and France's difficulties with us go back almost to John Cabot's time. You might remember—I am sure some of you do—that one of the famous dates in Canadian and French history was 1534, when Jacques Cartier came across the Atlantic on a voyage of exploration and pushed into the Strait of Belle Isle and into the Gulf of the St. Lawrence, hoping that he was the first to do that. He was somewhat chagrined to find out, when he reached his destination, that there were other French ships, ordinary fishing ships, ahead of him and, in addition to that, there were some large Basque whalers. From that period in the early 1500s right up until the present century, this problem between English settlers and French fishermen existed. Those of you who can visualize the Island of Newfoundland will realize that it is triangularly shaped. In those early years the French fished the coastal waters off northeastern and northern Newfoundland. In any given year there were as many as 600 French vessels in that area. There were others from Portugal and Spain, and, in time, England caught up.

● (1600)

However, the British were concentrated in the waters at the southeastern portion of Newfoundland, the so-called "English shore." There was plenty of room for the French in the northeast and in the north and for the English in the Avalon Peninsula. That went on for a couple of hundred years.

However, by 1704, the situation had changed. At the end of the Spanish Succession War, which some of us called "Queen Anne's War", there was the famous treaty of 1714 in which France was guaranteed fishing rights off the northeastern coast of Newfoundland. Ever since then, that has remained part of every major treaty between France and Britain.

As the number of English settlers increased, they spread out and conflicts developed. I will not go into any more detail on that except to say that I had hoped, as I am sure many others have, that our difficulties with France would have been resolved. I do not want to give the impression that I am trying to paint France as being the villain in this case because I am not.

One of the major problems in this whole matter was the role of the British government. It may come as a surprise to some of you that, frequently, the British government supported French claims around Newfoundland to the detriment of the English, Irish and Welsh settlers who ran into conflict with the French. The English, Irish and Welsh were on one side and the French on the other.

My analogy leads up to the situation which exists today. On several occasions, France and Britain ganged up on Newfoundland and attempted to push through measures which would seriously diminish Newfoundland's role in the fisheries and which would have meant that parts of the Island of

Newfoundland would have been alienated. The two most serious occasions that that happened were in 1857 and 1874.

In 1857 France and Britain ganged up and put through an agreement without reference to the government of Newfoundland. Newfoundlanders had a government at that time just as Canada had a government. Newfoundlanders, to a man, to a woman, rebelled. Delegations were sent to England. They appeared before the British Parliament. Newfoundland emissaries travelled all over Britain enlisting the support of the British people. Here was this small colony with fewer than 200,000 people standing up to the two most powerful countries in the world at that time—Russia and Germany had not reached the point where they could compete with France and Britain. That small group of Newfoundlanders, largely by enlisting public support in Britain, forced England and France to capitulate as far as the legislation they had drawn up was concerned.

A similar event took place in 1874. I believe that some of the older members of this chamber, particularly Senators Denis and Flynn—neither of whom is in the chamber at this moment—would be interested in this. In the 1770s, a great lobster fishery developed around the shores of Newfoundland. It had not been developed previously because they had no means of preserving it, but by 1770 they had developed a technique which enabled them to process lobster, and Newfoundland lobster fishing rapidly became one of the leading fisheries in North America and the French claimed a monopoly on part of it.

France and England were "palsy-walsy" once more. Britain supported France and once again there was a complete eruption in Newfoundland headed by a Newfoundland fishing businessman by the name of James Baird whose grandson sat in this chamber as a senator, Senator Alex Baird, commonly known as Sandy, a famous World War I hero. James Baird headed the fight against Britain and France and appealed to the supreme courts in Newfoundland and Britain on two major matters. He won his argument in both instances, thereby forcing Britain and France once again to come to their knees so far as the Newfoundland fishery was concerned.

Although they are small in numbers, one has to be careful not to underestimate the people of Newfoundland in these matters. A couple of weeks ago, when the hullabaloo developed about the agreement between France and Britain, I could not help but think of how remarkably similar this situation is to what happened back in the previous century. As Senator MacEachen says, what is happening today is a disappointment. He also said the obvious, that is, that something must be done. But what? As I say, I do not know. Certainly, we cannot go on like this with Newfoundland forever getting the short end of the stick. I do not know what the answer is, nor do I pretend to. However, we have to do something.

• (1610)

For the sake of a little bit of history, I would like to mention a personal experience. In the years 1965 and 1966, I accompanied the then Premier of Newfoundland, Joey Smallwood, to Ottawa to meet with Prime Minister Lester Pearson. To me meeting this man was utterly fascinating. Only the three of us were present over in what was my first visit to the East Block, which was where the Prime Minister's Office then was. The matter under discussion was offshore oil resources. During those discussions Prime Minister Pearson made an informal offer or suggestion to us. After getting the advice of many leading people of one kind or another in the oil business, the result, to my disappointment, was that the Prime Minister's offer, which he was prepared to take back to his colleagues and eventually to Parliament, was not accepted. I cannot help but think that it was perhaps one of the most serious omissions on our part, although we thought then that our course of action was for the best.

Honourable senators, I have other things to say, but since we have other business and if no one would like to speak right now, I would like to move the adjournment, if that is agreeable.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I do not wish to close the debate at this point, but I would like to make a comment if I may. Perhaps I could ask a question of Senator Rowe or of the Deputy Leader of the Opposition.

It was my hope—and like the game show "Jeopardy" I will frame it in the form of a question in a few minutes—that we would be able to conclude the second reading debate on this bill this afternoon and that, if honourable senators opposite wished the legislation to go to committee, we would arrange a meeting of the Energy and Natural Resources Committee to have another, I hope short, look at the bill. The legislation has been before the Energy Committee, as I said earlier, on two different occasions and on our order paper at two different stages of its being. I had hoped to speak briefly on the bill this afternoon thereby finishing second reading. Of course, if other senators wish to take the adjournment, there is not a great deal that I would want to do to stop the debate.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I had suggested—in fact, "insisted" would be a better word—to the Deputy Leader of the Government that this bill go back to committee for further study, because it has been some time since that committee studied the legislation and because there was some feeling that the committee had not placed sufficient emphasis on witnesses from the east coast. However, the Leader of the Opposition in the Senate advised me today that he would not be insisting that the bill be sent to committee. So unless some other senator insists on the legislation going to committee, it seems to me that we will be able to skip that stage.

**Senator Doody:** Perhaps I could ask a question of Senator Rowe. I know that I am on very shaky ground here because this bill has been in progress in the other place for what appears to be an interminable period of time. In any event, it is here and I have been asked by the Government of Newfoundland to do what I can to move it along. Last week an announcement involving $66.6 million was made down there. Most of this money would be made available to the Province of Newfoundland to cover moneys which they, in turn, paid out

of their own kitty to forward projects covered by the development fund provided for in this bill. It does not seem fair to me that we should hang the bill up any longer than necessary.

I am not trying to suggest that honourable senators do not have a right, indeed, a duty, to discuss the bill at whatever length they wish. I simply want to go on record as saying that I am trying to get the bill through this place as quickly as I can.

**Senator Rowe:** Honourable senators, I am very happy to cooperate in this matter. I have nothing more of great significance to say. This is a matter that we could talk about for weeks and months, but let us consider my remarks concluded.

**Senator Frith:** Honourable senators, Senator Rowe has concluded his remarks, and I have no indication that other honourable senators on our side wish to speak on the matter. Senator Doody will know if anyone on his side wishes to speak. If no one wishes to do so of course, Senator Doody can close the debate on the motion for second reading now. I suggest that we put off third reading until Thursday, thereby giving honourable senators who may wish to speak notice, and if somebody wishes to speak they can do so then.

**Senator Doody:** Honourable senators, I appreciate Senator Rowe's cooperation and, indeed, the cooperation of all honourable senators. If nobody else wishes to speak, I will conclude the debate.

**The Hon. the Speaker** *pro tempore:* Honourable senators, if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Doody:** Honourable senators, I should start by thanking Senator Rowe for his kind comments at the beginning of his remarks and for his cooperation at the end of his remarks. It is not unusual that I should find myself thanking Senator Rowe. I have been thanking him for a number of years, and I hope that I will be able to do so for a number of years to come—perhaps not always in this place, as time is growing short, but, I hope, in other fora.

I would like to mention briefly the importance of the Atlantic Accord to Newfoundland. I know that Senator MacEachen went to great lengths and gave us a very learned dissertation on his conception of the national energy policy as it applies to the country as a whole and, in particular, as it applies to the east coast. My opening comments on Bill C-6, which is called, quite properly, the Newfoundland Accord, were aimed at hailing, in effect, the spirit of cooperation between the Province and the Government of Canada which occurred at the time of the signing of the agreement. I was not trying to convince anybody that there have not been some strains and difficulties in the meantime. Indeed, I suspect that tomorrow we will have an opportunity to hear something on the discord side of the federal-provincial relationship. The recognition of Newfoundland's interest in that offshore area and in the resources that are out there is a very important item for Newfoundland, not only in terms of economic development, which we hope will occur down the road, but also in terms of recognizing Newfoundland's place in Confederation as an equal partner and as a province with a right to develop and to prosper from what has always been considered in our province as one of our natural resources, the offshore oil. It was decided by a test court case that, in fact, this resource was not the property of the people of the province of Newfoundland. In compensation for that disappointment, the Government of Canada was generous enough to serve the people of Newfoundland a reasonable offshore accord, the terms and conditions of which, I think, are very generous.



• (1620)

I, too, regret, as Senator MacEachen does, the length of time it has taken from the signing of the accord—in February, 1985—until today when we find the bill at second reading stage in the Senate. I was present at the euphoric moment in the ballroom of the Hotel Newfoundland when some 500 people attended a luncheon. I do not share the impression of Miss Francis—I think she is the reporter who was quoted—that there was hysteria in the room. The 500-odd people present were mostly members of the Newfoundland Board of Trade, and they are hardly an hysterical bunch. I have attended meetings in Newfoundland when there was a great deal of hysteria, but that certainly was not one of them. Perhaps Miss Francis was upset by the fact that there was a 90-minute speech period before the food was served. Perhaps that is not the way they do things in Toronto. Perhaps she was a bit off because of that but, in any event, I regret she was upset. She is welcome in Newfoundland any time.

We have every reason to believe that Hibernia will come to pass. That will not happen tomorrow. The oil price situation in the world is such as to preclude that. To talk about the world glut in oil supplies and lay that at the feet of the Government of Canada as its responsibility is stretching the imagination a great deal.

You can talk about the lack of activity on the east coast, or in the frontier regions or in Canada generally, but it is hardly the fault of the Government of Canada when one looks at the world oil price situation and what has occurred.

I know that the oil industry is not happy with the present level of activity, and I suppose that if the taxpayers of Canada want to throw another $3 billion at the oil companies, then that is a decision the taxpayers of Canada will have to make. I see no indication that this particular government wants to follow that particular route. I certainly do not encourage this government to do so. There is no difficulty at all investing billions and billions of dollars in oil exploration and production when it is somebody else's money.

Some of the representatives of the companies that testified at the committee meetings were only too pleased to talk about government intervention and government floor prices, and so forth, when the price of oil was down, but when the price of oil goes up and the markets are good, they all decry government intervention. They say, "Don't touch us. Stay away from us. Let us run our own businesses." However, let the price of oil go down, and they are climbing over the fence and beating at the door looking for more government handouts and more government participation.

That is a situation that has to be changed. The security of supply is certainly of interest to Canadians, but it would be foolhardy indeed for Canadians to pay $50 a barrel for oil when it is available for $20. I suspect that the oil reserves we have today will still be here tomorrow when the price of oil once again climbs to an economic level.

I heard Senator MacEachen tell us that the bill is dated, that it is out of touch with the east coast, and so forth. I do not think it is out of touch at all. A $66.6 million announcement was made down there a few days ago by the ministers of the Government of Canada. That is certainly not out of touch or out of date with the people of the province of Newfoundland. That $66.6 million is every bit as important as it ever was. To downplay the Terra Nova investment as being modest, or only a meagre $45 million, indicates that somebody is out of touch with reality; a $45 million investment in two delineation wells on the Terra Nova field is a significant vote of confidence in the future of the oil development program on the east coast. I, together with everybody else in Newfoundland, am absolutely delighted to see that $45 million being invested, although it is not as good as $50 million, $60 million or $70 million would be. However, it is a significant vote of confidence in the future of the industry and, indeed, in the future of the province.

We are not going to hitch our wagon to offshore oil in Newfoundland, in any event. The past, the present and the future of that province is the fisheries industry. That will always continue to be the case. Whatever jobs, profits or gains we can obtain from the development of the offshore hydrocarbon resources we will more than welcome, but we will never move from the realization of the fact that our island is dedicated to and predicated on the fishery.

Honourable senators, I will not take any more time because we do have at least one other piece of business to deal with today of which I am aware. With those few words, I move second reading.

Motion agreed to and bill read second time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill placed on the Orders of the Day for third reading on Thursday next.

## BORROWING AUTHORITY BILL 1986-87 (No. 2)

SECOND READING—DEBATE ADJOURNED

**Hon. C. William Doody (Deputy Leader of the Government)** moved the second reading of Bill C-40, to provide borrowing authority.

He said: Honourable senators, the bill we are discussing today is the customary legislation to provide statutory borrowing authority for the government under the Financial Administration Act. That act requires parliamentary authority for the government to carry out a debt program to meet its financial requirements, apart, of course, from the refinancing of existing debt as it matures, the roll-overs.

I should also make mention of section 39 of the Financial Administration Act, since it applies to the present bill. Section 39 provides for short-term temporary borrowing by the government, but the term of the borrowing may not exceed six months and each borrowing requires approval by the Governor in Council.

The amount of borrowing authority sought by this bill is in two parts; one requests supplementary borrowing authority of $3.6 billion for current fiscal year 1986-87, the second part requests authority for $24.3 billion for the next fiscal year.

Let me deal first with the supplementary amount for the current year expiring at the end of this month. The primary reason for seeking this authority is related to the recent volatility in the exchange markets. We have experienced periods of sudden upward pressure on the value of the Canadian dollar, and the maintaining of an orderly market in this environment resulted in a very substantial increase in the government's official reserves. Domestic borrowing had to be increased to obtain the Canadian dollars to finance this increase in reserves.

The amount of $3.6 billion in supplementary borrowing authority is equal to the amount of borrowing authority that was used to acquire U.S. dollar reserves during the period from April 1, 1986 to January 31, 1987. While the government does have a non-lapsing reserve of $2 billion in borrowing authority carried forward from 1984-85, this was not sufficient to cover the borrowing necessary for foreign exchange operations.

The additional borrowing of $3.6 billion covered by this supplementary authority will permit the government to replenish this $2 billion reserve and have the operating margin required to meet any further exchange market interventions to the end of this fiscal year.

Honourable senators will note that clause 2(2) of the bill provides for the cancellation of all of this supplementary borrowing authority that remains unused at the end of the current fiscal year on March 31 to the extent that it exceeds borrowing carried out between February 18 and April 1, 1987 under the terms of section 39 of the Financial Administration Act.

I should point out that in the normal pattern of financial operations, the government's financial requirements are customarily high in the first quarter of the fiscal year, and especially in April, when they usually exceed what can feasibly be financed by regular borrowing operations in that month. That is partially, I am told, because of the income tax returns, or refunds. For that reason, cash balances at the fiscal year-end have to be built up to meet this heavy seasonal demand, and this will be done on a temporary basis through section 39 short-term borrowing.

• (1630)

This section 39 authority was used to provide for a net increase of up to $600 million at the March 5 treasury bill auction. Since the refinancing of section 39 borrowing, when the debt matures, requires new borrowing authority, the bill

before us makes special provision for this. It provides that borrowing authority, to the extent that it equals money borrowed under section 39 in 1986-87, can be carried forward into 1987-88 to allow refinancing of the maturing debt issued to build up cash balances in the current fiscal year.

I believe that is a new approach or a new clause in a borrowing or loan authority. I think it is necessary that the government act reasonably and prudently—

**Senator Frith:** Would you read that again?

**Senator Doody:** Yes. This will be done on a temporary basis through section 39 short-term borrowing. This section 39 authority was used to provide for a net increase of up to $600 million at the March 5 treasury bill auction. Since the refinancing of section 39 borrowing, when the debt matures, requires new borrowing authority, the bill before us makes special provision for this. It provides that borrowing authority, to the extent that it equals money borrowed under section 39 in 1986-87, can be carried forward into 1987-88 to allow refinancing of the maturing debt issued to build up cash balances in the current fiscal year.

That is the first time I have ever been asked for an encore during the reading of a loan bill. It is very gratifying!

**Senator Frith:** You will understand why, in view of your previous comments in connection with borrowing authority.

**Senator Doody:** I should note that the bill received prompt passage through the other place, and speedy passage by the Senate will help to achieve an orderly, ongoing debt program.

I should also like to point out that the borrowing authority which is requested for next fiscal year, Part II of the bill, will provide borrowing authority of $24.3 billion for 1987-88. This includes the financial requirements of $21.3 billion as outlined in the budget of February 18, plus a $3 billion non-lapsing reserve for unforeseen requirements, including any build-up of our official exchange reserves in the coming fiscal year.

In light of recent experience, I suggest that a $3 billion reserve is prudent and appropriate. Exchange market operations during January alone required the government to use about $2.5 billion in borrowing authority. So it is not unreasonable to make provision for the degree of flexibility that is needed in these times.

I should point out also the steady reduction in the government's financial requirements that has been experienced since the present government took office. The Minister of Finance, in the fall of 1985, set out the principles of fiscal policy that he intended to follow, one of which was to ensure substantial year-over-year reductions in the government's financial requirements. The success achieved in meeting this goal has been most encouraging. The $21.3 billion in financial requirements for next fiscal year represents a reduction of 28.5 per cent over three years.

Honourable senators, I mentioned earlier the need for some urgency with this particular bill. This is nothing strange, I am sure, to honourable senators. There always seems to be a need for expediency or speed with the borrowing bill. I am told that the Canadian government would like to go to the market as quickly as it can for a bond issue. There is also a weekly treasury bill auction coming up. The terms and conditions of those treasury bill auctions are always announced a month ahead of the actual auction itself. So any delay in the passage of the bill compresses the time frame in which they can go to the market, and results in less flexibility in trying to take advantage of favourable exchange rates or interest rates. With those words, honourable senators, I commend second reading of the borrowing bill, Bill C-40.

[Senator Doody.]

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, Senator Stewart of Nova Scotia will be our principal spokesman on Bill C-40. Perhaps in order to clarify one aspect of the bill, may I ask the Deputy Leader of the Government whether I am right in the following stages of analysis of clause 2. First he tells us that there is already an unused borrowing authority of some $2 billion; is that correct?

**Senator Doody:** Yes.

**Senator Frith:** Now, by clause 2(1) there will be an additional $3.6 billion borrowing authority between now and the end of March; is that correct?

**Senator Doody:** I believe that is true. I have passed over my notes.

**Senator Frith:** I am taking my figures from the bill. That is more than $5 billion in borrowing authority—that is, authority given by Parliament.

**Senator Doody:** The government may borrow up to an additional $3.6 billion, because it ends on March 31, 1987.

**Senator Frith:** And the addition is to the borrowing authority it already has—that is, parliamentary borrowing authority it already has left over for 1986-87.

**Senator Doody:** Three billion dollars of that can be carried over beyond March 31—

**Senator Frith:** But before it gets to that, just so that we understand—forgetting about subclause (2) for the moment, because subclause (2) brings in the Financial Administration Act—with regard to subclause (1) there is an unused borrowing authority, even if this bill were not passed, of some $2 billion. I think that is what you said.

**Senator Doody:** I am not sure whether or not that is being used for foreign exchange purposes.

**Senator Frith:** I thought that in the text you said that there was unused borrowing authority of some $2 billion.

**Senator Doody:** Yes.

**Senator Frith:** In addition, if we are right about that, if this bill is passed there will be an additional $3.6 billion parliamentary borrowing authority usable between now and April 1.

**Senator Doody:** I think so.

**Senator Frith:** Then, if we go to subclause (2), we say that the borrowing authority conferred by subsection (1)—that is, $3.6 billion—

that remains unused and in respect of which no action has been taken by the Governor in Council prior to April 1, 1987 pursuant to section 37 of the *Financial Administration Act*—

Section 37 deals with parliamentary authority, not Governor in Council authority—

**Senator Doody:** Section 39 is Governor in Council authority.

**Senator Frith:** It goes on:

—shall expire on March 31, 1987 to the extent that the unused authority—

We must mean the unused parliamentary authority:

—exceeds the amount authorized between February 18, 1987 and April 1, 1987, by the Governor in Council . . .

Under section 39.

**Senator Doody:** Presumably.

**Senator Frith:** So the part they are referring to—namely, the amount authorized between February 18 and April 1—is section 39 authority, not parliamentary authority. You may want to check this.

**Senator Doody:** Yes. It is getting technical.

**Senator Frith:** I know that the Deputy Leader of the Government, when he was Chairman of the Finance Committee and in opposition, persuaded the Finance Committee—and the Senate, as a matter of fact, as well as the government—that we should keep a very sharp eye on this business of held-over borrowing authority—borrowing authority sort of accumulated and stuffed away in a cupboard to be used even while applying for further parliamentary authority.

**Senator Doody:** The powers of persuasion have not diminished any.

**Senator Frith:** No. We are totally persuaded. I am wondering whether the Deputy Leader of the Government will obtain for us something a little more definite about those last four or five lines of clause 2(2). To the extent to which the unused authority exceeds the amount authorized, can we be sure that the word "authorized" means authorized under section 39 and not authorized by Parliament?

**Senator Doody:** Yes.

**Senator Frith:** And may we have some figures as to what has been used since February 18 and might be used between now and April 1?

**Senator Doody:** Yes. I will undertake to get that information for the Senate, and I will make absolutely certain that the nods and grunts, and things that I did in between, are also absolutely accurate.

● (1640)

**Senator Frith:** Honourable senators, I move the adjournment of the debate in the name of Senator Stewart of Nova Scotia. I would like to ask that the debate be adjourned until Thursday of this week. Senator Stewart is unable to be here today or tomorrow, but he might be present on Thursday.

On motion of Senator Frith, for Senator Stewart, debate adjourned.

## TURKS AND CAICOS ISLANDS

### UNION OR ASSOCIATION WITH CANADA—INQUIRY REFERRED TO FOREIGN AFFAIRS COMMITTEE

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Argue, P.C., calling the attention of the Senate to the desirability and advantages of the Turks and Caicos Islands becoming a part of Canada; the support for such action among Turks and Caicos Islanders and Canadians; and whether any of the following steps might be usefully taken prior to a formal union or association:—

(1) adoption of a common currency;

(2) designation of Canada's Governor General as the Queen's representative for the Islands;

(3) a closer economic association between the two countries;

(4) any change in procedures to our mutual advantage that would assist the entry of Canadians to the Islands, and of Islanders to Canada; and

(5) provision of efficient direct air service between the two countries.—(*Honourable Senator Macquarrie*).

**Hon. Heath Macquarrie:** Honourable senators, I do not wish to take you beyond the sunset this afternoon but you must admit that I did not get a very early start on this matter, either. I am emboldened to say a few words about this particular inquiry because I gave an indication to Senator Argue that I would.

On the last inquiry I was involved in, I was reluctant to make a speech until I found a propitious day, an easy day when there was very little talk. Three and a half months after that, I finally delivered my remarks on that particular inquiry. I have therefore, even at my advanced age, learned a lesson or two. I do not intend to let these things moulder and gather dust for half a year while I wait for an easy day when I am just helpfully and hopefully filling in time.

I am very pleased to be involved in this matter. I am delighted with what Senator Argue said the other day, and in particular with what he said about me. I commend that part of his speech to your second reading, honourable senators. I always knew that he was a very learned man, very devoted to and caring for the problems of the west, especially the grain farmers, but I did not know he had such profound good judgment as I discovered when he discussed my qualifications. It was a most excellent speech.

On this Turks and Caicos Islands matter, as in so many other matters, I am now something of an emeritus figure. I am leaving the active leadership to people such as Senator Argue and Mr. McKenzie in the other place. It is quite a while since I led a delegation from the House of Commons to the Turks and Caicos Islands. In fact, it took place in 1973, a most auspicious year: One century after the Dominion of Canada

had its other great acquisition. That was the year that Prince Edward Island joined the Dominion of Canada. The Earl of Dufferin went down there a few days after the July First event. He then wrote back and said: "According to the way they put it, Canada has joined Prince Edward Island."

Honourable senators, that is the way to look at it. There is no point in going around apologizing for yourself, especially when you are small.

Of the illustrious quintet that made up the committee which went down to the Turks and Caicos Islands in 1973, I am now the only relic, as Doug Fisher would say, remaining on Parliament Hill. Mr. Dupras and Mr. Trudel are no longer on the hill; Mr. Saltsman is no longer with us. Sadly—and prematurely—he died. The other member was William Knowles, a wonderful man from one of the Ontario constituencies in the tobacco belt. At approximately that time, Mr. Knowles announced that he was leaving politics for health reasons. As he put it, "My health is good and I want it to stay that way." So he never ran for office again.

I made a commitment to Senator Frith that I would tell him the derivation of Turks and Caicos, and I am able to do that. The Turks part of it comes from the flower of the cactus which is prevalent in the area: *Echinocactus Myriostigma*, as it is rendered in Latin. It has scarlet flowers shaped like a tarbush or a fez. In those days, they seemed to think that only the Turks went in for that kind of head-dress, although many other Muslim people do also. I, myself, own a couple of these hats, but I forbore to bring them here because, while according to the rules of Parliament, I can wear them into the chamber—in fact I could stand with them on—I could not speak, and that would be completely off-putting. Therefore you will have to take my word that they do look like a fez or a tarbush, and that is where the first part of the name comes from.

The other part is "Caicos" and this is really finite learning. It is not quite Spanish; it is Cuban. Everyone knows that there is no Cuban language any more than there is an American or a Canadian language. However, it is just a little different from what someone in Valencia would say is pure Spanish, but it means a large reef or shoal and, down in those islands, many of those large reefs are, in fact, islands. Therefore, honourable senators, I have given that little lecture in philology, and it is all out of the goodness of my heart!

**Senator Gigantès:** It is surely etymology, senator?

**Senator Macquarrie:** If it were not so late, senator, I would take that one up, point by point.

I also must claim that, when I was in the House of Commons, the rule was then—and I suppose it is still—that one member can produce one motion at a time per session and that is all there was to it. For 13 years I had on the Order Paper a resolution calling for closer relations between Canada and the Commonwealth Caribbean countries, and quite frequently I had a section there dealing with the Turks and Caicos Islands. When I came to this illustrious upper house, my first inquiry was one dealing with the same subject in exactly the same phraseology. So, honourable senators, although I was not overly successful, I was pretty darned persistent.

**Senator Frith:** Senator Macquarrie, there is some static coming through.

**Senator Macquarrie:** I know I am a dynamic character, but I cannot believe that I am responsible.

**Senator Gigantès:** You are emitting sparks; you are sparkling.

**Senator Macquarrie:** Yes, senator, sparkling is the better word. Senator Frith, I hope that has cured the problem. I have turned off all the power that is not my own.

**Senator Frith:** I find it almost impossible to be distracted by anything when I am listening to you, Senator Macquarrie, but that was distracting.

**Senator Macquarrie:** I appreciate that. Your judgment is great. Your hearing is temporarily defective, but your judgment overcomes it.

Honourable senators, I must say that I was a little distressed by the reaction in a recent issue of that great newspaper, the *Globe and Mail*, to Senator Argue's suggestion where, somewhat unworthily, they suggested that:

> Drug-related corruption was so bad that last year Britain decided to abolish the territory's executive council and impose direct rule. 'It is almost impossible,' Britain's Junior Foreign Office Minister Tim Eggar told the Commons last July, 'to underestimate the extent of the drug traffic problem in the islands.'

They then suggest that perhaps what we should do is give a friendly wave from afar, and perhaps a few visits to sample the local solar energy. I felt that that was slightly condescending and slightly unfair. We know that there were problems there. I thought that the misdemeanours of these ministers were summarily and properly dealt with and disposed of. I cannot think of too many administrations that can look back too many years and say, "We all have clean hands." One of my professors used to say that it was all very clever to talk about the crooked administration of New York City in the days of Boss Tweed, but more careful reading would reveal that the administration of the city of Montreal at that time was said to be by "municipal banditti". We in Canada were probably a little more literate, but the reality was not all that different. To suggest that these little islands are a particular area which nourishes and nurtures criminals or misdemeaning people is, in my view, just a little unfair.

● (1650)

I have always thought that it is not a good reaction to take the view that we have troubles enough, let's not add to them, that there are enough poor people in the maritimes, and so on. I think Milton was right when he said, "I cannot praise a fugitive and cloistered virtue." If we take that view, we draw around ourselves the mantle of isolation and the cloak of self-righteousness. We will not make our place in the world, which made great such people as L.B. Pearson. I think that to discard this notion of union simply because it might involve us

or it might cost a dollar or two—or, even worse, that it might bring some benefits to these 7,000 or 8,000 people—is unacceptable.

In 1974 in the other place I asked why the government at that time was not going to do anything about the union of these islands with Canada. The suggestion, in response, was that it would be dislocating to the region if some benefits of the Canadian economy were extended to these small islands and not to other islands in the area. Honourable senators, when we launch CIDA programs, do we refuse a country like Benin simply on the basis that we cannot offer every other country in Africa a similar program? Do we take the view that if it cannot be universally applied, nothing can be done? The essence of the matter is that the Turks and Caicos have asked to become a part of our country. I do not think that it is incumbent upon us, in the light of their voluntary approach and attitude, to take the view that we know what is better for them; that such a union would contribute to the disequilibrium in the region.

I will not stress all of the advantages that would flow to Canada from this association. Another smart aleck remark often given in response to this proposal is, "Oh, God, you always bring this up on a bad day in the winter." Today I am going to lay it right down and hope that *Hansard* gets it—it is a lovely day in Ottawa and the sun is shining. I am not quaking before any great blizzard. If we were foolish enough to be sitting here in July—and I hope we never are—I would say the same thing then.

Honourable senators, I think that this is an exciting prospect. In achieving greatness, we in this country have moved from the east, where it all began, and eventually made true that Latin expression, *a mari usque ad mare*—from the sea all the way to the sea. Then we woke up and discovered there was another sea and achieved sovereignty up to the North Pole. That was one of the great achievements of Sir John A. Macdonald. As the old *Encyclopaedia Canadiana* used to say, eight of the nine great things accomplished in Canada were accomplished by Conservative governments. We achieved vertical sovereignty—now why not look to the south? Why not bring into our population people who would add greatly to the cosmopolitan nature of our society?

Narrow-minded people—and there are a few in the world—may say, "Oh my, they will all want to come north. That is what will happen—talk about immigration!" Well, if they came north in January, I think many of them would head back. But supposing that so foolish a thing did take place, could not this country of 26 million people stand such a strain as that caused by a few thousand more people who would be our own?

Senator Argue has done a splendid job. These are absolutely beautiful islands with 230 miles of beaches—beaches of the quality of those in Prince Edward Island, if I may say so.

**Senator Corbin:** In the summer!

**Senator Macquarrie:** Yes, Senator Corbin is quite right. Our beaches are all right in the winter, but I would not want to go in the water, I can say that.

These are white, beautiful beaches; the sea is that Caribbean blue—lovely clear water that we all know about and love. Because of the salt mines that were operated under the British for many years, it is the most buoyant water in which one can swim. Swimming is one of the few good habits I have left. It is a wonderful place to swim. I have never been swimming in the Great Salt Lake but I swam in the Dead Sea, and I find the sea around the Turks and Caicos much more attractive.

I have heard it said that the Turks are a place of sighing and waving palms. I think that is a misconception, however, which I will not spread further. These islands do not look like Tobago or Antigua. They do not have great swaying palms. The growth is palmetto and mangrove—somewhat stunted but quite attractive.

Yesterday I had a telephone call from someone who told me that this country has great potential for raising bees. I am not an apiarist, although I used to like honey, but I have learned that the constant polluting of the air and the advances upon the great open spaces make it difficult to carry through the industry of the apiarists with success. Apparently, the Turks and Caicos would be a great area for those who are involved in that important business.

These islands, as we know, would provide a tremendously good place for tourism. I know nothing about the possibilities of investment—I am not a businessman and I am not interested in making money. Anyone who takes my advice in this regard would not likely advance, so I will refrain from giving it.

**Senator MacDonald:** But you do own land there.

**Senator Macquarrie:** I wish I did, although I probably would not know what to do with it. Had I wanted to make money years ago I probably would have studied law, medicine or something like that, but it is a little late now to take any of those courses. I cannot, therefore, provide any details on business.

I must reply to Senator Spivak, who asked about distances. This place is 100 miles north-northeast of Haiti, 570 miles from Miami and 400 miles from Puerto Rico. It has good air service now, which it did not have before. Its area is 166 square miles.

There are six or seven islands and when they put on a banquet, as they did in 1973, there is one on every island. I remember one particular occasion where few after dinner speeches were delivered. While they do not really produce rum, they certainly know how to mix it. I made a little speech of thanks in which I told them how much the West Indies meant to me and to all maritimers. I told them that I was especially endeared to their islands because I come from a small island and knew what a small island was. I think I quoted Lord Tweedsmuir, that great man—perhaps our greatest Governor General and certainly our most literate—who

said that small countries and small islands are wonderful because you can carry them the more easily in your heart.

● (1700)

After I was through, one chap said to me, "How big is that place of yours, Prince Edward Island?" As every school boy on the island knows, I said, "Two thousand one hundred eighty-four square miles." He said, "Geez, man, do you call that small?" So, this little community that we are talking about is so minuscule that P.E.I. is quite an empire by comparison.

I suggest that we not laugh about the expression "Turks and Caicos," which always seems to amuse people—I do not know why it does, or why the union of one country with another is a joke. No one laughed about Benelux, and I do not remember anyone hah, hah, hahing about Newfoundland joining Canada. They laughed at Newfoundland jokes after they came in, but the union was not a subject of great mirth.

**Senator Doody:** People from the province are not that amused.

**Senator Macquarrie:** There you go. Some of the Newfoundlanders were not amused.

I do not know whether they would have a referendum down there—I have no idea—but I felt that in 1973 everybody thought I had a Canadian flag in my briefcase and was going to run it up their flagpole, which would be quite an interesting thing for an opposition member of the House of Commons to do. But I did not have my flag with me.

I can only say that there is a sentiment of great goodwill toward Canada, and I do not think that we should dissipate it. I have not talked to Prime Ministers and others about what the likely prospect is of these islands becoming a part of Canada, and I have no way of knowing whether the suggestion will be better treated than it was in the 1970s, but I hope so. I think it is a good idea. I am not afraid of the responsibilities; I know that this status will take quite a while. They want the Canadian system of education and right there you have a problem, because we have a provincial system. There are some questions to consider about the effects on the islands. Would they go through a period of being a territory? Would they go through a period of an economic union phasing into political union? All of these things require a lot of talk, negotiation, careful discussion, and good study.

I used to say in the other house that this proposal should go to a joint committee of the two houses. Stanley Knowles always supported me on this, but one day he reserved his support. He said, "I notice you mentioned rum and you also mentioned a joint committee. Both rum and the Senate are two things that we can do without as far as I am concerned." Anyway, the motion did not go through, so Mr. Knowles had no great anxieties on either score.

Here it is St. Patrick's Day. I am a dour Presbyterian practising Lent—which is a foolish thing to do—but it is all the more difficult to talk about the West Indies whose greatest product, which brought the emotions of the maritimes and the West Indies into sweet harmony, was the fruit of the cane. I cannot put on a party tonight for you as I used to do after my speeches on statements and motions because of these things.

I want to commend one thing. I have, as all senators do I am sure, a communiqué from the Secretary of State for External Affairs on the Caribbican training seminars. It closes by indicating that "this tradition of the Canadian sponsored diplomatic training activities in the region reaffirms a long-established 'special relationship' between Canada and the Commonwealth Caribbean."

I am supporting Senator Argue on this because I think it is a good idea. It challenges us and allows us to think of new responsibilities. As Mr. Pearson used to say, it is good for us in Canada to take our minds off our own internal problems and think beyond.

I may be quoting what I once said—in fact, I have said it for many years: I never pay much attention to those people who say that charity begins at home because those guys are not too charitable at home, either—at least I never saw any that were. I think there is a challenge here. There is a possibility of doing something interesting and something unique. There is something in it for us, but I am more interested in what we can do for people who are, in a sense, knocking on our doors. It is not a good host, not a good Commonwealth brother who would do anything but open that door.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I do not think Senator Argue will be here this week or next. He asked me to ask if there were any other senators wishing to speak to this and if not, it is his wish—and I believe Senator Macquarrie's—that this matter be referred to the committee on Foreign Affairs.

I am prepared to move that because it is appropriate to refer an inquiry to a committee. It might eventually turn into a motion, but it is not in that form at this stage. I am prepared to do it on behalf of Senator Argue, unless Senator Macquarrie would like to do it as a co-sponsor, so to speak.

**Senator Macquarrie:** I would second it.

**Senator Frith:** On behalf of Senator Argue, I move that this inquiry be referred to the Standing Senate Committee on Foreign Affairs for study and report.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Frith, for Senator Argue, seconded by the Honourable Senator Macquarrie:

> That this inquiry be referred to the Standing Senate Committee on Foreign Affairs for study and report.

Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### SECOND REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the Second Report of the Standing Joint Committee on Regulations and other Statutory Instruments (Statutory Instruments No. 36), presented in the Senate on February 5, 1987.

**Hon. Nathan Nurgitz:** Honourable senators, since this matter has been carried on the Orders of the Day since some time in February, I thought I might make a comment or two that I think would not last more than a minute or two, and perhaps this matter can be concluded.

Briefly, the report of the committee deals with the fact that the Joint Committee on Regulations and other Statutory Instruments found that the particular regulations governing the halibut fishery off the west coast of Canada and the United States was, in the opinion of the committee, illegal. Very simply, the regulation was adopted. Governor in Council passed regulations on June 28, 1984.

First, in the opinion of our counsel and, subsequently, the opinion of the entire committee, under the International Pacific Halibut Commission, an agreement reached between Canada and the United States in 1953—

**Senator Frith:** Is this report somewhere in our brief?

**Senator Nurgitz:** Is it ever.

**Senator Doody:** You mean you have not read it?

**Senator Frith:** I thought I read something about vegetables.

**Senator Nurgitz:** Well, vegetables is the next report.

**Senator Frith:** Okay.

**Senator Nurgitz:** I thought I would deal with some fish today.

To repeat myself, under a 1953 agreement between Canada and the United States, the International Pacific Halibut Commission was established. This commission has the authority to make regulations. A regulation was passed by the Governor in Council and our committee believes that the wrong body passed it. It is as simple as that.

At one point we thought that the minister concurred; he has since taken the position that the regulation could be passed either by the Governor in Council or by the International Pacific Halibut Commission. We disagree.

That is the nature of the report. I do not know what more can be said about it. I brought it to the attention of the Senate and I see no need for it to be carried further.

**Hon. Royce Frith (Deputy Leader of the Opposition):** All that is being recommended in this case is that future regulations to implement the convention be enacted by the International Pacific Halibut Commission; whereas the other recommendation is a little more serious, it is one that suggests that you put into the form of a motion the mechanism which will, in fact, declare these regulations invalid unless someone does something about them. However, that does not apply in this case.

**Senator Nurgitz:** It does not apply. I understand what Senator Frith is saying but I do not want to get into whether he is right or wrong on the fruit, vegetable and honey regulations which is what he is referring to.

**Senator Frith:** As they say, "That is another show."

**Senator Nurgitz:** That is right.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, March 18, 1987**

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

Prayers.

## THE SENATE

PRIVILEGE

**Hon. Finlay MacDonald:** Honourable senators, I draw your attention to *Hansard* of yesterday and particularly to the resumption of the inquiry with respect to the desirability of the union or association of the Turks and Caicos Islands with Canada. You will note that on page 641 Senator Macquarrie said:

> These islands, as we know, would provide a tremendously good place for tourism. I know nothing about the possibilities of investment—I am not a businessman and I am not interested in making money. Anyone who takes my advice in this regard would not likely advance, so I will refrain from giving it.

At which point I interjected, "But you do own land there."

These bons mots have invariably gotten me into trouble over the years.

**Senator Frith:** That is true, without exception.

**Senator MacDonald:** Of course, *Hansard* cannot record the tone of voice used in making such remarks or the supposed wit in behind their making. In this instance one man's supposed wit can sometimes be another man's wound. I have written a letter to Senator Macquarrie apologizing for this smart alec remark, and I would like this chamber to know that I have done so.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, while we are referring to yesterday's *Debates* I have, perhaps, a footnote of order. At page 627 of yesterday's *Debates of the Senate*, Senator Bosa asked a question relating to Consumer and Corporate Affairs and a writ that had been issued against the minister, to which the Leader of the Government in the Senate pointed out that since there had been something claimed in a writ he did not want to deal with the question because it was before the courts.

I would like to outline to honourable senators the status of sub-judice. The references in *Beauchesne's* at pages 118 and 119 do not completely support the position taken by the Leader of the Government in the Senate. It seems to be clear that as a voluntary measure or convention Parliament does not comment on criminal cases before the courts. However, citation 337 says:

> (1) No settled practice has been developed in relation to civil cases, as the convention has been applied in some cases but not in others.
>
> (2) In civil cases the convention does not apply until the matter has reached the trial stage.

And there is a citation from *Debates* of February 11, 1976. So sub-judice in civil cases is not as clearly settled as it is in criminal cases. It seems that the convention applies in civil cases only in the event the case has reached the trial stage.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I thank the honourable senator for his intervention.

**Senator Frith:** I am not urging you to change your answer.

**Senator Murray:** I have not consulted the authorities or the precedents the honourable senator cites. I simply say that my reply to Senator Bosa is based on the fact that we in this house, as do members of the other house, enjoy an enormous privilege, and that is the privilege of being able to speak our minds on any and every subject without our comments becoming actionable outside this place. This is a tremendous privilege and one that I think should be used with the utmost restraint, especially when it regards matters that are at any stage of a judicial proceeding, whether criminal or civil.

## BUSINESS OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, if it meets with your agreement, it might be appropriate at this time to ask that Question Period, Orders of the Day Nos. 1 to 5 and various other matters of business before us be deferred so that we may resolve ourselves into Committee of the Whole for the purpose of hearing the testimony of the Premier of Newfoundland, who is ready, available and anxious to get on with the matter. May we now proceed to Order No. 6?

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

**Hon. Senators:** Agreed.

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## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

CONSIDERATION IN COMMITTEE OF THE WHOLE CONTINUED

On the Order:

> The Senate again in Committee of the Whole on the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada-France.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the agreement, the Honourable Senator Rhéal Bélisle in the Chair.

**The Chairman:** Honourable senators, is it your wish that witnesses be invited to attend the committee now?

**Hon. Senators:** Agreed.

Pursuant to Order adopted on February 11, 1987, the Honourable A. Brian Peckford, Mr. Leslie J. Dean and Mr. Hal Stanley were escorted to seats in the Senate Chamber.

**Senator Murray:** Mr. Chairman, the honourable Premier of Newfoundland scarcely needs an introduction here or anywhere else in Canada. The Honourable Brian Peckford has been a member of the House of Assembly of Newfoundland since 1972. He has been Minister of Energy and Mines, and since 1979 he has been Premier of that province. He has been a member of the Queen's Privy Council for Canada since 1982.

Premier Peckford is accompanied today by: Mr. Leslie J. Dean, Assistant Deputy Minister, Policy Planning, the Department of Fisheries, who is on the Premier's immediate right; and Mr. Hal Stanley, the Deputy Minister of Intergovernmental Affairs.

On behalf of all senators, I take pleasure in extending a very warm welcome to the Premier and his officials.

**The Chairman:** Honourable senators, may I be permitted to say to our witnesses that we welcome them in our midst and that we are pleased and honoured that they have accepted our invitation.

May I further say that you are not in a court of law, that you are not under oath, that you are in the Senate of Canada. The Senate has a longstanding tradition of being factual. Of course, every word, whether in English or in French, is recorded. You are at liberty to use either one of the two official languages of our country. We want you to feel at ease and relaxed. We will give you all the time you need to answer questions properly. You may consult your assistants or companions at any time. We would ask you to please keep your preamble brief. In other words, no speech in answer to a question. My honourable colleagues have a reputation of being fair and co-operative.

I now call upon the Honourable the Premier of Newfoundland.

**Hon. A. Brian Peckford, Premier of Newfoundland and Labrador:** Honourable senators, first of all, let me thank you for your invitation to appear before this body today. We are very appreciative of having an opportunity to lay before you certain facts which we think are important to Canada and particularly important to the province of Newfoundland and Labrador.

I have been instructed to give my remarks in one of the two official languages of Canada. I hasten to add that I may be adding a third, Newfoundlandese. While that has not yet been recognized as an official language of Canada, certainly it has certain things about it that I am sure Senator Doody would not want me to depart from.

The Government of Newfoundland and Labrador rejects the recently signed Canada-France Fisheries Agreement. There are two main reasons for this rejection. First, the agreement gives away non-surplus fish resources, which are absolutely critical to the people of Newfoundland and Labrador. Second, the Government of Newfoundland, the industry and all other east coast fishing interests, were excluded from the negotiations immediately preceding the signing of the agreement.

On numerous previous occasions, and more particularly at both the Premiers' Conference in Edmonton last August and at the last First Ministers' Conference in November in Vancouver, I impressed upon my colleagues and the Government of Canada the overall significance of the fishing industry to our province and the disastrous implications of foreign overfishing. At every opportunity the Government of Newfoundland clearly articulated the need for a greater voice in the management of our fishery resource, given our concerns over the federal government's insensitivity to our position on crucial fishing management issues.

During the course of the Canada-France discussions, we made it absolutely clear to the federal government and I, personally, to the Prime Minister on a number of occasions, that the final outcome of these negotiations would have major implications for our province. For this reason, we also made it absolutely clear to the federal government that their final position should reflect our concerns.

We were assured by the Prime Minister that this would be the case and that the interests of the east coast fishery would not be overridden by interests in maintaining good relations with France. The basis of our concern took on new dimensions towards the end of 1986 when, with our full support, and principally for conservation reasons, the northern cod quota for Canadian fishermen was reduced by 10,000 tonnes. The Canadian offshore fleet will bear this total reduction. Amazingly, the Government of Canada, less than one month after making this reduction, committed our valuable non-surplus cod for 1988-1991 to a foreign country. This was done without knowing whether or not the northern cod stock quota for Canadians will be reduced further in 1988. Our fragile rural economy, which is totally dependent on the fishing industry, cannot survive such insensitive decisions on the part of the federal government.

Moreover, Newfoundlanders were shocked to learn that the agreement with France did not address the blatant French overfishing activity in the disputed 3Ps fisheries zone off the south coast of Newfoundland.

• (1410)

Whereas the east coast of our province is totally dependent on the northern cod stock, the entire south coast inshore fishery is dependent on the 3Ps cod stock. We impressed upon the Government of Canada continuously that any acceptable agreement must immediately address this serious overfishing problem. Recent French catches have exceeded the Canadian

assigned quota of 6,400 tonnes by 20,000 tonnes, and sometimes more.

However, having put 3,500 tonnes of Gulf of St. Lawrence cod on the table to satisfy obligations under the 1972 Canada-France treaty; having put 3,000 tonnes of 2GH surplus cod on the table; and having given a commitment to include valuable non-surplus northern cod in any 1988-1991 interim fisheries agreement, France's overfishing in the 3Ps area will continue unchecked, in spite of all of those concessions made by Canada. In return, the agreement only commits France to talk about arbitration on the 3Ps boundary, with no assurance whatsoever that France will agree to submit the boundary question to third-party arbitration. Clearly, from a fisheries management perspective, the agreement is totally unacceptable. It is also clearly evident that Canada demonstrated a total insensitivity to the concerns raised by the Government of Newfoundland and Labrador, and indeed by other Atlantic provinces and the fishing industry at large.

The second dimension of the Canada-France agreement which is also of grave concern to Newfoundlanders relates to the consultative process. This I will address in greater detail later, but suffice it to say that the Province, at the eleventh hour and when real decisions were being made, was excluded from the negotiations. At no time was the Province aware that the federal government had made the decision to offer northern cod to France. Indeed, the Government of Newfoundland and Labrador was not officially informed of the January 23 to 24 meeting in Paris until the meeting was actually in progress. Clearly, on an issue of such importance to our province and on an issue which I had publicly raised with the Prime Minister, the federal government ignored the federal-provincial consultative process.

Let me place our opposition to the agreement Canada has signed with France in an historical perspective. In 1972, Canada signed an agreement with France relating to French fishing rights off the Atlantic coast of Canada. This new agreement superseded all previous treaty provisions relating to the right of French nationals to fish in Canadian waters.

There are three major elements in the treaty of 1972. The first provided for metropolitan French vessels to fish in the Gulf of St. Lawrence on an equal footing with Canadian vessels until May, 1986. This right has now terminated.

Canada also undertook, in the event of an expansion in the limits to its fishing jurisdiction on the Atlantic coast, to "recognize the right of French nationals to fish in these waters, subject to possible measures for conservation of resources . . ." That is the right to fish—not northern cod, but the right to fish, subject to conservation measures.

**Senator Frith:** Is that still under number one, Mr. Peckford? That is still under heading number one, is it?

**Mr. Peckford:** Yes.

We maintain that while this provision obligates Canada to provide fish to France, it does not obligate us to provide our most valuable, non-surplus fish. Canada can discharge its obligations to France by providing surplus fish, of which there are great numbers. France, on the other hand, maintains it has a preferential and unlimited right, subject only to conservation measures, to fish anywhere in Canadian waters, and it is through this provision that France maintains it has a right to northern cod.

Finally, the treaty also permits a maximum of ten trawlers based in Saint Pierre and Miquelon to fish in the Gulf of St. Lawrence. This right is "in perpetuity." It is also unquantified and is a matter of dispute between Canada and France.

This treaty of 1972 represents the last vestige of French fishing rights in Newfoundland which go back to the eighteenth century. France's demands under the treaty are totally unreasonable, and any accommodation of these demands by Canada would be unconscionable and insensitive to the needs and welfare of Canadians who are dependent on Canada's fish resources.

Closely related to the 1972 fishing treaty is the boundary dispute between the two countries around Saint Pierre and Miquelon. In 1977, Canada declared a 200-mile exclusive economic zone. France followed shortly afterwards and declared a 200-mile exclusive economic zone around Saint Pierre and Miquelon. This disputed zone is the area you have all perhaps now become familiar with as 3Ps.

Canada maintains that, under international law, France is only entitled to a 12-mile territorial sea. Throughout all the negotiations over the past nine years, France has continued to maintain a totally unreasonable position.

Since the declaration by both countries of a 200-mile exclusive economic zone in 1977, Canada and France have met on a regular basis to try to resolve by negotiation the boundary around Saint Pierre and Miquelon and also to come to agreement on France's rights to fish stocks in the waters around Newfoundland. Unfortunately, the two have become linked.

Both countries must agree to submit the boundary dispute to independent international arbitration. Canada has agreed; France has not. Up until now Canada has used only the fish as—may I be so bold as to say—the "bait" to get them to the boundary arbitration. Of course, our argument, which I will turn to in a second, is that other trade levers should be used as well and it should not be just on the backs of Newfoundland fishermen that we should try to resolve that boundary dispute.

I would like to review with you the province's involvement in these discussions. In 1978, the Government of Newfoundland received a commitment from the federal government to include two provincial representatives at all meetings when the boundary and resource-related issues were being discussed.

From 1978 until 1984, there were seven rounds of negotiations between Canada and France. Representatives from the Government of Newfoundland and Labrador were invited to all sessions and, in addition to attendance at the formal negotiating sessions, the federal government consulted the province on a regular basis. From the very beginning then, the government of Newfoundland was involved in these meetings.

In 1985 the federal government expanded its consultative process and established an advisory committee of officials

from governments, industry and unions in the five eastern provinces. The Government of Newfoundland participated in this committee. Meetings of this committee were called on a regular basis by the federal government prior to each of the formal negotiating meetings with France.

At the December, 1986, meeting in Paris and the meetings in Ottawa on January 12-16, 1987, both countries, at France's suggestion, agreed that they would restrict their delegations. Nevertheless, the federal government included a representative of the Government of Newfoundland as part of its delegation.

From the first negotiations held in 1978 to the round of negotiations held in Ottawa on January 12-16, 1987, the Government of Newfoundland had been included in the Canadian delegation at all meetings.

This process of involvement and consultation continued up until the secret meeting in Paris on January 23-24, 1987. This was the first time the Government of Newfoundland was excluded from meetings between Canada and France and this was the first time that the Government of Canada put 2J+3KL, or northern cod, on the table.

In all the previous discussions, the government of Newfoundland had consistently and forcefully stated its objection to offering any 2J+3KL northern cod to France. Yet, at the first meeting from which the Government of Newfoundland was excluded, the Government of Canada made a commitment to France to include 2J+3KL northern cod in an interim fisheries arrangement for 1988-91.

Following the conclusion of the meetings between Canada and France in Ottawa on January 16, 1987, the Province received a call from officials in the federal government of January 20 advising that the federal government was considering offering France this 2J+3KL northern cod and asking for the Province's reaction if this cod were put on the table. The federal government was advised in no uncertain terms that the Government of Newfoundland could not accept this proposal. No mention was made of any meeting in Paris or that the Government of Newfoundland would be excluded from any such meeting. Neither were we told that a final decision had been made to offer France this northern cod.

Was this an oversight or was this deliberate? There had never been an occasion in the previous nine years when the Government of Newfoundland had not been advised of the position Canada would take at these meetings, nor had we been excluded from these meetings. In our view, it is not plausible to believe that the failure to advise us of the 2J+3KL decision and to exclude us from the meetings were oversights when this had never happened before and when it was known to the Canadian negotiators that the position Canada was to take at that meeting was strongly opposed by the Government of Newfoundland. Was this the reason Newfoundland was not advised of and was excluded from the meeting?

● (1420)

I can only conclude that Newfoundland was excluded because of our well known and often stated position that northern cod should not be on the table.

One of Canada's objectives in this process was to obtain France's agreement to arbitrate the boundary. The Government of Newfoundland and Labrador agreed. The long-term solution to this overfishing problem is a resolution of the Canada-France boundary question through third-party arbitration. But the Government of Newfoundland cannot support an agreement which uses non-surplus fish stocks to entice France to third-party arbitration, especially when that agreement does not contain measures to control French overfishing in the 3Ps zone. To buy an agreement to arbitrate Canada's boundary at the expense of the non-surplus fish stocks on the northeast coast of Newfoundland and Labrador and the Canadian fishing industry is unacceptable.

We are prepared to pay our share of the price to obtain France's agreement to arbitrate the boundary, but this price must be fair and reasonable and must not jeopardize the long-term interests of the fishing industry. As a demonstration of our reasonableness, we agreed to offer to France 10,000 tonnes of Greenland halibut—a surplus but valuable species—as well as 2,000 tonnes of surplus cod in the 2GH zone, located in the northern part of Labrador. France totally rejected this generous offer. We do not understand why Canada did not maintain that sort of position throughout and refuse to sign the agreement. Canada would have had very good arguments to use, because the undefined right of France to fish in Canadian waters is just that, an undefined right. One can define it and make it real with surplus fish just as well as with non-surplus fish. One would submit that it could be made even better that way. In any normal arbitration procedure, any reasonable person would have to say that France's undefined right to fish is being fulfilled.

**Senator Frith:** Better bait!

**Mr. Peckford:** Better bait, yes.

It is critical to realize that there cannot be a solution to this national boundary issue if it is confined to fish. This is really the sad history of Newfoundland because this has happened with respect to the E.E.C. too. A satisfactory agreement between Canada and France to arbitrate the boundary can be achieved, but only if the Canadian government is prepared to use all of the instruments of its foreign policy and its bilateral relationship with France. It so happens that the boundary dispute arises from the coast of Newfoundland. It so happens that the boundary dispute, because it is on salt water, involves fish. But that in no way should mean that the only instrument to be used to solve that dispute is the fish, if Newfoundland is truly a part of Canada. The whole foreign policy of the Government of Canada should be used to help Canadians who live in Newfoundland. To date, Canada has not been prepared to use these other instruments.

On numerous occasions during the past year, the Government of Newfoundland has called upon the Prime Minister not to jeopardize the interests of the Canadian fishing industry by the desire to maintain cordial relations with France.

We must not lose sight of the fact that the central issue is one of boundaries, not fish, and, as a boundary issue, it is a

Canadian, not just a Newfoundland, issue. It is a question of Canada's national borders and sovereignty that we are talking about.

Canada's entirely reasonable position is that the Canada-France boundary dispute should be submitted to an impartial third-party international tribunal for arbitration and that, in the interim, both countries agree not to overfish the resource. France's entirely unreasonable position is to refuse to go to third-party arbitration and to continue to overfish and destroy the resource on which its own people of Saint Pierre and Miquelon and Canadians depend.

Honourable senators, I have dealt in some detail with the problems and serious implications of the recent Canada-France fishing agreement for the province of Newfoundland and the east coast fishery. I would now like to address ways in which I believe the disastrous mistake of January 24 can be avoided in the future.

It is an integral feature of Confederation that provinces manage their resources. Minerals, forests, oil and gas are all under the exclusive jurisdiction of the provinces, while agriculture is an area of concurrent jurisdiction. There have been anomalies in provincial jurisdiction over natural resources in the past, but where these anomalies have existed, they have also been removed by corrective action. For example, in 1930 the Natural Resources Transfer Act transferred all the resources contained in Alberta, Saskatchewan and Manitoba to those provinces by constitutional amendment; and in February, 1985—far more recent and current to the present situation—the federal government and the Government of Newfoundland signed the Atlantic Accord, which provides for joint management of offshore mineral resources. The Accord also provides for parallel legislation by those governments and eventual constitutional entrenchment.

The fishery is the one major natural resource in Canada which is under federal rather than provincial jurisdiction. The Province of Newfoundland and Labrador has no management control whatsoever over the fishing resources—the resources upon which its people are dependent. No province can continue to endure a situation where it has no legislative authority over a resource, the management of which pervades every aspect of its society and determines the social, economic and cultural vitality of virtually every one of its communities.

The latest Canada-France agreement is just one more example of the consequences when a province does not have any management control over its basic resources. Newfoundland was excluded from the decision to offer non-surplus northern cod to France, and Newfoundland was excluded from the meeting with France at which the agreement was signed.

This is not the first time that the province's resources have been traded away over our objections and the objections of the industry. An example is the 1972 Canada-France Fishing Treaty itself. I have already addressed this treaty earlier in my remarks. Suffice it to repeat that the treaty gives a foreign nation—France—substantial fishing rights in Canadian waters. While these rights have still to be quantified, even the most favourable interpretation of the treaty will provide France with the right of access to valuable fish resources in our waters.



We do not question the right of the people of Saint Pierre and Miquelon to maintain their historic fishing patterns. We do question, however, the recognition by the Government of Canada—in perpetuity—of rights of a foreign nation, on the other side of the Atlantic, to continue to have fishing rights in Canadian waters on the basis of past centuries when France was a colonial power in the New World.

A second recent example of Canada's fish resources being traded away to foreigners over the objections of the Province of Newfoundland and of the whole industry is the E.E.C. Long-Term Agreement.

In 1981 Canada signed a long-term fishing agreement with the European Community. In that agreement, Canada gave the Community allocations of fish in Canadian waters in return for certain market concessions, an agreement by the E.E.C. to follow Canadian conservation measures. The Province of Newfoundland vehemently opposed this agreement at the time. The provinces and the industry in general were also opposed; but Ottawa proceeded with the agreement. Over the life of the agreement, the E.E.C. received allocations of 136,-500 tonnes of fish in Canadian waters. For 1987 alone, these allocations are valued at $38.75 million. In addition, Canada was not able to control overfishing by the E.E.C. in our waters. We gave them allocations and quotas when we needed the fish to get our 20 per cent unemployment rate down, which, if everyone was counted, would be about 40 per cent. We gave them the fish, which gave them entry to our waters; and they then went and overfished beyond the quota, and the market advantages were absolutely worthless. The tariff reductions were one per cent and 2 per cent, and there was still a tariff on. So they took our fish back, processed it in their country, and what fish we had left we processed, but we could not compete with our fish over there because we had an extra tariff to go through before we could compete.

Fortunately this terrible agreement ends on December 31, 1987. At the end of this year we will finally have excluded the E.E.C. fleet from our waters. There must be no equivocation on Canada's part that we must never again enter into such an agreement—and I hope that the Government of Canada is not considering any further negotiations with the E.E.C. to start another new agreement to replace this one. There is no provision in the present agreement for renewals, reopenings or whatever.

● (1430)

Unfortunately, the January 24 Canada-France Agreement continues this sad progession of giving away to foreigners the fish resources which are so critical to the economy of the whole east coast of Canada. This must stop. But it will not stop until provinces have a measure of management control over the fish resources. This fact has been clearly recognized by all Canadian premiers. First, at the twenty-sixth annual Premiers' Conference, all premiers agreed that:

> —it is important that provinces, as managers of their economies, have a greater jurisdictional presence in the management of the fishery resource.

Second, at the twenty-seventh annual Premiers' Conference, the premiers agreed that:

> —a major problem which plagues the Atlantic fishery is control and management of the resource. Canadian fishermen do not have sufficient allocations or quotas to meet market demand—

Also at the twenty-seventh annual Premiers' Conference, premiers agreed they would pursue further constitutional discussions, and specifically referenced fisheries as one of the items which should be included in these discussions.

In the same spirit of concern, premiers at a special meeting in Toronto on February 9, 1987, called for a review of the January 24 Canada-France Agreement.

To summarize, it is abundantly clear that: First, it is an anomaly in Confederation that provinces do not have basic management control over this critical natural resource, the fishery; second, the consequence of this lack of management control of the fishing resource by the provinces has been a series of federal give-aways of our resources; third, all Canadian premiers are unanimously agreed that this situation should be changed; and, fourth, there are precedents in our history whereby the principle of the equality of constitutional treatment with respect to resources is consistent with Canadian constitutional practice—for example, the 1930 Natural Resources Transfer Act and the Atlantic Accord.

Newfoundland and Labrador has for some years advocated a proposal for concurrent jurisdiction. We are not talking here about provinces suddenly usurping federal authority. We are talking about a concurrent jurisdiction whereby we would have some say and, obviously, in international matters the federal government would supersede. But we would have some say, which would help to ensure that agreements of this kind would not happen again. Under this arrangement the federal government would retain its basic resource management powers. However, economic decisions concerning the allocation and harvesting of the resource would be the prerogative of the provinces. This is just one approach; there may be others. But if we are to avoid the problems, discord and disunity of the past few months, Canada must address this basic constitutional problem in respect of fishery resource management.

In conclusion, I want to highlight the following points: First, the Canada-France Fisheries Agreement was made in a secret meeting without the knowledge and involvement of the Government of Newfoundland and Labrador. Second, the agreement was made in total disregard of the well known position of the Government of Newfoundland and the industry that access to the valuable northern cod stocks should not be provided to France under any conditions. Third, the agreement does not place any controls on France's blatant overfishing in 3Ps. Fourth, the agreement only commits France to "talk" about arbitration—it does not commit France to third-party arbitration. Fifth, the agreement provides France with access to the northern cod stocks at a time when the quotas to Canadian fishermen have been reduced. Sixth, the agreement does not have the support of the people in the provinces affected.

Seventh, the agreement must therefore be cancelled. Eighth, Canada must use the full weight of its foreign policy to exert pressure on France to agree to third-party arbitration on the boundary. Ninth, this agreement would not have been concluded if provinces had some control over the management of this vital fisheries resource. Tenth, the fishery is the only major national resource in the Canadian federation over which provinces have no jurisdiction. Eleventh, constitutional change is required to give provinces some managment control over their fishery resources.

Honourable senators, we are pleased to have this opportunity to make this presentation. I must say in all honesty that it is a long time past that Canadians should become seized of the problems of the east coast, especially in my case, of Newfoundland and Labrador, because we will only become a viable society either through control, management and development of our resources, or alternatively—and this is what has happened historically and continues to happen to this very moment—more money must be pumped into Newfoundland through the side door rather than the front door, through some changes in transfer payments. Otherwise there will be more "out-migration" and brain drain to central Canada. The poor will get poorer and the rich will get richer. If this country means anything and if the new constitutional provisions as they relate to public services being reasonably equal across Canada and in concert with reasonable levels of taxation mean anything, may I submit that at the present moment the Constitution of Canada is being violated. We do not have reasonable levels of taxation because our 12 per cent retail sales tax is the highest in Canada and way higher than anything else. Our personal income tax, our gas tax, our tobacco tax and every other tax are the highest in Canada. We can prove objectively with facts that our services are way below reasonable standards to any fair mind. The fishery is the backbone and fundamental resource of our province. If we do not have the opportunity to develop it, then the present financial and economic plight of Newfoundland will continue and will be exacerbated over time, and there will be two or three countries in this nation rather than one. Theoretically, under the Constitution it will be only one country, but economically and financially it will be many more countries.

**The Chairman:** Honourable senators, it is the intent of the Chair to recognize first the Honourable the Leader of the Opposition, Senator MacEachen, and then the Leader of the Government in the Senate, Senator Murray, if he wishes to speak. Then I shall recognize all those who signal to me that they wish to speak.

**Senator MacEachen:** Mr. Chairman, may I begin by thanking Premier Peckford for accepting the invitation from the Senate to appear and give his views on the implications of the Canada-France Agreement reached last January. I agree with Premier Peckford that it is a good thing that problems of the east coast, like the fisheries, are receiving national attention

and that increasingly Canadians are understanding what is involved for the welfare of Newfoundland and other east coast provinces in the conclusion of these agreements.

In sum, I believe that your presence here is useful and important and I thank you for your comments and your presentation.

Mr. Chairman, there are several points that I want to raise with the Premier by way of obtaining clarification. Of course, it is not surprising that the Premier has emphasized so directly what he considers to be an allocation of non-surplus northern cod in 2J+3KL. May I put some comments on the record from representatives of the Canadian government. This Committee of the Whole heard testimony from Mr. Siddon and his officials. While I did not have an opportunity to ask Mr. Siddon directly whether Canada had made an undertaking to France in the context of an agreement for the years specified to provide northern cod, Mr. Clark did, in fact, make a statement in his testimony which might be somewhat ambiguous, but which I think is worth reading. I quote from the *Debates of the Senate*.

• (1440)

> It was agreed—as part of an overall package involving agreed 1988-91 quotas plus a signed, sealed and delivered treaty referring the boundary disputes to arbitration—that, in that context . . .

And here is the key expression.

> . . . the Canadian side could look at and have on the table some unquantified and still-to-be-negotiated quota of 2J+3KL cod for 1988-91.

Mr. Clark seems to be saying that yes, the Canadian side could take a look and have on the table some northern cod, or alternatively, presumably it could take it off the table. Therefore I want to put that comment before you.

I also want to read to you some sentences from statements made by Canadian ministers in the House of Commons on this point, because I think it is very important to have it clarified.

On January 28, 1987, Mr. Crosbie, the Minister of Transport, posed himself this rhetorical question: "What agreement was reached?" He then replied:

> All that was reached was an agreement to negotiate. There is no agreement that France will even get a tadpole from 2J+3KL.

That is a quotation from the *House of Commons Debates*. Then on the same day, Mr. Siddon, the Minister of Fisheries stated:

> We have offered to talk about the possibility of a very modest allocation in the area which is so important and precious to Newfoundland, referred to as the northern cod area or 2J+3KL.

Finally, the Minister of Tranport in the same issue said:

> There is no binding agreement for us to give one codfish, or piece of one codfish in 2J+3KL to France. That is the exact position.

[Senator MacEachen.]

Those are exact quotations from the ministers and ought to be authoritative. Furthermore, they were somewhat ambiguously supported by Mr. Clark, and I think the key question is: Who is right? I have my own views as to who is right but, if I may, I want to get some further clarification from you on that point, which is a key point.

**Mr. Peckford:** Senator MacEachen, I have in my hands the English translation of the January 24, 1987, agreement and I can provide you with a copy if you wish. That agreement says as follows:

> 2. Furthermore, the representatives of the Parties will meet before March 15, 1987 in order to initiate negotiations with a view to concluding, concurrently:
>
> a) a Compromis (Special Agreement) which shall submit to compulsory third party settlement the dispute regarding the maritime claims by the two countries off the coasts of St. Pierre and Miquelon and Canada;
>
> b) a procès-verbal establishing the annual fishing quotas for French vessels in Canadian waters for the period 1988-1991 inclusive. These quotas will include cod quotas in NAFO Divisions 2J+3KL.

**Senator MacEachen:** ". . . will include . . ."?

**Mr. Peckford:** Yes. Therefore no more need be said. They have arrived at an agreement and that agreement says that, under this agreement, we have agreed to do two things: First, to negotiate a Compromis on the boundary by December of this year. Second, to negotiate a procès-verbal by September of this year on ongoing fish quotas. Therefore by September of this year, there will be an interim fisheries agreement to run from 1988 to 1991 which will include cod quotas in NAFO divisions 2J+3KL. Also, it says "will include", not "possibly include".

**Senator MacEachen:** Mr. Chairman, I want to move on to the question of overfishing, as was mentioned by the Premier in his comment. This, of course, is a very significant part of this whole difficult area. We have all expressed our disagreement with the way in which France has been overfishing, and the unwillingness of France to sit down and discuss overfishing.

Let me put it quite clearly: Why are you so concerned presently about the overfishing in the context of the agreement in light of the fact that the Government of Canada now alleges that part of the negotiating process will include a negotiation on the overfishing?

**Mr. Peckford:** But it is not in the agreement. There is nothing in the agreement which in any way restrains France from continuing to do in the disputed zone what they have always done, and that is to overfish that disputed zone.

**Senator MacEachen:** That is right.

**Mr. Peckford:** However, there is provision in the agreement for the Canadian and French scientists to get together regarding the 3Ps stock. It says:

> The Canadian and French scientists:
>
> a) shall evaluate the state of the cod stock

b) shall formulate, if possible, a recommendation on the TAC for cod for 1987

c) on the basis of the current size of the biomass and the catches, shall forecast the future development of that biomass and shall formulate, if possible, recommendations for the TAC of cod for the years 1988 to 1991.

However, there is no obligation on the part of France to accept these recommendations. This is merely a provision for a committee or a task force comprised of scientists from both countries to get together and make recommendations, with nothing binding upon France to abide by what the scientists determine is an acceptable quota, if in fact that quota is lower than they had originally taken.

Therefore the situation now is that in the crucial area where you needed to have some obligatory restraint in the agreement, it is not there and in the crucial area where you did not want to give away anything, that is there.

**Senator MacEachen:** Mr. Chairman, if we accept—and I do—the contention of the Premier that there is no provision in the agreement to restrain overfishing in 3Ps, is it his view that the agreement provides for an obligation on the part of France, in the course of these current negotiations, to negotiate the question of overfishing?

**Mr. Peckford:** No. The two countries have agreed to allow scientists to look at the matter and to make recommendations, but not to negotiate.

**Senator MacEachen:** I find this a rather difficult question to deal with because there is a great deal of confusion, but not very long ago the Prime Minister addressed a letter to the Minister of Transport in which he asserted the following:

> These negotiations will also address the problem of overfishing in the disputed zone during the period of arbitration.

If France were obligated under the agreement to negotiate, or indeed even address the problem of overfishing during the negotiations, then that would be a step ahead. However, it is your contention that there is no provision?

**Mr. Peckford:** That is right. The only provision is here in this agreement which I hold in my hand. This is entitled "Annex", and it is a "Mandate for the Canadian and French Scientists with Regard to NAFO Division 3Ps". It states:

• (1450)

The Canadian and French scientists:

a) shall evaluate the state of the cod stock

b) shall formulate, if possible, a recommendation on the TAC for cod for 1987

c) on the basis of the current size of the biomass and the catches, shall forecast the future development of that biomass and shall formulate, if possible, recommendations for the TAC of cod for the years 1988 to 1991.

In other words, it is the establishment of a scientific study team to make recommendations, if possible, and does not involve negotiations. It is just a report that will be presented by the two groups of scientists to the two countries, neither being obligated to even read those reports.

**Senator Frith:** Mr. Chairman, perhaps the Premier should know, and other senators who might have forgotten, that we have a copy of that in *Senate Debates* of February 4, 1987, at page 448 and following.

**Mr. Peckford:** Since we are getting into this, I have one other point. One of the fears that we have is that France is continuing to hold up going to the boundary arbitration, and both parties have to agree before that can occur. France is using that, and the continued pressure on 3Ps and the overfishing it is doing, to get concessions from Canada on fishing. What we are saying is that Canada has to resist any concessions on fishing and, additionally, look at its overall bilateral relationship with France. Is Aerospatiale trying to sell submarines to the Department of National Defence? Is Aerospatiale trying to sell helicopters to Canada? What are the commodities that we trade back and forth? As long as Canada stays in that narrow negotiating strategy, then the people who are going to lose are the people of Newfoundland and Labrador.

Second, one can see what France is up to. If it has 2GH cod committed under the interim fisheries agreement of 3,000 tonnes now, and it can get into 2J+3KL, by the time that they agree, and all of a sudden become very magnanimous and say, "Sure, we will go to arbitration on the boundary", it will have more fish outside of 3Ps than it is now overfishing in 3Ps. So, France will have lost nothing and will have just as much fish as it always had—and then go to arbitration on the boundary.

**Senator MacEachen:** Mr. Chairman, I have one more point I want to make, and that relates to the interrelationship between the undertaking to allocate northern cod and the willingness of the Government of France to negotiate on the boundary.

The Honourable Monique Landry was quite candid in telling the House of Commons that the Canadian government really had to give the northern cod in order to get France to the table on the overfishing. France insisted upon an allocation of northern cod. In my view, that was a bargaining relationship. The French said: "If you want to get us to the table, you have to give us northern cod", and finally that was provided for in the agreement.

The benefit is, and I think the government will argue this, that there will be an arbitration of the boundary dispute and that the most favourable outlook is that Canada will recover most of the 3Ps now claimed by France.

**Mr. Peckford:** In the meantime it will have as much fish outside of 3Ps as it now has.

**Senator MacEachen:** That will be a big gain for the south coast of Newfoundland, and Canada will have jurisdiction over the disputed area, or most of the disputed area. That is a big gain. That gain has been brought about through an offer of northern cod.

Is that not a reasonable approach for the Government of Canada to take?

**Mr. Peckford:** No, it is not. If France continues to overfish, there will not be anything left for the south coast. There will be no fish left for the south coast, but in the meantime Canada has given France fish in the other zones. Who is to say that if they overfish in 3Ps they will not overfish in 2GH and 2J+3KL? France's history is one of overfishing in this area, and now it has a commitment in 2GH of 3,000 tonnes, and now a commitment of an undefined amount here.

So, if they keep fishing in 3Ps there will be no fish left. The whole biomass will be destroyed. It is being destroyed at a very rapid rate. You must remember that they are using factory freezer trawlers, not ordinary freezer trawlers or wet fish trawlers. Those trawlers are scraping the bottom and carrying the fish back to Brittany.

There is a great danger that this stock could be destroyed, causing problems for the south coast of the island. Meanwhile, France is now entering the lucrative 2J+3KL area, an area in which quotas to Canadians have already been reduced.

Basically speaking, how can a country reduce the amount of fish it will give to its own people and turn around and commit fish from the same stock to a foreign country? That takes away from Canadians and gives to foreigners.

We argue that if you want to satisfy that undefined right, the 10,000 tonnes of Greenland halibut, which is a very valuable species but surplus—2GH is a surplus area, and we agreed to 2,000 tonnes up there—then take them to arbitration, because one does not need mutual consent for a fisheries arbitration. Either country can take the other country to arbitration on fishing rights at any time.

That may be a great deal better than allowing France to overfish here until there is nothing left, or than giving commitments here and here, especially in 2J+3KL, the non-surplus areas, where France could also overfish. Perhaps it is better to have France overfish in one area than overfish in three areas, especially when one of those three areas is a non-surplus area.

If you want to cut your losses, don't link the fisheries treaty to the boundary to the extent France is doing, and go to arbitration for that undefined right to be defined, because it is Canadian fish. We might want to send France off to British Columbia. It says "Canadian fish". It does say "east coast fish". However, it does not say "Surplus or non-surplus". That has to be decided by an arbitrator, and no arbitrator is going to say that that undefined right becomes defined by giving France fish that are not there.

Another point I might come back to is that Canada cannot solve this issue; if it does, then we will be poor forever more. Canada should be using its other trade levers to put pressure on France and take the pressure off our fish stocks, which we need.

**Senator MacEachen:** I have one counter point I would like the Premier to consider.

Is it not a fact—at least that is the evidence we have received—that France fishes to quota in the undisputed areas? If 3Ps becomes Canadian waters as a result of arbitration, we would then expect France to observe the same practice.

[Senator MacEachen.]

• (1500)

**Mr. Peckford:** It is true that in some of the other zones they have not overfished, but it is also true that they are a member of the E.E.C. who, through the long-term agreement on the nose and tail of the bank outside the 200-mile limit, have been raping that resource.

**Senator MacEachen:** That is a good additional point. It is true that France is overfishing in 3Ps—

**Mr. Peckford:** Yes.

**Senator MacEachen:** —but in waters which France claims for itself and which we claim for ourselves. Based upon past behaviour of France, if those now disputed waters became Canadian waters, they would respect that and the fish quota, which would be a gain. That is the alternative point I am making.

**Mr. Peckford:** But you cannot allow a foreign nation, in order to have the area of 3Ps resolved, to move into an area which is now non-surplus. Is that a fair trade off—especially when it is adjacent to a province of Canada which has 20 to 40 per cent unemployment and whose whole existence depends upon that fish stock? We are being told that we have to fish less, but we can give more to France out of something which scientists have declared non-surplus. I do not think that that is a fair proposition. Is that fair?

**Senator MacEachen:** Well, I am not sure. It depends on the long-term gain for Newfoundland and Canada. If, by giving what has been described as a modest allocation of northern cod—

**Mr. Peckford:** We do not know how much it is; that is our problem. Once they get their foot in the door, it is too late.

**Senator MacEachen:** No we don't, but if it is a modest allocation which would be for a four-year term and then terminated, and in the meantime you achieve a good boundary settlement, wouldn't that be beneficial overall?

**Mr. Peckford:** We do not know how much northern cod they will have and we do not know whether it will only be until 1991. We do not know what will come after 1991 and whether they will still claim ongoing fishing rights in Canadian waters.

**Senator Frith:** And whether you will get the boundary settlement.

**Mr. Peckford:** The other point that Mr. Dean makes is that even after the boundary has been resolved, there will have to be some shared management of that stock; and that is another dispute.

**Senator MacEachen:** Do you believe that French fishing rights in Canadian waters should be extinguished?

**Mr. Peckford:** I don't know if they can be extinguished or not; that would be our preferred position, if it could be done. We are prepared, under the undefined right of 1972, which has to be defined, to acknowledge that that does exist and that,

therefore, it has to be satisfied. We think it can be satisfied in a way which both meets our obligations under that treaty and yet protects the most valuable resource that we have, 2J+3KL, by offering them surplus fish, not non-surplus fish. Any arbitrator would see that that is a fair way to go.

The other point I have to reiterate over and over again—and I am glad that I have this opportunity to say it before as many national figures as I have today—unless and until the fishing industry is recognized not only by the Canadian body politic and the ordinary citizen who is writing me every day but also by the Government of Canada and the governments of the other provinces in the same way as the automobile industry, or the textile industry, or the agriculture industry is recognized and the full weight of Canada is brought to the negotiating table, as opposed to just looking at it in isolation, nothing will change. Nobody looks at the automobile industry in Canada as some kind of adjunct or as being isolated from everything else. It is extremely important to Canada. I only wish that the day would soon arrive when people looked at the fishing industry in the same way and saw it as a valuable national natural resource which has to be focused into all of the things that we do in our relationships with another nation when we are trying to negotiate something.

**Hon. Senators:** Hear, hear!

**The Chairman:** It is the wish of the Leader of the Opposition that Senator Marshall commence questioning on behalf the government. He will be followed by Senator Rowe, Senator Frith and Senator van Roggen.

**Senator Murray:** I second that.

**Senator Frith:** Mr. Chairman, I have one question to ask, if I may.

Mr. Peckford, when you were up at the large chart you said that either side can force the other to arbitration.

**Mr. Peckford:** On the fish.

**Senator Frith:** If the alleged advantage of this agreement was that the French were willing to arbitrate, but, if not, they could be forced to arbitrate without their agreement, then they have nothing. If the *quid pro quo* were an agreement to arbitrate, but at the same time you did not have to have the agreement to arbitrate because you could give notice to force arbitration, then there would be no "quid" at all for the "quo."

**Mr. Peckford:** Yes, both sides have to agree to arbitration on the boundary. On the fishing rights, either can take the other to arbitration.

**Senator Marshall:** I want to welcome Premier Peckford here in the hallowed halls of the Senate.

I want to move away from the present situation and talk more about the global situation as it exists with regard to overfishing. We have to go back a few years, some of them covering my experience here on Parliament Hill. I would like to ask the Premier: What do you think has gone on since 1972, we will say, when you got into politics, with regard to the governments in power and the resolve to try to determine the best way to handle the boundary dispute between Canada and Saint Pierre and Miquelon?

**Mr. Peckford:** Well, there has been no resolution to it until this January 24, 1987 agreement, which set a process in place for dealing with the boundary and the fish. It is fair to say that through the whole bit and piece of the last ten or fifteen years, the External Affairs policy has been rather consistent. It has not changed all that much as it relates to how they approach the solving of this problem.

**Senator Marshall:** With what result? There never has been any result until now.

**Mr. Peckford:** No, there has not been any result. What I am saying is that the result that we have now is an unacceptable result.

**Senator Marshall:** Yes. Would you say that the announcement made by the Minister of Fisheries today with regard to closing the ports and other action he intends to take against French overfishing helps the situation from your point of view?

**Mr. Peckford:** I think it is a step in the right direction, yes. It sends a signal to the French government that the Canadian government is of strong resolve on this matter now. In the latter part of January we recommended that this was one action that the government could take.

The same week that they were signing this agreement on fish and boundaries as between Canada and France, External Affairs and France signed a five-year trade agreement. I do not know what is in that trade agreement, however—and that is why we keep coming to all the levers that should be used—but obviously this is a step in the right direction. We hope it also signals to us and to Canadians that the Canadian government is willing to use other levers, as they are now starting to do.

• (1510)

**Senator Marshall:** For the past 15 to 20 years, I have been very interested in the Saint Pierre and Miquelon boundary dispute. I even took this matter up quite forcefully in 1976. My interest in this subject led me to select three reports, one being the report entitled, "Challenges Facing the Fisheries Sector" prepared by the Department of Fisheries and Oceans and which was presented to the Annual Conference of First Ministers in November, 1986. In that 156-page report, only vague reference is made to the treaty obligations with France and to the French problem. Those cover only half a page of those 156 pages.

Going back to August of 1986, the Government of Newfoundland and Labrador issued a very good paper on foreign overfishing which was accepted by the Fisheries Council of Canada. Only two weeks ago in the Standing Senate Committee on Fisheries, we heard of the same problem of overfishing, the straddling of stocks and how important that was, but there was no mention of Saint Pierre and Miquelon and the problem that that little blob of land is causing to the province of Newfoundland and to Canada.

Another report, entitled, "Report on challenges facing the fishery sector," to which I think you alluded, was presented to the Annual Conference of First Ministers in Vancouver, British Columbia on November 20-21, 1986.

Only in that one instance that I outlined is any mention made about the difficulty with the boundaries of Saint Pierre and Miquelon and all the trouble that is causing.

The point I am making is that over the past year nothing has been said about that Canada-France dispute in terms of resource considerations or in terms of any other consideration.

**Mr. Peckford:** That is because we had confidence in the federal government in the ongoing negotiations. There was meaningful consultation, meaningful discussion and negotiations taking place from 1978 up until January 1987. Both governments were seized of the matter.

It was not until September, 1986, that the federal government started to quantify the amount of overfishing outside of the Saint Pierre and Miquelon area which is just off 2J+3KL, the nose and tail of the bank. That was the first time the federal government really quantified the amount of foreign overfishing.

We had two things going on simultaneously. We did have an advisory committee involving industry, unions and all the governments of the east coast dealing meaningfully and faithfully with one another on the boundary and on the fishing rights of France. Everyone was seized of the matter and working through it.

We continued to argue on the subject of foreign overfishing exclusive of the Saint Pierre and Miquelon boundary, 3Ps and French fishing rights. We excluded those because the governments, industry and unions were dealing with those every day in negotiations.

We continued to highlight exclusively foreign overfishing because the federal government had not been seized of the matter and there was a process by which we were involved in it as we were in the French situation.

**Senator Marshall:** On May 6, 1976, I asked the then Government of Canada to lay before the House copies of all minutes of meetings, letters and telegrams pertaining to the negotations which had taken place between the Government of France on the continental shelf boundary disputes with regard to the France-Canada boundary around the islands of Saint Pierre and Miquelon. I said in my remarks, 11 years ago, that I, as well as every Newfoundlander, wanted to know, in view of the province's proximity to Saint Pierre and Miquelon, what Newfoundland's future would be with regard to its offshore resources, resources vital to its future economy. At that time I also wanted to know the position regarding the settlement of adjacent boundaries.

From 1968 until 1978 when I left the House of Commons, I posed various questions on the same issue, that is, the 200-mile limit. In 1976 I warned that if we did not deal with the Saint Pierre and Miquelon issue at that time we would get into trouble. My remarks were treated with complacency.



**Mr. Peckford:** You say that you posed your question in 1976, but the first negotiations began in 1978.

**Senator Marshall:** Recently, in a newspaper article, Mr. Applebaum, Director General, International Directorate, Department of Fisheries and Oceans, and one of the Canadian negotiators, said that another factor weighting Canada's eagerness to settle the dispute once and for all is the possibility of oil and gas discovery in 3Ps. Is there any oil in 3Ps? Are you people looking at that resource with some seriousness? Is it a factor?

**Mr. Peckford:** The oil potential that we know of is outside of the disputed 3Ps zone. It is south of that area. From the best geological data we have available to us now, it is our understanding that the potential is not in the area in dispute. From all the data we have today, our best assessment is that the potential for hydrocarbon resources in that whole area lies outside the disputed zone, so this is not a major consideration.

In the area north of that, 180 miles offshore, the Hibernia, Joan of Arc Basin, there has been a fair amount of drilling right up along that area. Most of the hydrocarbon deposits are located in this Joan of Arc Basin area.

However, south of the 3Ps area there is a fairly gas-prone area where discoveries have been made. Those will be exploited some day. You have to go further south, outside of the disputed zone, before you come to an area with any potential in that regard.

**Senator Marshall:** I am not referring particularly to the issue at hand because I think that problem is only a part of the global problem we are facing. Two weeks ago representatives of the Fisheries Council of Canada appeared before our committee at which time they showed us a photograph of the area encompassed by the 200-mile limit. The photographs were taken from inside and from outside the area and on that particular day there were 164 freezer trawlers out there.

**Mr. Peckford:** The other part of our policy—and it has been for many years—is that Canada should extend its jurisdiction to the end of the continental shelf. As I understand it, there are two countries in the world which have continental shelves beyond 200 miles, one is Australia and the other is Argentina. We have been trying to ascertain whether any crucial fishing is taking place outside the 200-mile zone in those two areas and our understanding is that no important fishing activity is occurring.

Therefore, we would argue that if Canada advanced the view in the world community that we stand alone in this regard and that everyone else has their fishing resources protected because the continental shelves are 200 miles or less, and that we have a wider continental shelf than that and, therefore, we are not getting the same protection under the Law of the Sea as everyone else is getting, I believe there would be a fair amount of sympathy in the international community in favour of our argument. Of course, we could do what Iceland did to Britain 10 or 15 years ago, when they unilaterally extended their boundary 50 miles. Eventually, the

British tucked their tails between their legs and went home; Iceland had its fishery protected.

● (1520)

**Senator Marshall:** Mr. Premier, with regard to the present situation, despite the furore that has taken place, do you agree that the French will be catching less cod in 1987 than they did in 1986?

**Mr. Peckford:** I hope so, because the previous agreement expired last year and there was no provision for renewal under that agreement. The point is not that we are getting more—we all knew that we would get more because the agreement was going to expire. But in getting more, we have, through the January 24 agreement, provided the potential to turn that more to less when the agreement is signed by September of this year. We need more and more and we are entitled to it because those fish are off our shores. So when people make the argument that we are going to have more, my response is that we hope so, in the same way that we would expect to have more cars if we built a new car plant.

**Senator Marshall:** Is there not a danger that foreign nations such as Spain, Portugal, West Germany and even the United States, which are short of cod, will be overfishing beyond the 200-mile limit, which will mean less for us in the future?

**Mr. Peckford:** There is no question about that. I think that is a good point, senator. Very soon, irrespective of the resolution of the boundary dispute and the matter of the fishing rights of France, we will have to address the matter of this foreign overfishing on the nose and tail of the bank which is outside the 200-mile limit. It could jeopardize all of the other positive things that are now happening—the agreements that are expiring and that will not be renewed—which could and should give us more fish.

**Senator Marshall:** Mr. Premier, I am sure that you are satisfied in that you warned of the dangers and the federal government agreed with you. In view of what has gone on, are you satisfied that we are now headed in the right direction? Do you think the meetings to be held on March 24 in Ottawa, at which your government will be represented, could be the beginning of better things for the fishing industry?

**Mr. Peckford:** I think that is possible. As a result of the closing of the ports and the adamant statement that the Burgeo Bank is off limits, that there is no provision under any treaty allowing France to fish the Burgeo Bank, it would seem that there is some hope for improvement in this situation over what we saw a month or so ago. But the outcome remains to be seen.

On the matter of foreign overfishing, if I may come back to it, the federal government has agreed with the other fishing provinces to establish a task force. One First Ministers' conference addressed the problem of overfishing and it was decided at that conference that a study be conducted. A study has been done and a task force now has to come up with measures that can be taken to reduce foreign overfishing.

The outcome of the Saint Pierre and Miquelon boundary dispute, however, is still unclear. I think that one of the internal problems of the federal government—if I may be so bold as to comment on this—is the differing points of view between the resource department and the trade and external affairs department.

**Senator Marshall:** Thank you, Mr. Peckford.

**Senator Rowe:** Mr. Chairman, I should first like to express my appreciation to the Premier of Newfoundland for his willingness to discuss with us today these problems which confront us and which are very serious, indeed. They are serious from Newfoundland's standpoint and from Canada's standpoint—I suppose that France can be left on its own.

Honourable senators, I have no axe to grind—perhaps I do not need to say that—in what I am about to say. Everybody knows where I stand and where I have stood all my life politically. I am not necessarily here, then, to support anything that Premier Peckford or Mr. Crosbie have said outside this chamber. I want to say this, that the treatment accorded Mr. Crosbie, the Premier, the Government and the people of Newfoundland by the Government of Canada is utterly stupid—that is the only word I can think of. It is stupid beyond belief to accord that sort of treatment to these people, in particular, of course, to Mr. Crosbie and to Premier Peckford.

Having said that, I simply want to go on to make another point. I must say, with all the emphasis I can muster, that I feel there is some ulterior motive, something that we do not know about or have not been told about, behind that sort of treatment. What it is I do not know; I can only guess. We have been told—I think the evidence is almost irrefutable—that France has been given too much of Newfoundland's fish and that there has been no return commitment made by France for the favours granted her. We have been told by the Premier himself that he knew nothing about this agreement up to the very moment it was signed. How could anybody expect to get away with that kind of action, politically or in any other way? I realize that I am using some strong language, but one reason for that is the ignorance that is extant right across Canada in respect of Newfoundland. We have always had to contend with this factor in one way or another. I cannot help but think that if Prime Minister Mulroney and Mr. Siddon were familiar with Newfoundland's history, they would never have allowed themselves to get inveigled into this kind of situation. They are in trouble; it is not just Newfoundland that is in trouble.

Yesterday in this chamber I spoke briefly about some of the historical factors that must be brought to bear in this situation. I made reference to the 1857 agreement between France and Britain—then the two greatest powers on earth—about which the government and the people of Newfoundland knew nothing. In taking that action, those two countries left out completely one factor—just as someone has left out that factor today—which is the people of Newfoundland. Make no mistake about it, honourable senators, the people of Newfoundland are not going to swallow this. They are not going to allow anyone to get away with that. In 1857 we symbolically brought Britain and France to their knees. We did the same thing in

the year 1874 when Britain and France signed another agreement, again without any reference to the people or the Government of Newfoundland, which was totally discriminatory against Newfoundland; and again they left out an important factor, namely, that of the Newfoundland people. Newfoundland sent to the Parliament at Westminster a delegation of leading citizens of Newfoundland, mainly political figures, including the Prime Minister and other ministers. The delegates appeared before the bar of the House of Commons where they spoke to the members of the greatest Parliament in the world. They then conducted a campaign right across England, Wales and Scotland. The result was that France and Britain were again brought to their knees.

• (1530)

James Baird, a Newfoundland business fisherman, went to Westminster on two distinct occasions and won his case; and the action taken by Britain and France fell to the ground. Once again we had the spectacle of those two great nations trying to get away with something which was grossly discriminatory and unjust.

The Premier has answered most of the questions that I had planned to ask. However, I shall make one other point before concluding. The Premier referred to the application of levers. I was rather interested in the word "lever". This has happened before. From 1714, at the time of the Treaty of Utrecht, and through every major treaty right up to the 1890s—for 200 years—there was continual rowing and fighting between the Newfoundland settlers—or "livyers", or whatever you wish to call them—those who had come out from England, Wales and Ireland and who had taken up residence in Newfoundland and said, "We are here; this is our property, this is our fishery, this is our harbour." I will leave that thought with honourable senators. Perhaps the Premier may wish to comment on that.

One has to be careful in giving dates. In 1904 there was a *modus vivendi* between Britain, Newfoundland and France, as a result of which France, for all practical purposes, moved out of Newfoundland waters and away from the French Shore completely. That *modus vivendi* operated until recent years. My point is that for 50 years that was satisfactory to both the Newfoundland and French people. What happened then could happen again. I am not an expert in this, but I do know that on a number of occasions the rights of Newfoundland have been acknowledged and restored. That has happened repeatedly in the past, it could happen again. If it does not, and the problem is not solved to the reasonable satisfaction of the Newfoundland people—I say this with all the conviction at my command—we can expect continuing trouble for both Newfoundland and Canada, because historically I do not believe that the character of the Newfoundland people has changed all that much. We can expect continuing opposition from Newfoundland in one form or another, because historically Newfoundland has never acquiesced in what it considered to be discrimination and injustice.

My family has been in Newfoundland for over 300 years—as, I believe, has the Premier's family. We are descended from the early settlers of Newfoundland and we know how much injustice Newfoundland has had to contend with and is having to contend with at this very hour.



**The Chairman:** Mr. Peckford, do you wish to comment?

**Mr. Peckford:** My only comment is to say that I appreciate what the honourable senator has said. I have said it many times myself, not only recently but over the past two or three decades, in various other forums. When the honourable senator talks about other instances in our history—when other countries signed something secretly about which we didn't know and then, through the reaction of the people of Newfoundland, it was overturned—I guess that one of the startling ironies of the present situation is that we are having to do that now as a province of Canada, whereas before we were a colony of England. One would have thought that being a province of Canada should guarantee us that certain things would not happen which could easily happen if one's country is only a colony of a larger nation.

**Senator van Roggen:** Coming, as I do, from the west coast of Canada, I too have a feeling for fish, for the need for conservation, for the special lifestyle of fishermen and the special character which they bring to our society. While the industry is of importance to my province of British Columbia, it is not nearly of the overwhelming importance that it is to the province of Newfoundland, in relative terms.

I should like to deal with two points only. In your opening remarks, Mr. Premier, you referred to the fact that they used your fish to buy an agreement from France to arbitrate the boundary. Senator Frith later made reference to an agreement to arbitrate.

As I read the agreement, I find that section 2 says:

> Furthermore, the representatives of the Parties will meet before March 15, 1987—

I understand that that initial meeting took place in London:

> —in order to initiate negotiations with a view to concluding, concurrently:
>
> (a) a special agreement which shall submit to compulsory third party arbitration; and (b) establishment of annual fishing quotas.

When I was a young man studying law, I was taught that an agreement to agree was not an agreement, that it was not something that could be enforced by any court. I put it to you that what we have here is not an agreement to go to arbitration on behalf of France at all, but is simply an agreement to talk about arbitrating.

• (1540)

**Mr. Peckford:** That is right.

**Senator van Roggen:** If they want to insist that the only arbitrator they will agree to is the Minister of Fisheries of Mozambique, and we say that it should be the World Court and they do not agree that it should be the World Court, then there is no arbitration, and we have gained not even a tidbit from this trade of fish that has gone on. I suppose that France will be loath to go the World Court after the decision on the Channel Islands. If the same principle is applied to Saint

Pierre and Miquelon, they will not have that enormous claim to territory that they have made by using the principle of the equidistant line. I want to make it quite clear for the record that you are not talking about France having agreed to arbitrate a boundary, but about it simply agreeing to talk about agreeing to arbitrate.

**Mr. Peckford:** Exactly.

**Senator van Roggen:** In other words, nothing?

**Mr. Peckford:** Exactly.

**Senator van Roggen:** I have one remaining point, which is one of clarification. You mentioned something which was of interest to me because I am not knowledgeable in this area. That is, on the question of actual fishing complaints or whatever they may be, either side can take the other to arbitration. That is strictly over fishing. I would like you to explain that point a little bit more, if you would. I assume that where you are both fishing the same waters, if there is a dispute as to what the agreement says about how many fish may be taken, you can, of course, take the other side to arbitration, if you are within Canadian waters. But surely Canada cannot take somebody to arbitration for fishing off the coast of, for example, New Zealand. What about the disputed territory here? Are we able to take France to arbitration for the overfishing that it does in the disputed area?

**Mr. Peckford:** First, one of the big criticisms that we had of the agreement right after we heard about it and read it was that for all we were giving up, all we were getting in return was France's agreement to talk about going to arbitration, not its agreement to actually go to arbitration, on the boundary. So you are right there. That is all we have. This is where the real inherent weakness of that January 24 agreement lies. We have given a commitment for a new interim fisheries agreement, which would include northern cod for the first time. We have given away some 2GH fish, and they are still overfishing in 3Ps with no guarantee there. In return for all that, France has said, "Now, we will talk to you." That is the inherent, blatant and terrible weakness—and there is no other emphasis I can put on it—of the agreement.

Let me now deal with some of your other points. With regard to France's ongoing fishing rights off Newfoundland, not counting Saint Pierre and Miquelon, 3Ps and the Gulf, under Article X of the 1972 treaty either country can take the other country to arbitration on undefined fishing rights outside these areas.

**Senator Frith:** For the fish?

**Mr. Peckford:** Yes. For the boundary in the disputed 3Ps area, both countries have to agree to proceed to arbitration.

**Senator van Roggen:** And both countries have to agree not only to arbitration on the boundary, but to arbitration relative to what they are doing about fishing within that area?

**Mr. Peckford:** Yes.

**Senator Olson:** Premier Peckford, I am a senator from the prairie provinces. I want you to know that I think that we are fulfilling one of the main purposes of the Senate as part of the federal structure of Parliament in providing a forum, if you like, but also in searching for solutions when any region—in this case, it is the Atlantic region—has a severe problem. Therefore, we are highly supportive in trying to find a solution that meets with the approval of the people of Newfoundland.

In your opening remarks you said that the two main reasons that you reject the treaty are that it potentially gives away some non-surplus fish stocks and that you were not fully consulted in the final stages leading up to the agreement. If I understand you correctly there, would you give us a little better idea of what you mean by one of the solutions that you suggested—that is, concurrent control of the fisheries? I am not quite sure whether you would like such an arrangement to be on a consultative basis or whether you want to operate and administer some of the activities involved in controlling the fisheries offshore Newfoundland.

While you are answering that question, perhaps you could help me on another point. Have you had discussions on this matter with the other Atlantic provinces and, if so, do you agree where this concurrent jurisdiction in the right of each province would begin and end?

**Mr. Peckford:** Yes. We have been developing our position on this matter for many years. We presented a fairly comprehensive proposal to the previous federal government and to the present federal government on how this system could operate. Obviously, historic fishing patterns would have to come into play, and that is how you would establish a province's right to so much fish. The federal government would still establish the overall TAC's for the provinces, but the provinces would allocate the fish after the total allowable catch was determined scientifically. The province would have authority on some of the licensing and the allocation of the fish within its jurisdiction. Right now we do not have any such authority. What we are talking about is splitting the jurisdiction. Obviously some of the jurisdiction would still have to remain with the federal government, particularly as it relates to scientific research, total allowable catch and so on. Historic patterns would come into play, especially in the east because there are four provinces for which to determine the various shares of the various species. But after that total allocation, the province would have authority to use its fish for its provincial development as it saw fit.

**Senator Olson:** Do you believe that this proposal requires an amendment to the Constitution to give you what you require?

**Mr. Peckford:** Yes, we do. Otherwise, the process would be subject to change at the slightest problem or whatever. All the premiers have agreed. I can make sure that the honourable senator and anybody else who is interested receives a copy of our detailed proposal on concurrent jurisdiction.

Once again, it is not fair. The situation is similar to the one involving hydro transmissions, and I do not want to take up your time on that matter. However, it is in the bailiwick. I guess this is what Senator Rowe was referring to and what a lot of Newfoundlanders refer to from time to time; namely,

that we are being unfairly treated, because all resources are under the control of the provinces except for agriculture, where there is concurrent jurisdiction, and fisheries. We are not asking for total jurisdiction of the fishery, but a concurrent one. We recognize the ongoing responsibilities of the central government. But with more say in management, in the same way we now have a say in offshore resources, both the needs of the central government and of the provincial government can be met. In such a system, this kind of agreement would not happen because, as in any kind of concurrent jurisdiction, there is not total control and the central government would be obligated to consult with the province.

**Senator Olson:** Will this proposal be going before a First Ministers' conference? I am not talking about the conference with regard to native rights, but the one after that.

• (1550)

**Mr. Peckford:** Yes. After the Quebec proposals are dealt with—and we hope that within the next couple of months they will be dealt with one way or the other—the next round of constitutional discussions between the federal government and the provinces will concern itself with property rights, fisheries and Senate reform. That has been agreed to by all of the provinces.

**Senator Olson:** Thank you, Mr. Peckford. I have one other question. You talked about the problem with respect to non-surplus fish. You mentioned one species that was a valuable stock.

**Mr. Peckford:** Yes, Greenland halibut, and that is surplus.

**Senator Olson:** Greenland halibut is in surplus as far as Canadian fishermen are concerned?

**Mr. Peckford:** Yes.

**Senator Olson:** Do you know of any reason why either the French or Canadian negotiators did not use this stock instead of northern cod? I think you said it was a valuable stock.

**Mr. Peckford:** The French argued that they were not familiar with the species, but that has nothing to do with how their right is defined. The sad part about it is that when France said they were not interested, that meant that Canada decided that they could not be interested either, rather than saying: "France, we are here to define and eliminate the fishing rights that you had and it is for Canadian fish. It has nothing to do with cod or squid or capelin in particular, or mackerel or herring or anything else. It has to do with Canadian fish, and therefore we insist that if you are fishermen and you want to continue to fish and you do have a right, this species satisfies that right just as well as the non-surplus cod that you insist on getting, which is very important to Canada, especially that part of Canada called Newfoundland."

If and when this matter goes to arbitration, we can say to the arbitrator that he cannot in any way arbitrate that undefined right, nor can that right be defined by taking fish that is not available to give to France when we do have fish that we can give them. We do not understand why Canada was not stronger at the table in using those arguments and why Canada capitulated to the pre-determined interests that France had.

[Mr. Peckford.]

**Senator Olson:** This Greenland halibut would be taken inside the 200-mile zone that lies within Canadian jurisdiction?

**Mr. Peckford:** It could be inside and outside.

**Senator Olson:** Then France would not have to ask our permission to fish outside the 200-mile zone?

**Mr. Peckford:** It is in NAFO.

**Senator Olson:** I see. Are there any other stocks that you know of that could have been negotiated, other than this non-surplus northern cod stock?

**Mr. Peckford:** Silver hake on the Scotian shelf and redfish where there is a surplus in our waters are two other species that could have been proposed. There are others, but those are the two that come quickly to mind.

The other thing about it, of course, is that the right to fish is Canadian, and yet it is all coming off Newfoundland.

**Senator LeBlanc (Beauséjour):** Mr. Chairman, I hope Premier Peckford will forgive me for making a few remarks before I ask him some questions. We seem to make a number of speeches at each other in this chamber all the time, so I am sure that the Premier will allow me to make a few comments.

I have expressed my views on the process which appears to have broken down or to have been suspended for the January 23 and 24 session in Paris. I remain convinced that the Department of Fisheries was overruled and, of course, solidarity prevents them from so stating publicly.

Senator Marshall raised issues in 1976 which, of course, would have to be the object of negotiations after January, 1977, when we extended the 200-mile limit. However, the France-Canada relationship tended to be left on the back burner since the question of Saint Pierre and Miquelon had been settled not only generally but in terms of boats and the length of these fishing vessels. Also, France's right was, of course, to be phased out in 1986 which, I suspect, triggered a good part of the present crisis.

In 1972, an agreement was signed which I personally have defended to some extent although it was signed by my predecessor. I compared that agreement to the 1904 agreement which my colleague, Senator Rowe, is familiar with. The 1972 agreement was signed some years before the establishment of the 200-mile limit and there had been a degree of foresight, but of course it was not perfect.

I must attack one of Mr. Peckford's points on the 1982 long-term agreement with the E.E.C. I know that the industry is now saying that that was a very serious mistake, and by hindsight we always have much better vision. However, I would have to remind this house that in 1981 prices were dropping pretty dramatically on the U.S. market and warehouses were filling up and the industry was in pretty serious crisis. In fact, it was at the door asking to be bailed out. The European Community represented a market of 250 million consumers, a great many of them good fish consumers. At that

time it appeared that, with respect to cod, we were looking at a stock which was undergoing dramatic expansion and we could make a modest effort to try to penetrate the markets of Europe with that stock. I suspect that when the dollar varies again, the good days of 1986 and 1987 in the U.S. Markets will come to an end, and with a return to a weak market our warehouses will again fill up with surplus stock and we will see governments trying to deal with another cyclical crisis.

Mr. Chairman, the map that we are looking at is somewhat misleading because it does not have a line showing the fishing limits of what I would call the small community fisherman as opposed to a line showing the large Canadian vessels, the offshore trawlers that have replaced the foreign vessels. The 200-mile limit was not argued on behalf of the businessmen of Halifax and St. John's; it was argued on behalf of the isolated communities of Newfoundland and the inshore fishermen. It was on their behalf that we went to the international community and asked the foreign fishing fleets to leave our shores.

We had Mr. Bulmer before us the other day reflecting some preoccupation on the overfishing. We have very conveniently forgotten that we had to pay those large offshore vessels; we had to share the risk of their fishing off Hamilton Inlet because traditionally they had not fished there. Therefore those who proclaim historical rights from the boardrooms of the two major companies might want to look at the history of their fishery.

That concludes my remarks and I would now like to ask Mr. Peckford a few questions. I regard the Gulf and 3Ps as a fully-exploited—if not an over-exploited—area with, in fact, some over-capacity. I wonder if Canada could have achieved a disciplined fishery in 3Ps and the Gulf—and by that I mean an orderly quota-controlled fishery—by making available a modest amount of northern cod to be traded off in order to achieve a period of serenity while the negotiations with respect to the boundary question were continuing.

• (1600)

**Mr. Peckford:** How can you defend giving something that is non-surplus for that kind of peace? How can you defend taking fish from your own people because it is non-surplus, and then turning around and giving some of what is not there to a foreign nation?

Why preoccupy ourselves with northern cod, which is so valuable to Newfoundland and to Canada? Why not preoccupy ourselves with putting forward the best case we can on defining the undefined right for Canadian fish and direct our minds to trying to satisfy that French right with surplus fish?

I should like to make a couple of comments on your observations. First of all, the problem we have with the 1972 treaty is its perpetuity clause. That is what we find most distasteful.

You talked about the long-term agreement with the E.E.C. countries. We would make two points, which we made at the time. First, there was an erroneous scientific projection made regarding an expansion of the northern cod stock. You talked about a "dramatic" expansion in that stock. That did not occur. That is why we have had a reduction of 10,000 tonnes this year. The policy was based on an erroneous assumption of dramatic expansion of stock.

Second, we believe that fish should never be traded for market access. We do not do that in the forestry industry, in the mining industry or in other industries. Why, in the name of all that is good and holy, should we do that with fish?

You talked about the inshore fishermen and why Canada went to international politics to get the 200-mile limit. I agree with that. I think that was a strong card in our favour at that time. We have, as you know, an inshore allowance each year to ensure that the inshore fishery is taken care of.

Over the past few years we have not caught that because there have been biological problems, mainly because of cold water or dirty water, as the scientists have said, but nevertheless the inshore fishery has been protected in the overall regime of fishing on the east coast.

**Senator LeBlanc (Beauséjour):** I do not think we could agree on the issue of whether there was a dramatic increase unless we had before us the pattern of the catch of Canadian fish from 1977 to 1987. Perhaps I should not have used that word; perhaps I should have said a "substantial" increase of Canadian catching of that stock. I say that because we did replace the large overseas trawlers with offshore vessels.

Regarding the discussions on fishing zones outside the 200-mile limit, where some 10 per cent of Canadian fish is normally caught—and I would have to check on that, but my memory is that 10 per cent of Canadian fish was caught outside the 200-mile limit—the Premier advocates that to protect these stocks we should use other instruments or other means. We have resisted linking one industry to another, or one resource to another, because we would not want to see fish traded for automobile protection one day. That has been a consistent policy of Canadian governments.

If we are looking for leverage with foreign nations fishing outside the 200-mile limit, what measures does the Premier suggest that would prevent misbehaviour outside the 200-mile limit where we have no internationally-recognized policing authority, except that in the NAFO Treaty?

What does the Premier advocate to prevent interception of Canadian salmon, both on the east coast and the west coast, which in fact are far-ranging and go well beyond the 200-mile limit, because they, too, are subject to international misbehaviour?

I should like to know what measures the Premier suggests that would give Canada the leverage necessary to impose discipline outside the 200-mile limit.

**Mr. Peckford:** We would propose, first of all, going to the international community, through the United Nations, or whatever other forum is available, to indicate that we are the only country where there is a vital fishery outside of the now 200-mile zone, as agreed to at the Law of the Sea Conference, and if that failed, we should unilaterally declare our jurisdiction over it for the purposes of managing fish, not for the purposes of extending it beyond that for hydrocarbons or

minerals on the ocean floor, but for the management of the fish resource because that is just as much a part of the continental shelf as is 50 miles out, 20 miles out or 100 miles out.

So, we would take the peaceful, diplomatic, civilized, reasonable route of going to the international community, but if that failed, we would have to protect ourselves. It is as much a part of the continental shelf as the rest of it, and it is very important to us. We would then advocate more drastic action and unilaterally declare our management of that fish resource on the nose and tail of the bank.

Senator LeBlanc and I have been part of this business of northern cod in our various capacities over the years. Let me say to the senator that when he talked about a dramatic increase, it was projected to increase to allow a total allowable catch of 450,000 tonnes by 1985-87. That was the projection. We are now into almost five years of 266,000 tonnes as a total allowable catch. In other words, we were away out on the predictions that were made. We are out almost 200,000 tonnes. We are now at a TAC of 286,000 tonnes, and according to the projections that were made at the time, the basis of which was part of the long-term agreement, we should have been at 450,000 tonnes. It is at 256,000 tonnes this year because we just received a 10 per cent reduction, even though there are all kinds of fish out there to give to France.

**Senator LeBlanc (Beauséjour):** With the long-term agreement concluding this year, you will have an additional 10,000 tonnes this year and more in 1988.

**Mr. Peckford:** Yes, when the long-term agreement concludes this year, there will be 9,500 tonnes in the 2J+3KL area which we will have in addition to what we have this year.

**Senator LeBlanc (Beauséjour):** Perhaps we should both check our arithmetic on this. I am functioning from memory here because I do not follow this on a detailed daily basis. When we have checked, perhaps we should put before the Senate the figures as we discover them to be so that honourable senators can compare those figures.

On the issue of jurisdiction, Senator Olson has asked most of the questions I had in mind, but I have one simple question for the Premier. Has consultation taken place between biologists and the fishermen, or has the issue been discussed mainly with lawyers?

**Mr. Peckford:** On the question of jurisdiction?

**Senator LeBlanc (Beauséjour):** Yes, particularly in the Gulf, which is a more complex area, including that part in the Prime Minister's riding, by the way.

**Mr. Peckford:** No, we have not discussed the proposal of concurrent jurisdiction widely, if that is what you are talking about. That would be based on historical patterns; whatever the historical pattern of fishing was in the Gulf for the various provinces, it would be split along those lines in the future. But the federal government biologists and the federal government would still be the paramount research agency in determining the biomass and how much is available to be taken out of any one area and from any one species.

**Senator LeBlanc (Beauséjour):** In that case, we had better consult biologists and historians, because I suspect that the historic capture may be the subject of a great deal of debate. It will be interesting television when it comes about.

• (1610)

**Senator Petten:** Mr. Premier, I welcome you here this afternoon. As a Newfoundlander, thank you for your detailed explanation of Newfoundland's position.

I understand that recently a group from Saint Pierre and Miquelon met with you in St. John's. Would you care to comment on that meeting and how it went, Mr. Peckford?

**Mr. Peckford:** Yes. They were concerned about the factory freezer trawlers in the 3Ps area and how this would impact on their ongoing fishing activity. They now have a right to ten trawlers of 150 metres maximum—150 feet approximately—in perpetuity in the Gulf. So they are very concerned about that whole fish stock being protected. They believe that they are somehow being jeopardized for Brittany and metropolitan France and are being left out and not being considered as much as they think they should be. So they wanted to hear how the Government of Newfoundland felt about it.

Our response was the same as made in our presentation, namely, that if the right management and conservation methods are used, there is the reality that Saint Pierre and Miquelon will have sufficient resources of fish to maintain its society as it has done in the past, and we in no way want to interfere with that.

So we both have the same people as our targets: The French government and the unreasonable way that they have been overfishing the 3Ps stock.

**Senator Petten:** If I could speak as a Newfoundlander, in our view we would make a distinction as between the fishing vessels from Saint Pierre and Miquelon and those from metropolitan France.

**Mr. Peckford:** Yes.

**Senator Godfrey:** I am asking this question out of complete ignorance. You talk about a surplus of fish like Greenland halibut and you suggest that France should have been allotted it. Why is it surplus? Why aren't the Newfoundlanders catching it? Is it because it is uneconomic? If it is uneconomic for them to catch it, then why would France be interested in it? I am a little confused.

**Mr. Peckford:** Primarily, our fishery is an inshore fishery, although we have some offshore fishery as well with certain trawlers. We are into wet fish trawlers and some freezer trawlers, but we are not into the large factory freezer trawlers as are the metropolitan French fleet and some other countries around the world. There is a debate going on as to whether that technology is really a modern technology or an old technology. So you have to look at the history of the Newfoundland fishery.

A lot of the fishery on the Labrador coast and down the northeast coast is the inshore fishery. "Inshore" means that the northern cod swims from offshore to inshore—right up on the rocks—and the fishermen trap it and net it. The boats used are anywhere from 19 to 40 feet long—an open boat type with perhaps a little cabin on it—which would be a small inshore boat for some trap and net fishery—and then there are longliners, which get into far more nets, and so on. They range in size from 45 to 65 feet, but they are all that size of boat. The Greenland halibut are further offshore and have not the same biology of swimming from offshore to inshore, so you have to use a large offshore fleet.

Our fishery is based on lobster and crab—which are right by the rocks—and codfish, which are caught using small-to-medium sized boats; herring and mackerel, which also swim in schools in the bays around Newfoundland, and which are, therefore, easily accessible by small- and medium-sized boats; the squid, when they come every seven or eight years, or two, three, or four years, which also come inshore; and the capelin in the springtime, which are driven in by the cod. These were and still are fished for by isolated communities that are far away from major urban centres, and they rely upon a zero to ten-mile offshore fishery. The sixty-five foot boats would fish in the ten-mile zone, but some of them would go out further than that. That is the traditional fishery which involves many species. Early in the spring there is the capelin; then those who have lobster licences can fish for lobster and those who have crab licences can fish for crab; then there is some turbot fishery in various parts of the island as well. The main cod fishery is in July and part of August; then herring and mackerel fishery is in the fall; and there is also some squid fishery, if the squid are in in that particular year. It is a fishery historically based upon a biology which says: These species are either spawned in the bays or swim into the bays to the shore and make possible a viable fishery in small boats.

Now we get into offshore fisheries. We now have Fishing Products International and National Sea Products which catch not only codfish offshore but also grenadier, halibut, perch, redfish, and all of these others. It has been concentrated mainly in the Gulf and south parts of the island and on the Scotian shelf, but, as technology has improved, fishing boats are going further and further north at the right times of the year. Even when there is ice, they can be ice reinforced. The Greenland halibut is a valuable species. It is located up north, but with factory freezer technology, and so on, countries can fish it and make money on it. It is a profitable business.

**Senator Marshall:** Despite some of the controversy we went through in the past couple of months, for some reason or other the fishery has never been better. The total landed value is the highest on record, $196 million, and the catch was up to 500,000 tonnes, which is nice to hear and nice to see. We who are connected with the fishery in some way wonder why all of sudden, after so many bad years in Newfoundland, the FPI, for example, is making a tremendous profit and National Sea are making bigger profits than they ever did. What is the reason?

**Mr. Peckford:** The offshore fishery has been highly successful the last couple of years, but this success disguises the disastrous inshore fishery.

If I can take Cape John as my mark here, the cod fishery south of Cape John this year was a disaster. The capelin fishery was good, but the cod fishery, which is still the staple species, was not. There are not as many licences issued to fish the other pelagic species but there are a lot of people who are allowed to catch codfish.

• (1620)

From Cape John south, the unions argued that the situation was bad because the two offshore companies which are doing well had concentrated their efforts as close as they could to where their plants were. They were only fishing in 3L and 3K. If you look at the locations of 3K and 3L, and if you consider the fish being moved inshore parallel, you will see that south of Cape John there were very few fish. However, north of Cape John the situation was quite different because very little had been taken by the offshore fleet.

Now the federal government has put observers on our own domestic offshore fleet so that they disperse their effort, because it is still economic for them to catch the fish this far north and bring them down to the plants. They are doing that now. I would compliment Mr. Siddon on his initiative in that regard as I have done on other occasions. As of the last couple of weeks there was excellent fishing offshore in 2J. As I said, we have observers on our own ships to make sure that they spread their effort so that when they are finished in the spring there will be sufficient biomass left to swim inshore to ensure that the inshore fishery is good all along the coast and not just on the north coast.

Perhaps I could just mention one other matter which is very important to me. Since 1949 our per capita income has remained stable. We are still at 54 per cent of the Canadian average per capita earned income. It is below our net income, our gross domestic product and all the rest of it. Therefore, whilst the offshore fishery is good, we hope that the inshore fishery will get better and that may improve our situation.

**Senator Marshall:** Are you speaking of this on a provincial basis?

**Mr. Peckford:** Yes. That is why the fishery is so important to us. We cannot allow one pound to be taken by others because our economic situation has not improved since 1949.

**Senator Marshall:** You had some hesitation in supporting the application for three fish factory freezer licences. Are you referring to the factory freezer trawlers of National Sea?

**Mr. Peckford:** No.

The other point I would like to make is that Saint Pierre and Miquelon has ten factory freezer trawlers. Obviously, how much fish they catch will depend on the state of the stock at any time. That would have to be reasonably determined. In other words, Newfoundland has not taken the position that Saint Pierre and Miquelon can, over time, fish indiscriminately. On the other hand, we cannot guarantee them a certain

poundage or tonnage. They do have, in perpetuity, those ten trawlers of approximately 150 feet each. We have to be careful how we split up the whole stock to make sure that we are protected.

**Senator Frith:** In a sense, do they compete with metropolitan ships?

**Mr. Peckford:** Yes.

**Senator Frith:** The agreement of January 24, 1987, has been explained and clarified a good deal by you today. I get the impression—and this is probably putting it mildly—that you do not think it was a very good deal.

At the same time, you said that you could not understand why such a deal was made but you wondered about the fact that there was a trade agreement made with France at the same time. This raises the question—which is also implicit in another point you make—that there was a certain linkage there. I take it from reading the papers that you have had that suspicion for some time, and I wonder if you have more information to the effect that there was, in fact, some linkage and that the bad deal made with France was to encourage them to make a deal on another subject that was more advantageous to Canada.

**Mr. Peckford:** It is difficult to make the linkage. It all happened in the same department.

In their newsletter, the Department of External Affairs has lauded this very historic trade agreement between the two countries for five years. It commenced in the same month the fishing agreement started.

However, I cannot establish any evidence to demonstrate that they were linked except that both agreements were negotiated by the same department.

As I said earlier, one of the problems that I think Senator LeBlanc would, perhaps, tend to agree with me on, is the fact that, in some cases—and this is a prime example—the resource department is overridden by the Department of External Affairs. I think, in fairness to Mr. Siddon and his people, from all the information we have been able to gather, that is quite likely what happened.

It is somewhat unusual that in the same month, almost in the same week, we were excluded for the first time after nine years, and that, knowing our position on northern cod, they were able to commit it in one agreement and, at the same time, laud an historic trade agreement with France.

**Senator Frith:** I read your position as being that it is a reasonable inference that there was some connection, is that correct?

**Mr. Peckford:** Yes.

**Senator Frith:** Is it correct that nothing that has happened in the meantime has made you think that that inference is less reasonable than it was in the first place?

**Mr. Peckford:** I would only qualify that to the extent that the announcement yesterday would tend to indicate that Canada may be firming up its position, but whether that is, in fact, true or not, or whether it is just a number of symbolic gestures, I do not know.

If, in fact, the Canadian government is saying, "We are taking this very seriously because we are very worried about the concerns Newfoundland has had and we are now firming up our position. We are doing these two things to demonstrate to France that when we sit down the next time we are going to be tougher," then that is fine but the proof of the pudding is in the eating.

**Senator Frith:** That would seem to me to be further evidence that you were right in the first place.

I must say, Mr. Premier, that this has been a very educational experience for me and, I believe, for many of my colleagues.

I thought I heard you mention something about Senate reform. While we have you here, it might be interesting to hear how you think the Senate might be better reformed to deal with problems of this kind and other Newfoundland problems. Do you have any such views?

**Senator Marshall:** Mr. Peckford is keeping them to himself.

**Mr. Peckford:** In the last year or so, there has been a lot of pressure from the west as it relates to this whole question of the role of the Senate.

To this point in time we have not taken a strong position to disturb the *status quo*. We have always expressed a concern that an elected Senate, almost by definition, would tend to diminish the powers of the provinces.

Therefore, we have always argued that that is not in the best interests of the kind of federation that we have—as was witnessed by what happened recently. We maintain that position and we have not advocated an elected Senate.

However, additional pressure will be put on all the provinces by three or four who are strongly in favour of that. Provinces in the west feel that this is an avenue by which they can have a greater voice here at the centre. By the same token, I think that will diminish the federation as we know it.

**Senator LeBlanc (Beauséjour):** Honourable senators, just to leave no shadow on the record, I believe the premier used my name in order to borrow my support for the argument of linkages. The fact is that I wanted to be very clearly understood that, although it can be tempting at times to use the advantage of another department to sustain your own, I think it is very bad policy. It also opens the door to some very dangerous precedents when there is geographic competition. I have in mind one instance when the west coast fishermen proclaimed that we had made a deal with the U.S. on Georges Bank which weakened their hand. In reality, we treated both coasts completely and absolutely separately, for obvious reasons.

● (1630)

I can think of no case when I was in that portfolio of my being overruled by my colleagues. I never wanted the job enough to stay with it under conditions that would allow my colleagues from another department to overrule my decision.

That doesn't mean that you do not fight within the system, but, at one point, if you cannot stand the heat, you get out of the kitchen.

**Mr. Peckford:** I intend to stay in the kitchen for a long time to come, senator.

**Senator Bosa:** My question has nothing to do with the Canada-France fishing agreement. It follows up on the question put by Senator Frith as to the role that the Senate should play in its relations with provicial governments in this and similar matters.

When the Senate was created in 1867, it was given two specific areas of endeavour, one of which was to represent and protect regional interests; the other was to act as a counterweight to the popularly elected House of Commons. I do not want to analyse these two areas to determine how effectively the Senate has fulfilled those objectives. Recently there has been a suggestion that a cross-party committee be formed to interface with provincial governments. At the present time, there is no mechanism for this process.

Premier Peckford may be aware that there are now in existence some 1,000 agreements between the federal and provincial governments. These agreements are not scrutinized or analysed by any one political body. I think that the Senate would like to do something in that area. Does the Premier have any opinion on this suggestion? If he does not wish to answer my question now, perhaps he could take it under advisement—

**Some Hon. Senators:** Order!

**The Chairman:** Senator Bosa, I permitted a question, you are making a speech.

**Senator Bosa:** I am asking a question. Mr. Chairman. If you analyse what I have said, you will find that it was the preface to my question. I had to preface my remarks in that way in order to put my question. Others have made speeches today and they were not interrupted, so I do not see why you should interrupt me at the very moment I am making my point.

**Senator Marshall:** It is a little fishy, though.

**Senator Bosa:** If the Premier does not wish to answer my question now, perhaps he could take it under advisement and let me know his opinion later.

**Mr. Peckford:** I would like to respond to your question, senator, by saying that I think there are areas like the one you have mentioned which could strengthen the role of the Senate. As you articulated, one of the primary objectives of the Senate under the Constitution of 1867 is to protect regional interests. A committee such as the one you have suggested would, in my view, be given serious consideration by all of the premiers.

**Senator Bosa:** Thank you, Mr. Peckford.

**The Chairman:** On behalf of honourable senators, I would like to thank the Premier and his aides for their very good presentation.

**Senator Doody:** Honourable senators, I rise on behalf of senators on both sides of the chamber to extend our thanks to Premier Peckford and to his officials. It has been a very useful afternoon. I think the position of Newfoundland and, indeed, of eastern Canada has been pointed out graphically and I am sure that many of my colleagues gained a lot of insight this afternoon.

I should also mention in passing that Senator Murray and Senator MacEachen had to leave during today's proceedings because both of them must attend an important function in Atlantic Canada. That made it necessary for them to depart early. I am sure they were disappointed at having to miss some of today's proceedings.

**Senator Frith:** There was no discourtesy intended.

**Senator Doody:** Absolutely not. Once again, Premier Peckford, thank you very much for attending.

**Hon. Senators:** Hear, hear!

**Mr. Peckford:** Mr. Chairman, if I may, I would read one more thing into the record. Whatever is said here and in other places is extremely important. I would like it clearly read into the record that future allocations of fish in Canadian waters to Saint Pierre and Miquelon would have to reflect recent catches made by fishermen of Saint Pierre and Miquelon in these waters. I trust that there is no misunderstanding about our position.

**Senator Frith:** Honourable senators, I move that the committee rise, that the chairman report progress and request leave to sit again.

**The Chairman:** It is moved by the Honourable Senator Frith that the committee rise, report progress, and request leave to sit again. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

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**The Hon. the Speaker** *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

**Hon. Rhéal Bélisle:** Honourable senators, the Committee of the Whole, to which the Canada-France Fisheries and Territorial Boundaries Agreement had been referred, reports having made some progress and asks for leave to sit again.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall the committee have leave to sit again?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Next sitting.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Petten, that the committee have leave to sit again at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

## MARRIAGE (PROHIBITED DEGREES) BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Tremblay, for the second reading of the Bill S-5, An Act to amend and consolidate the laws prohibiting marriage between related persons.—(*Honourable Senator Neiman*)

**Hon. Joan Neiman:** Honourable senators, I defer to Senator Hicks.

**Hon. Henry D. Hicks:** Honourable senators, I will speak only briefly on this subject. I want to make the point again I made here on a previous occasion, that I do not think it is necessary to include in this legislation adopted children. This legislation has to do with consanguinity, with the genetic effects of marriage between persons who fall within certain relationships within the family. I do not think that an adoptive relationship should be the subject of legislation of this kind. I am not debating the desirability of what I am sure some social workers would call the traumatic effects upon some young girl, for example, who had been adopted and later was to be married to her adoptive father. There may be all kinds of reasons against this. I urge that the committee to which this bill is referred should study this question carefully, including perhaps a reference to some expert witnesses such as Professor Hubbard from the University of Ottawa who gave evidence on this specific subject. It may very well be that this legislation would be improved if we took out the reference to adoptive children or adoptive persons in a lineal relationship to the other partner to the proposed marriage.

• (1640)

On motion of Senator Neiman, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, March 19, 1987**

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

Prayers.

## THE LATE HONOURABLE DOUGLAS CHARLES ABBOTT, P.C.

TRIBUTES

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, two days ago, on behalf of all of us, Senator Murray expressed regret at the passing of Mr. Justice Abbott. At that time nothing was added to what Senator Murray said. On my own behalf, I should like to say a word or two now.

Douglas Charles Abbott served with great distinction for many years in Canadian public life. As I recall, he began his career with Prime Minister Mackenzie King. In 1945 he was appointed Minister of National Defence and later Minister of National Defence for Naval Services. In the administration of Prime Minister Louis St. Laurent he served as Minister of Finance, a portfolio—one of the most difficult in all of Canadian politics—he survived successfully. His reputation, in fact, grew rather than diminished as the result of his performance as Minister of Finance. He is remembered as being the epitome of a gentleman and a statesman.

Honourable senators are aware that he was also a distinguished judge of the Supreme Court of Canada. On one occasion my friend Tony Abbott, his son, related a quotation that I believe has been attributed to others—on one occasion it was incorrectly attributed to me—when in reality it originated with Doug Abbott and his friend "Chubby" Power. Honourable senators will remember that he went to the Supreme Court and that "Chubby" Power came to the Senate. Tony Abbott told me that on one social occasion Chubby said to Doug, "You know, Doug, the Senate is a wonderful place. The sweetest sound in all Canadian politics occurs on the morning after one's party has lost a general election and one hears the words "Good morning, senator.' "

Judge Abbott had another connection with the Senate. He was the chairman of a commission on parliamentary facilities. He had a lot to do with the Senate in the sense that he made what were, for that time, very far-reaching proposals for better facilities for senators. As a matter of record, many of his suggestions were put into effect by the government and by the Senate administration. His connection with the Senate, then, was not limited to his relationship with "Chubby" Power.

Honourable senators, he was a great man and a great Canadian—something we often say on these sad occasions but, in this case, something well worth repeating. I take this moment to express a deep regret at the passing of someone whom many of us are proud to have known and all of us are proud to have admired.

**Hon. Eymard G. Corbin:** Honourable senators, I should like to add a few words to those expressed by Senator Frith. Senator Lefebvre and I, and perhaps other members of this house, had the unique opportunity of serving with the late Mr. Justice Douglas Abbott on the advisory commission looking into parliamentary facilities. It will remain in our minds and hearts as a really unique experience because of the particular qualities of the person who presided over the work of that group, namely, the late Mr. Justice Abbott.

We did indeed make a number of recommendations to improve the day-to-day work of members of Parliament in this city and on the Hill. A number of them have been implemented. It was our hope that the government would rapidly put most of those recommendations into effect. In fact, great progress has been accomplished on the Commons side of Parliament, but since my coming to this august house I have noticed that we are seriously dragging behind in terms of contemporary, modern, efficient facilities which would allow senators to play a greater, if not a full, role in the nation's parliamentary life.

I say that as an aside. My purpose now is to extend to Mrs. Abbott and her family our heartfelt condolences. I personally regret very much the passing of Mr. Justice Abbott who was not only a real business type, a no nonsense man, but also a real gentleman.

## OFFICIAL REPORT

CORRECTION OF STATEMENT BY DEPUTY LEADER OF THE GOVERNMENT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, before dealing with the Presentation of Petitions, I should like to call the attention of the Senate to an error in the *Debates of the Senate* for Tuesday, March 17, 1987, at page 638. In the course of my remarks on the borrowing bill I said:

> The terms and conditions of those treasury bill auctions are always announced a month ahead of the actual auction itself.

I should have said "a week". I suspect the error is mine and not *Hansard's*. I did not pick it up. However, it is a substantial error and one that really needs correction. To announce a weekly treasury bill auction a month ahead of time would take a little bit of doing on the part of anyone!

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Nathan Nurgitz:** Honourable senators, I have the honour to present the Fourth Report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "A", p. 679.*)

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

On motion of Senator Nurgitz, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

FIFTH REPORT OF JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Nathan Nurgitz:** Honourable senators, I have the honour to present the Fifth Report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

(*For text of report see Appendix "B", p. 682.*)

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

On motion of Senator Nurgitz, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## THE ESTIMATES, 1987-88

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS APPENDIX

**Hon. William M. Kelly:** Honourable senators, the Standing Committee on National Finance has the honour to present its Fifth Report respecting its examination of the expenditures proposed by Supplementary Estimates (A), laid before Parliament for the fiscal year ending March 31, 1988. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report see Appendix "C", p. 693.*)

[Senator Doody.]

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

**Senator Kelly:** Honourable senators, I was about to ask for leave for the report to be considered now. Since the report is now being distributed to honourable senators, I should ask the question: Is that an appropriate suggestion?

**Senator Olson:** No, it is not.

**Senator Kelly:** Senator Olson says that it is inappropriate. Perhaps the report could be considered later this day.

On motion of Senator Kelly, with leave of the Senate and notwithstanding rule 44(1)(e), report placed on the Orders of the Day for consideration later this day.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TENTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, March 19, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TENTH REPORT

Your Committee recommends that each Senator be allocated $3,077 in the next fiscal year to be used at his or her discretion for research assistance and that senators be allowed to pool their amounts with other senators if they so wish.

Your Committee also recommends that a proportional amount of these funds, in the current year budget, be made available starting immediately. Senators wishing to use these funds should contact the Director of Personnel by letter regarding contracting arrangements.

Respectfully submitted.

GUY CHARBONNEAU
*Chairman*

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, with leave, I move that the report be adopted now. I shall give an explanation.

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

**Hon. Senators:** Agreed.

**Senator Frith:** Honourable senators, this is a question that has been before the Senate, before the Internal Economy Committee and before the caucuses for some time.

**Senator Nurgitz:** Is it being distributed now?

**Senator Frith:** I believe it is. In the meantime, let me remind you that in the last fiscal year there was an allocation in the budget that would average out to approximately $3,000 per senator. However, the plan as it was originally introduced was based on a division of research funds to be allocated to the two caucuses, then sub-allocated within each caucus. Both caucuses spent a good deal of time with subcommittees or representatives attempting to work out a system, and we were not successful. The system we have come up with here is far from perfect and has been around for a long time. What we are suggesting is that we give this system a try to see how well it works. Of course, it implies an allocation between caucuses because of the allocation to each senator, and the idea is that senators will be credited with an amount for research assistance. Obviously, at these figures, it will not be used to pay salaries but perhaps to fund contract research assistants. There is also permission to pool the amount so that there can be an assignment. Senator Doody, do you have the wrong one?

• (1410)

**Senator Doody:** Yes, the one that has been circulated deals with dental care.

**Senator Nurgitz:** We were thinking of mental care.

**Senator Petten:** The other one is on the way.

**Senator Frith:** You are looking at the next report and, as we say in court, "I am coming to that, My Lord!"

**Senator Doody:** Do you suggest that we study this one now while we wait?

**Senator Frith:** It would not be a bad idea.

**Senator Flynn:** When you say that, you do not usually have a good argument, anyway.

**Senator Frith:** As Senator Flynn says, when you use that expression it is not so much that you do not have a good argument, but rather that you have nothing to say on the subject and you hope that the judge will not remind you of your promise that you will come to that point.

In any event, that is the essence of this report. The only thing that takes me a little by surprise is that it says:

. . . be allocated . . . in the next fiscal year . . .

The committee itself was prepared to allow for some allocation this year, provided a system of partial allocation could be arranged within the guidelines of the Treasury Board, the Financial Administration Act and the Auditor General. Therefore, if I understood correctly the view of the committee, the wording should be:

. . . be allocated $3,077 in each fiscal year to be used . . .

I doubt that anyone will find a way to use that money this year, but I assure you that the money is there in the budget and, in a case like that, it is amazing what genius can suddenly appear when there is money to be spent!

**Senator Simard:** Senator Frith, the second paragraph of the report covers the current year.

**Senator Frith:** Senator Simard has answered the point. It is covered in the second paragraph:

> Your Committee also recommends that a proportional amount of these funds, in the current year budget, be made available starting immediately.

Therefore, "available" means that there is a way of doing it within those guidelines.

**Senator Flynn:** Does that mean that the whole amount can be allocated for the remainder of the fiscal year?

**Senator Frith:** Not practically, no. In practical terms, I think it would be difficult for any of it to be allocated.

**Senator Flynn:** I do not want it to be difficult; I want it to be impossible.

**Senator Frith:** It is close to that, I think. Honourable senators, for those reasons, and because this matter has been around so long, I am asking that we deal with it today and dispose of it.

**Senator Denis:** As there are many old senators, I would like to know if the dental care plan deals with false teeth costs.

**Senator Frith:** Honourable senators, we are not yet at the report dealing with dental care. As Thursdays sometimes do, this is turning into a sort of "happy hour". We have not yet reached the report dealing with dental care. "I am coming to that, My Lord!"

Motion agreed to.

ELEVENTH REPORT OF COMMITTEE PRESENTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, March 19, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

ELEVENTH REPORT

Your Committee recommends that Senators agree to join the Public Service Dental Care Plan, effective March 1, 1987, on the same terms and conditions as the Management Category of the Public Service, namely, compulsory membership, monthly contributions shared 50-50 by the Senators and the Government, and voluntary spousal and child coverage.

A description of the benefits available is found in the document entitled "The Public Service Dental Care Plan" published by Supply and Services Canada, 1987.

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I am going to move that this report be considered at the next sitting of the Senate, but would ask leave to give a brief explanation of the report at this time.

**Senator Flynn:** Is it that urgent?

**Senator Frith:** It would appear to be urgent, but let me explain.

**Senator MacDonald:** Nothing dentured, nothing gained!

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

**Hon. Senators:** Agreed.

**Senator Frith:** Honourable senators, yesterday we heard about how Senator MacDonald's bons mots invariably get him into trouble, and since I love to see Senator MacDonald in trouble, I want to be sure that the *Hansard* reporter caught his bon mot. It was "Nothing dentured, nothing gained!"

Honourable senators, the Internal Economy Committee has examined this dental care plan. It appears to be an excellent plan and the committee recommends the Senate take advantage of it, but to understand the proposal I think we should ensure that the document entitled "The Public Service Dental Care Plan", is circulated to all honourable senators so they can study it.

As I stated in connection with the previous motion, the plan is not perfect. I have compared it to two other plans and have found it very advantageous as far as premiums are concerned. I have not made a detailed comparison of the benefits except in one instance, and these benefits are roughly parallel to the benefits found in the one I have examined.

You will notice in the report that reference is made to the date of March 1, 1987. If we approve this, coverage will be retroactive to March 1, 1987. Of course, and understandably, we will have to pay the premiums from March 1, 1987. However, the premiums are attractively low.

There are two other features honourable senators might want to consider. They were brought up at the committee meeting held earlier today. I, naturally, focused on the premiums for single persons, since those are the ones that would apply to me, being a widower. Premiums for couples are higher, as are those that cover children.

On the subject of children's coverage, I understand that in the province of Quebec children are automatically covered if the parents reside in the province of Quebec. We were told earlier today that if a person is in that position, as I know some honourable senators are, that would not create a problem because they would simply not have to cover the children. In other words, one can obtain single coverage, or coverage for a spouse as well, but not necessarily coverage for children.

Those are the factors I suggest honourable senators take into account when studying this report. We will try to get a copy of the plan to every senator so we can deal with it some day next week, or whenever we think it appropriate.

**Hon. John M. Godfrey:** Honourable senators, I should like to ask the honourable senator a question. What about those of us who are covered under another plan, and I must say a somewhat more generous plan since there are no contributions involved. That plan is with my old law firm. I ask that bearing in mind that this is to be compulsory.

**Senator Frith:** If an honourable senator is already covered by another plan, I believe that is an acceptable exemption, but I am not certain. That is something we will have to look into. That is an important question.

• (1420)

**Hon. Paul David:** Honourable senators, may I ask Senator Frith a question? I would like to know what the definition of the word "children" and the the word "child" is, and at what age does the definition cease to apply?

**Senator Frith:** I don't remember; you will have to look that up in the booklet. I do not have a copy of the booklet setting out the plan, but I believe it has the answer to that question. I am sorry, honourable senators, I do not know the answer.

**Senator David:** Because, Senator Frith, in Quebec there is a limit—I think the age is 14—for the coverage of children. Therefore, I would like to know if the coverage will be the same in this program.

**Senator Frith:** Honourable senators, it would be helpful to all of us if colleagues who live in the province of Quebec could tell us about that when we return to the item when it next appears on the order paper.

On motion of Senator Frith, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## AGRICULTURE AND FORESTRY

### MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES—DEBATE ADJOURNED

**Hon. Daniel Hays:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Agriculture and Forestry have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

**The Hon. the Speaker:** Honourable senators, is leave granted?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, does this now go under the annex to our rules? Before we vote on it, do we get a budget?

**Senator Hays:** Honourable senators, if I might comment on that, the answer is no. My understanding is that this reference

must be in place before we, as a committee, can proceed to send our budget to Internal Economy. Accordingly, the budget will come before the Senate in due course.

**Senator Frith:** Well, I thought that the idea was that before we granted the authority to hire we wanted to have an idea of what it would cost. If we pass the motion, then it goes to the Internal Economy Committee; then Internal Economy simply says "yes" or "no" to the amount, but it is already passed. I am getting close to giving up on this one, I must say.

**Senator Flynn:** Well, you fought a good fight!

**Senator Frith:** Let the record show that my comment was greeted with great applause.

**Senator Flynn:** I will give you my $3,000 for this year.

**The Hon. the Speaker:** Honourable senators, is it your pleasure to adopt the motion, as is?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have to say one word on this before we go any further. I would like some clarification either from the Rules Committee or from the Internal Economy Committee, because every time a motion is brought in by a committee we go through this same ordeal. It is important that we know exactly what the procedure is. If we are going to accept the motion as it stands—and that is fine; that is certainly within the authority of the Senate—so be it. But if the Senate wants Internal Economy to have some control over the budgets and what the amounts are to be spent for, and so on, then it should be referred to the Internal Economy Committee. Speaking for myself, the less work you give the Internal Economy Committee, the less time I will have to spend there—and that is fine—but let us get it straight. Let us find out if there are to be some financial controls on committee budgets or not. Obviously, we cannot have it both ways.

**Senator Frith:** Honourable senators, I have not had an opportunity to check this, but I think the mistake we made in the rules is that we distinguished between standing committees and special committees.

**Senator Doody:** And also special projects for standing committees.

**Senator Hays:** Honourable senators, since I am new to this place, perhaps I do not understand the niceties of how the budgeting process for committees works.

However, I did review this fairly carefully before bringing the motion and, as I understand it, before the committee that I chair has its budget approved it must go to the Internal Economy Committee with its budget and have it approved. It is also my understanding that the practice has been to bring this type of motion so that it is clear as to what its reference is, before the matter of budget goes to the Internal Economy Committee.

I do not see any impairment of the Internal Economy Committee's right to scrutinize and pass a budget by passing this motion at this time.

**Senator Doody:** Senator Hays really need not feel that he is not as familiar with this subject as the rest of us. I have been here a little longer than he has and have been involved in this discussion for nearly eight years, but I am every bit as much in the dark as he is.

The only point I was trying to make is that someone should clarify the situation so that we do not have to go through this every time a budget is brought in.

What baffles me is that if we give authority here today to the proposition that has been put forward by Senator Hays, then there is really no point in bringing the matter before the Internal Economy Committee because the Senate, which is the governing body, will already have authorized the committee to hire whoever it wants to do whatever it wants to have done. That is what the motion sounds like.

**Hon. H.A. Olson:** Honourable senators, I do not think that passing this motion impairs the ability of the Internal Economy Committee to carry out its function. The Agriculture Committee needs authority from the Senate to hire staff. The Internal Economy Committee, in its discretion, can decide whether that will be one person or any other number.

I attended the meeting this morning and there is a proposed budget of around $20,000, which is really a guesstimate, and some of the money will be spent for travelling purposes that are not even in the planning stages at this point in time.

I do not think Senator Doody's argument that somehow you have to make that decision now is valid. I think that the Internal Economy Committee retains its power to decide whether it will be $1, or $100,000 or any amount in between.

**Senator Flynn:** I move the adjournment of the debate.

**Senator Frith:** Just before we do that, may I draw the attention of senators who might find the subject less than esoteric, not worrying about those who find it very esoteric, to Appendix III which is entitled, "Procedural Guidelines for the Financial Operation of Senate Committees." This is to be found at page 77 of our rules.

Honourable senators, I think it is clear from those guidelines—or perhaps it is not so clear; it is a nice point—that Senator Hays needs to present a budget before there is a vote on the motion. As you will see the subject is dealt with under two headings. Upon reading the information under "Committee Budgets for Work relating to the Study of Bills and Estimates" there is no doubt in my mind that if the budget is for work relating to the study of bills and estimates, that is, the work of a standing committee on that subject, then under the present rule you do not have to present a budget or the report of the Internal Economy Committee before the vote on that budget.

If, however, it is for work relating to special studies by standing or special committees, according to the rules you have to present the budget before you ask the Senate to vote on it.

Honourable senators, I think we should adjourn the debate but I thought I would draw your attention to those two situations.

I think there is some real work here for the Rules Committee because I notice that on page 79, under "Committee Budgets for Work relating to Special Studies by Standing or Special Committees" item 2:06 states:

> A committee that has received a report from the Standing Committee on Internal Economy, Budgets and Administration pursuant to guideline 2:05 may present a report to the Senate requesting the authorization that the committee requires to incur the special expenses that it anticipates.

• (1430)

Unless I am mistaken, there are these two divisions and the proposal before us falls within the first and not the second. However, I still think we should adjourn the debate on this motion.

**Senator Doody:** Before doing so, I have just one question. Presumably, the motion before us deals with the legislative activities of the standing committee. If that committee were to take up a special study, then none of the staff that has been approved in the prior reference would be allowed to work toward this end. It is extremely difficult to get a straightforward interpretation of these rules, so I agree with Senator Flynn on the matter.

**Senator Hays:** I would like to share with honourable senators one concern. I do not believe that the adjournment of the debate on this motion will impair our ability to hear witnesses next week, but if that were the case, I would be concerned that we proceed as quickly as possible to determine the outcome of the issue. The committee has had referred to it this week the subject matter of Bill C-43, which deals with forestry matters. I understand that the government is anxious to have this bill passed by the Senate before the end of the month. If the adjournment of the debate on this motion does not impair our ability to hold hearings, then it will not delay our dealing with that bill. The committee proposes to meet next Tuesday and, if I am wrong in my impression, I would ask honourable senators to correct me.

**Senator Flynn:** There is no problem with that.

On motion of Senator Flynn, debate adjourned.

### COMMITTEE AUTHORIZED TO HEAR WITNESSES

**Hon. Daniel Hays:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That, for the duration of the present session, the Standing Senate Committee on Agriculture and Forestry be authorized, on its own initiative, to send for, hear and consider the evidence of a person or persons on matters which are within the Committee's mandate as described in Rule 67(1)(*n*) of the *Rules of the Senate*.

If necessary, I would be pleased to give a brief explanation.

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

**Hon. Senators:** Agreed.

[Senator Frith.]

**Senator Hays:** I have put this motion, honourable senators, because from time to time the Standing Senate Committee on Agriculture and Forestry has received requests from witnesses—as I am sure it will continue to do—who wish to appear on matters on which they would not otherwise be able to appear because we have no legislative mandate under which to hear them, nor do we have a special reference from the Senate. Next week, for example, the Manitoba Pulse Growers Association will visit Ottawa. Representatives of that association wish to appear before the committee. We would like to hear them but are unable to do so without a specific reference.

Further, during the Soil Conservation Week in April, we hope that the Minister of Agriculture will appear before the committee to give us a status report on matters on-going within the Department of Agriculture with respect to soil conservation. Again, we would not be able to hear him without a special reference. This motion, then, provides to the committee a general power to hear such witnesses, the first of which we anticipate next week. That is the reason behind the motion.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

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

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at three thirty o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## NORTHERN CANADA POWER COMMISSION YUKON ASSETS DISPOSAL AUTHORIZATION

### LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-45

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

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine the subject-matter of the Bill C-45, An Act to authorize the disposal of certain assets in the Yukon Territory that are held or used by the Northern Canada Power Commission and to provide for other matters in connection therewith, in advance of the said Bill coming before the Senate or any matter relating thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

### ADJOURNMENT

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 24th March, 1987, at two o'clock in the afternoon.

Motion agreed to.

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## QUESTION PERIOD

[*English*]

### THE SENATE

ABSENCE OF GOVERNMENT LEADER FROM CHAMBER

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I wish to inform the house that Senator Murray is absent this afternoon. I would be pleased to take any questions as notice and will do my utmost to give the appropriate answers as soon as I possibly can.

### CANADA-UNITED STATES RELATIONS

ACID RAIN—DECLARATION BY U.S. ADMINISTRATION

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, would the Deputy Leader of the Government ask the Leader of the Government to inform the house as to exactly how the recent declaration by the United States administration on the subject of acid rain really advances the cause? The Congress of the United States would have to approve the amount of $2.5 billion to this end. Many congressional representatives seem to feel that, to quote one of them, ". . . the second time around, the prime minister should see through the president's hocus-pocus. . . This is a betrayal of our common environment."

Although we must give credit, as the Prime Minister has done, to President Reagan for requesting the $2.5 billion, it seems that because of the view expressed in Congress, it will not advance the cause. Congressmen do not feel that that amount of money will be granted, nor do they think that the amount being asked for will really go towards solving, or even making a significant step towards the solution of, the acid rain problem.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, it seems to me that the reiteration of the President's dedication to the matter would be of some satisfaction to all of us.

**Senator Frith:** The reiteration?

**Senator Doody:** Reiteration, yes. Nevertheless, I will certainly pass the message on to the government leader.

● (1440)

### THE CONSTITUTION

INTRODUCTION OF AMENDMENT TO IMPLEMENT CONCURRENT JURISDICTION OVER PROVINCIAL RESOURCES—GOVERNMENT ACTION

**Hon. H.A. Olson:** Honourable senators, can the Deputy Leader of the Government tell us when the government will introduce a motion in this chamber to initiate an amendment to the Constitution so that the argument made yesterday by Premier Peckford can be accommodated under the Constitution, that is, for concurrent jurisdiction over the fisheries, which, according to him—and I have heard it expressed by other Newfoundlanders—is the most important natural resource which the province has. The argument was advanced in the chamber yesterday that it would be a solution to, or would go a long way toward redressing, the problem he described, and would also provide a solution for the future. Can the Deputy Leader of the Government tell us when such a motion will be initiated in this chamber?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I had no idea that the Canadian government was going to introduce such a motion. However, I am pleased indeed to hear the honourable senator refer to that resource as Newfoundland's resource. I am sure that Premier Peckford and many honourable senators will be pleased to hear the honourable senator say so, and we look forward to his support.

**Some Hon. Senators:** Hear, hear!

**Senator Olson:** Then I take it that the government has not considered that request, and, so far as the Deputy Leader of the Government knows, there is no action being planned with respect to the representation made by the people of Newfoundland through their Premier.

May I ask him if the government is considering an alternative, namely, to bring forward a bill, such as Bill C-6 now before the Senate, dealing with petroleum resources rather than fishery resources. That bill provides for shared or concurrent jurisdiction with respect to the petroleum resources. That is done by way of an agreement between the two governments. Is the government considering bringing forth such an agreement to take care of and accommodate the request of the Premier pending an amendment to the Constitution that will do what I described a moment ago and what Premier Peckford agrees is the long-term solution to the problem now faced by Newfoundland?

**Senator Doody:** I am sure it will come as no surprise to the honourable senators that the government has not taken me into its confidence as to what it is considering in terms of

legislation at this point. However, I wish to point out to the honourable senator that making an agreement with regard to petroleum resources is somewhat different from making an agreement with regard to a fishery resource. Petroleum seems more inclined to stay in one place and to respect territorial boundaries, whereas fish seem to be under no such constraints and seem to move from provincial waters to provincial waters; and despite the best intentions in the world, it is very difficult to get the fish to go along with such agreements. But I understand completely what the honourable senator is saying, and I hope that the Canadian government will find a way to accommodate our provincial aspirations.

**Senator Olson:** Honourable senators, I would like to ask a supplementary question. Does the Deputy Leader of the Government believe that it is beyond the ingenuity of this government to devise an agreement between the two governments to accommodate the request and to provide for a long-term concurrent jurisdiction by the province and Canada over what was described as being by far the most important natural resource of that province?

**Senator Doody:** After sitting on the opposite side of the house and listening to the ingenious plans brought forward by the then economic czar of the preceding government, I am convinced that nothing is beyond the imagination of any government, and I am sure that if it is possible for this particular government to accommodate the province of Newfoundland, it will do so.

**Senator Frith:** Is that what you might call a heavy duty response?

**Senator Doody:** If it fits.

**Senator Frith:** It is uncharacteristically heavy duty.

**Senator Olson:** Honourable senators, I do not find a lot of levity in this. Senators may think that coming from the prairies I should not take an interest in this; but, as I said yesterday, I believe that the Senate was fulfilling one of its greatest functions, which is to come to the defence of a region that believes it has been aggrieved by a government which came into office under the "rep by pop" formula. I take it very seriously. I think the Deputy Leader of the Government should give us a reply. Does the government intend to do anything about the grievance that was laid before us in this chamber yesterday by the Premier of Newfoundland, by either one route or the other?

**Senator Flynn:** You are making one point and your neighbours are not in agreement with you at all. Let us debate it.

**Senator Olson:** There was a time when I used to direct all of my questions to Senator Flynn, because he had some authority to deal with them. I am still interested—

**Senator Flynn:** I had less patience than Senator Doody, that's all.

**Senator Olson:** I had a great deal of respect for his opinion then, and I do so now. What I am inquiring about is the government's position. Senator Doody said that he is not taken into the confidence of the government. I find that a very strange reply. I would think that when he has the responsibility of answering for the government in this place, the government should take him into its confidence. I also believe that he is capable of representing on this floor some of the hopes and aspirations of the people in Newfoundland. So I have asked those questions, and I am interested in what he has to say and not what may be Senator Flynn's opinion.

**Senator Flynn:** And I am not interested in what you have to say.

**Senator Olson:** I wonder if the Deputy Leader of the Government—

**Senator Flynn:** I would—

**Senator Corbin:** Honourable senators, I rise on a point of order. We have been attempting to follow the question put by Senator Olson, and repeatedly, someone on this side—I do not know who, but I hear voices—interrupts that presentation of Senator Olson. It seems to me that the honourable senator should be given a fair opportunity of putting his questions to the Leader of the Government in the Senate.

**Some Hon. Senators:** Hear, hear!

**Senator Flynn:** I could also raise a point of order on the way he puts his questions.

**Senator Frith:** We still hear voices.

**Senator Corbin:** Senator Flynn, are you the guilty party?

**Senator Flynn:** If you did not recognize me, then it is about time that you looked around.

**Senator Olson:** Honourable senators, I do not want to repeat what I have said. Senator Flynn has some interesting rules that he applies unilaterally whenever it is convenient. I would like the Deputy Leader of the Government to tell us whether or not the government intends to take any action on what I considered to be a very reasonable argument that was put before us yesterday, along either one route or the other. The agreement could perhaps accommodate it more quickly than the other route, but the permanent solution that Senator Peckford was looking for was a constitutional amendment.

**Senator Doody:** I do not know whether Premier Peckford will be flattered or chagrined to be referred to as "Senator" Peckford. It was probably meant as a compliment and I accept it as such. The honourable senator says he is surprised that I have not been taken into the confidence of the government. I am sorry to have shocked him, but in all humility I have to say that they have not consulted with me at this point. I am sure, that when this exchange has been read in today's *Hansard*, things will change.

With regard to the honourable senator's interest in Newfoundland's present and future, I am refreshed and delighted and absolutely pleased. Saul on the road to Tarsus was never overtaken by such a conversion as the honourable senator has shown today. In all my years in this place this is the first time that I have heard him mention Newfoundland, or the fishery problem, or the jurisdictional problem, and indeed I had some

suspicions about his willingness to turn over the hydrocarbon resources during the last administration. I remember very well the then Prime Minister, the Right Honourable Pierre Trudeau, arriving at Memorial University and standing on the stage and saying that as long as he was Prime Minister of this country and as long as his party ruled this country, that resource would be a natural resource of Canada's and the people of Newfoundland would get out of it what they got through equalization payments and nothing else. The government of today has shown a very significant change from that attitude and the Newfoundland people are very much the better for it. If the honourable senator wants to try to help out on the fishery question, we will be pleased to accept that kind of help; but please don't talk about all the years that have passed, about Newfoundland's position, and so on.

**Senator Olson:** Honourable senators, I would like to tell the deputy leader that there has been no change in attitude on the road to Damascus or to any other place. I have expressed in this chamber on a number of occasions,—

**Senator Doody:** You wouldn't know a capelin from a puffin!

**Senator Olson:** —when I had some authority, an interest both in the fisheries and, indeed, in the well-being of Newfoundland and that is still the case as far as I am involved. So I resent the implication of the honourable senator's last statement, while I appreciate that he is now grateful for some support that I gave willingly.

• (1450)

## BRITISH COLUMBIA

### QUEEN CHARLOTTE ISLANDS—SUGGESTED MORATORIUM ON LYELL ISLAND LOGGING ACTIVITY

**Hon. Mira Spivak:** Honourable senators, I have a question for the Leader of the Government in the Senate, and I have some temerity in asking it, being a prairie person about to ask a question that relates to a coastal region. My question is prompted by the lyrical article by Cameron Young in the *Globe and Mail* of Monday of this week with regard to the logging on Lyell Island in the South Moresby region of the Queen Charlotte Islands off the west coast of Canada. Mr. Cameron points out that, although the federal government is in negotiations with the government of British Columbia to establish a national park in South Moresby, although all three federal political parties support the preservation of the region, which has unique global ecological and cultural significance, and although this is crown land on which the commercial timber represents only about one fifth of 1 per cent of all commercial timber in British Columbia, logging is proceeding currently at a pace which may soon eliminate the wilderness environment of a national park.

My question is: What steps is the federal government taking to have a moratorium imposed on logging activity on Lyell Island while negotiations for a federal park in South Moresby proceed, so that this unique and beautiful Canadian "Galapagos" can be preserved?

**Hon. C. William Doody (Deputy Leader of the Government):** I thank the honourable senator for her question, and I will see that it is brought to the attention of the government leader at the first possible opportunity.

## EXTERNAL AFFAIRS

### RECONSIDERATION OF PROPOSAL TO CLOSE CANADIAN EMBASSY IN HELSINKI, FINLAND—DECLARATION OF SUPPORT

**Hon. M. Lorne Bonnell:** Honourable senators, since the Government of Canada does not take the Deputy Leader of the Senate into its confidence, I would like to tell the deputy leader that I take him into my confidence.

**Senator Petten:** A mixed blessing!

**Senator Bonnell:** So, by taking the deputy leader into my confidence, I would like to express a thought to him that I would like him to take back to that government. The thought I would like to express to him comes from what I read in a news item in the *Ottawa Citizen* of Wednesday, March 18, 1987, where it says that the Secretary of State for External Affairs, the Right Honourable Joe Clark, has decided to keep Canada's embassy in Helsinki open while he reconsiders his decision to close it. Apparently it was to be closed on March 31. I want the deputy leader to tell him that he has my support for doing that, and I hope that he will reconsider for some time and continue to keep that embassy open. Finland is a country that is very favourable to Canada. The growth in trade between our two countries is increasing tremendously. We have a lot of Finns in this country who benefit greatly from this embassy and, if no other, we have that great hockey player on the Edmonton Oilers, Mr. Jarri Kurri, who is scoring a lot of goals for us.

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

## ABORIGINAL PEOPLES

### FIRST MINISTERS' CONFERENCE, MARCH 26-27, 1987—TREATY INDIAN REPRESENTATION

**Hon. Len Marchand:** Honourable senators, I have a question for the Deputy Leader of the Government in the Senate. Senators will know that very shortly there will be a First Ministers' Constitutional Conference on aboriginal issues. There are still some outstanding questions that should be settled before the meeting takes place. I am speaking in particular of the Prairie Treaty Nations Alliance request for two seats at the conference. To illustrate the importance of the issue, I want to put into the record a copy of a telex to Mr. Hnatyshyn from Mr. Horsman, who is the Attorney General of Alberta. It is dated March 17, 1987. It reads:

> Dear Mr. Hnatyshyn:
>
> Recently, Premier Getty and I met with Mr. Gregg Smith, President of the Indian Association of Alberta. We discussed representation of Alberta treaty Indians at the First Ministers' Conference, March 26-27, 1987. As you

are aware the Prairie Treaty Nations Alliance, of which the Indian Association of Alberta is a member, has insisted that the Assembly of First Nations does not represent prairie treaty Indians at the aboriginal constitutional discussions.

The Alberta government is of the view that the aboriginal constitutional process will be seriously flawed if it excludes approximately one-third of Canada's treaty Indians. In support of the Indian Association of Alberta and on behalf of the Alberta government, I would request that the federal government, which has a primary responsibility for Canada's Indian people, consider providing the Prairie Treaty Nations Alliance with appropriate representation at the upcoming First Ministers' Conference. You will recall that during the course of our recent meeting on March 13, I raised this issue and requested that you undertake to raise it with the Prime Minister, who is responsible for inviting representatives of the aboriginal peoples [to]the conference.

A response on this issue by the end of this week is important to our preparations for the First Ministers' Conference. I look forward to hearing from you.

I understand also that similar representations have been sent from the governments of Saskatchewan and Manitoba. Could the deputy leader enlighten me on this matter, please?

**Hon. C. William Doody (Deputy Leader of the Government):** No, honourable senators, I cannot. I should say that I was given notice of this question earlier this morning, for which I am grateful. I immediately forwarded the material to the office of the Minister of Justice. I understand from his staff that they are trying to get an answer for me, and as soon as one is available, I will see that it is provided.

**Hon. Lorna Marsden:** Honourable senators, I have a supplementary question. Given the deputy leader's reply, does it mean that the government has not yet replied to Mr. Horsman's telex?

**Senator Doody:** Honourable senators, I am afraid that I do not know. I sent the material up to the office of the Minister of Justice and asked them to get an answer for me. I have not been in communication with them since that time, but as soon as I hear, I will certainly let the honourable senator know.

**Hon. Sidney L. Buckwold:** Honourable senators, I have a supplementary question for the Deputy Leader of the Government. In view of the fact that this First Ministers' Conference involving the Constitution and aboriginal issues will take place next week, and in view of the importance of having one third of the treaty Indians represented officially in a manner which they recognize, would the deputy leader assure us that every effort will be made to get a decision before the time expires and it is too late? We are running out of time, and I think this is a very important issue. I have a feeling that it is just going to be allowed to drift, as the government sometimes has a habit of doing. I would like to be assured that there will be a response at the very earliest moment.

[Senator Marchand.]

**Senator Doody:** Honourable senators, I appreciate the honourable senator's concern. I have passed that sentiment on to the minister on behalf of several other senators. I will certainly reinforce that sentiment this afternoon if an answer has not been received by that time. Certainly, I am sure that, as I say, given the seriousness of the situation, there is a real concern and the minister is aware.

## EXTERNAL AFFAIRS

### COMPOSITION OF PARLIAMENTARY DELEGATION TO INDIA—EXCLUSION OF SENATORS

**Hon. Eymard G. Corbin:** Honourable senators, I would like to raise reluctantly a matter which I find rather irritating. On one occasion in the past, I brought this same matter to the attention of honourable senators and of the Leader of the Government in the Senate. Again, it concerns the Department of External Affairs, which put out Communiqué No. 049 of March 18, 1987 which is entitled, "Parliamentary Visit to India." I will be brief and read only part of the first paragraph:

> The Department of External Affairs is pleased to announce the visit to India by a group of five Members of Parliament from March 22 to April 4.

I will skip stating who is going and who is not going. It has always been my impression that the Parliament of Canada is composed of the Senate and the House of Commons. In this instance the so-called parliamentary delegation is made up exclusively of members of the other place, namely, the House of Commons. I did some checking into the constitutional arrangements of the Union of India and found out that the Parliament of the union is equally made up of two houses, an upper house and a lower house. The upper house is called the Council of States, and the lower house is referred to as the House of the People.

• (1500)

When the arrangement was made to have a delegation from the House of Commons visit their parliamentary counterparts in India, I would like to know who decided that the delegation would be called a delegation of members of Parliament, and yet be composed only of members of the House of Commons. I think we ought to bring this whole matter to a head. It has happened again and again. I am not saying that the Secretary of State for External Affairs is to blame in this instance. However, this communiqué is issued by the department; it is announced by the department. Do those people know that the Senate exists and that it would be mutually beneficial for members of the two houses of the Canadian Parliament to exchange views with their counterparts in India? I put the question to the Leader of the Government in the Senate in the hope that he can find out why it has been done in this fashion. Is it the wish of the Indian government or of the Indian Parliament that the group be composed exclusively of members of the House of Commons, or did they expect a joint delegation of the two houses of the Canadian Parliament to visit them?

**Hon. C. William Doody (Deputy Leader of the Government):** I thank the honourable senator for his question. I will take the matter up with the department concerned and try to get an answer for him as soon as possible.

INVITATION TO ATTEND BRIEFING ON COUNTER-TERRORISM MEASURES—ORDER OF PRECEDENCE—PROPRIETY OF INCLUSION OF STAFF

**Hon. Eymard G. Corbin:** Honourable senators, I would like to raise another matter involving the Department of External Affairs. This time, it is an invitation we received from the Secretary of State for External Affairs himself. It is a notice to all members, dated March 16, inviting—and I quote:

> Members of Parliament and Senators and their staff . . .

We can consider ourselves lucky that they did not name the staff before the senators this time! However, in all propriety, it seems to me that whoever is responsible for these matters ought to know better. These people in the Department of External Affairs are supposed to be steeped in protocol and diplomacy. They ought to know that you always refer to the Senate first, regardless of the opinion people up there may have of us. That is the way the Canadian Constitution is written, and someone ought to tell them that you just do not do things in this fashion. It is sloppy work and I resent it, and I think it offends all of us in this house.

Honourable senators, the point I would like to make is that I am prepared to go to a briefing of "Members of Parliament and Senators and their staff" so that the officers in the Department of External Affairs can outline measures of counter-terrorism and what-have-you. However, I do not think it will be a very open and candid meeting if it is opened up to all staff. Those people in External Affairs ought to take us into their confidence, and that should be a private meeting of the members of both houses, period. That is the point I want to make and I hope the honourable Deputy Leader of the Government will be in a position to report back to us before the fact. This meeting is to take place on March 24, which is next Tuesday.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, it will be difficult to get a report back to this chamber before the fact. However, I will certainly try my best to get a report for honourable senators.

In the meantime, the Senate may deem it appropriate to send a message of concern through our own Speaker to the Department of External Affairs and to ask for an explanation, if that is what honourable senators wish to do. In the meantime, from my position here, I will certainly attempt to get an answer from the government.

## ABORIGINAL PEOPLES

FIRST MINISTERS' CONFERENCE, MARCH 26-27, 1987—TREATY INDIAN REPRESENTATION—STATEMENT BY DEPUTY LEADER OF THE GOVERNMENT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, while I am on my feet, I would like to report that I have just received a copy of a telegram sent by the Honourable Ray Hnatyshyn to the Honourable James D. Horsman, Q.C., Attorney General and Minister of Federal and Intergovernmental Affairs for the province of Alberta, dealing with the question asked a few minutes ago by some honourable senators here. It reads as follows:

> Dear Mr. Horsman:
>
> Thank you for your telex of March 16 concerning representation of the Prairie Treaty Nations Alliance at the First Ministers' Conference next week.
>
> The Honourable Bill McKnight and I will be meeting with representatives of the alliance on March 20 in Saskatoon to discuss the options for PTNA participation at the conference. I am advised that Gregg Smith and Peter Manywounds of the Indian Association of Alberta will be attending. I am looking forward to these discussions and I hope they will prove beneficial.
>
> With kindest regards, I remain,
>
> Yours sincerely,
>
> The Honourable Ray Hnatyshyn, P.C., Q.C.
>
> Minister of Justice and Attorney General of Canada

A copy of that telegram has been sent to the Honourable Don R. Getty, Premier of Alberta.

## NATIONAL DEFENCE

AVAILABILITY OF WHITE PAPER ON DEFENCE POLICY

**Hon. Henry D. Hicks:** Honourable senators, I have one more question for the Deputy Leader of the Government in the Senate. There are a number of questions that I could ask and would like to ask about defence matters. However, some of them might be rendered much more useful if we saw the white paper on defence which has been referred to many times but more recently in the budget speech of the Honourable Michael Wilson in February of this year.

Therefore, instead of asking those questions today, I will just ask one question and that is: Could we have some indication as to when the much talked about white paper on national defence is apt to be made available to us?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I do not have an answer to that question but I will certainly make an inquiry on behalf of Senator Hicks.

Honourable senators, while we are still in Question Period, I would like to make a correction. I was attempting to answer a question posed by Senator Olson a few moments ago and I spoke of Paul's conversion on the road to Tarsus. I apologize to him; I should have said Damascus. I want the record to be completely accurate.

## EXTERNAL AFFAIRS

RECONSIDERATION OF PROPOSAL TO CLOSE CANADIAN EMBASSY IN HELSINKI, FINLAND—STATEMENT OF APPRECIATION OF MINISTER'S ACTION

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, with respect to the closing of our embassy in Helsinki, I want to add something further to what Senator Bonnell had to say.

On March 10, 1987, I asked a question of the Leader of the Government in the Senate with respect to the closing of our mission in Helsinki. At that time, I listed a number of reasons why I thought that was not a good idea. Now I want to add my congratulations and encouragement to the Secretary of State for External Affairs on his taking into account the observations that were made. I do not flatter myself that my representations moved him, but I know that many representations were made to him and I think he should be congratulated on being so statesmanlike in reconsidering his decision.

As they say, it takes a big man to admit that he may have been wrong in the first instance!

**Hon. Senators:** Hear, hear!

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## CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION BILL

THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved third reading of Bill C-6, to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on off-shore petroleum resource management and revenue sharing and to make related and consequential amendments.

Motion agreed to and bill read third time and passed.

[*Translation*]

## RADIO ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Jean-Maurice Simard** moved the second reading of Bill C-3, an Act to amend the Radio Act.

He said: Honourable senators, I would like to say a few words regarding Bill C-3. First of all, those of you who followed the pre-study on the content of this bill in committee, will remember that the matter made news and received attention from a number of people since at least 1984. It was mentioned in the report of the Auditor General, where recovery of cost was envisaged.

The Minister of Finance, in his first policy statement, in 1984, mentioned cost recovery for some services, this one in particular. Naturally, the Nielsen task force also dealt with the subject and warned all the people who could be affected. The 1985 budget of Finance Minister Wilson specifically mentioned a recovery of that nature. Clearly, the public, regional district offices and other clients who could be affected had been consulted while the budget was being prepared in the fall of 1986.

This to say that the subject is not new. The measure is part of a move to reduce the deficit. This amendment to the Radio Act is a step toward a gradual elimination of inequalities between the various users of the radio spectrum.

As you know, that spectrum is a limited natural resource which must be managed with great care if we want the public, broadcasters and industry to use it to their advantage.

When communications are quick and efficient, we can compete and offer a better service. Even if the radio spectrum is invisible, its impact is very much noticeable.

• (1510)

[*English*]

Honourable senators, Canadians across this vast country enjoy radio and television. We communicate via satellites and mobile radios. In short, the radio spectrum is the highway for our voices and messages, but it is a highway which must be carefully managed. In a way, its management is like the regulations we have to guide aircraft safely across our country. It is only right that the cost of maintaining our "highway" be borne by those who use it.

The government is committed to fiscal responsibility and prudent management. By removing public sector preferential treatment, the government is living up to its commitment.

Through this bill, fairness and equity will be restored in the radio licensing system. For the first time, both public and private sector users of radio services will bear a fair share of the costs of managing this national resource—the radio frequency spectrum.

This legislation will eliminate the exemptions from licence fees that public sector spectrum users now enjoy. These exemptions are unfair, since those who enjoy them are often in competition with private sector users who must pay licence fees.

By way of example, let me refer to some of those inequities. Alberta Government Telephone does not pay such a fee, while one of its competitors, Cantel Cellular, does. Ontario Hydro, P.E.I. Electric, Maritime Electric, Alberta TransAlta Utilities, Alberta Power Corporation, all pay radio licence fees, while Hydro-Quebec, the hydro companies located in British Columbia, Saskatchewan, Manitoba, New Brunswick and Newfoundland do not. Because these are provincial government companies, they do not pay licensing fees, while private sector companies pay the fees. This is the type of inequity we want to remove.

In the communications area, CNCP pays radio licence fees while the CBC does not. In communications, Manitoba Telephone is not paying, nor is Saskatchewan Telephone, while Bell Canada and B.C. Tel are paying these.

**Senator Thériault:** It is a tax.

**Senator Simard:** Senator Thériault keeps saying that it is a tax. Senator Thériault and I have debated this in New Brunswick in the past. I am sure he has support for his interpreta-

tion, as I do for mine. I received a letter from the Government of Saskatchewan this morning admitting that this is a user fee and not a tax, but perhaps that is a matter of semantics.

Private oil companies pay these radio licence fees while Petro-Canada does not. I am sure all honourable senators and members of the other place have received letters from the private sector advising of these inequities and asking that more equity be brought in to the system.

There are other examples, but suffice it for me to leave it at that for now.

This measure will bring in $10.4 million, of which $3.3 million will be from the federal departments and agencies. Provincial government departments will contribute to the extent of $4.4 million, and provincial government agencies will contribute some $2.7 million.

I have read the representations made by the Honourable Robert B. McCready when he appeared before the Senate Committee on Transport and Communications. He said that it was wrong for the federal government to identify the provincial government as the user, while it was the public at large who benefited from the services. That may be so. But at the same time he registered his approval of the principle of cost recovery measures. The Government of New Brunswick has, on many occasions, taken steps to recover some of its costs. I think the federal government's wisdom and fairness was demonstrated last week in the way the Minister of Finance announced some positive decisions for those five or six provinces that had negative adjustments in their equalization payments because of the population figures. Thus Mr. Wilson again demonstrated that there are many ways that you can help and on this measure I believe that he is right. I am not minimizing the amount that it will mean for the Province of New Brunswick, some $240,000, but I am sure that Mr. McCready and the people of New Brunswick when they are made aware of that and when they have time to reassess this, will know that this is the cost of doing business. In the name of equity, I think they will rally behind that.

• (1520)

In summary, I refer to how the private sector lent their support to the way the federal government introduced those changes. The Canadian Association of Broadcasters supported this bill, as did the Canadian Radio Common Carriers Association, CNCP Telecommunications, and many others. Apart from the Province of New Brunswick, I know of three or four provinces that have sent telegrams registering their opposition. However, they have not appeared before the committee. I am not saying that they were not serious about it, but they could have come before the committee. I am talking about the provinces of Manitoba, Saskatchewan and Alberta. Those provinces submitted a number of arguments in support of their opposition to it.

All in all, I believe that this new measure, if passed by both houses, eventually will mean fees and taxes for the federal and provincial governments, starting April 1, 1987, and is a step in the right direction. The federal government has recognized the pleas of many members of Parliament as well as other people, including members of the Senate, when they decided to continue the exemptions in the municipal sectors. At one time it was thought that the municipal sector should be brought under this new legislation also, but I think that the government demonstrated some flexibility there, and they are to be commended.

Honourable senators, I hope that the majority of members of this house will want to support Bill C-3, and I urge all members of the house to consider it favourably.

**Hon. L. Norbert Thériault:** Honourable senators, I move the adjournment of the debate.

**Hon. Philippe Deane Gigantès:** Honourable senators, will the honourable senator allow me to ask a couple of questions before he adjourns the debate?

**Senator Thériault:** Well, honourable senators, I am not in a position to answer any questions. You should ask the mover of the bill.

**Senator Frith:** Ask Senator Simard.

[*Translation*]

**Senator Gigantès:** Senator Simard, would you entertain one question?

**Senator Simard:** No problem, Senator Gigantès.

**Senator Gigantès:** Unless I am mistaken, the government will raise about $10 million more of which some $3 million will be paid by government agencies?

**Senator Simard:** Go on, Senator Gigantès.

**Senator Gigantès:** This is a cut, if you like, in the operating fund of those government agencies such as CBC.

Is the government going to compensate government agencies for the new cuts it has just imposed on them.

**Senator Simard:** Honourable senator, first it is true that an amount of $3.3 million will be raised from the budgets of government agencies including CBC.

I think that if we consider the size of those budgets, for example the budget of CBC, you will admit that it represents only a tiny part of the problems which CBC must face when the time comes to make do with less money, considering that the federal government asked CBC last year and again this year to control their expenditures.

I do not think this to be dramatic in the case of CBC. This is the amount I would like to know. You will agree that this is not a large amount. If I cannot find this information immediately, I will pass it on to you later but take my word that it is not a large amount.

**Senator Gigantès:** I would like very much to know what the figure is, for example, in the case of CBC because I know that some people do not find CBC very useful.

On the contrary, I find it is an extraordinary weapon to reinforce our Canadian identity. I see good programs on CBC which I do not want to see on another channel, and which I would like to be able to continue to watch.

I would like to know where this cut will be made, no matter how small it is. What salary will be cut? What production value will be cut? This is important.

**Senator Simard:** I think Senator Gigantès does not really expect me to indicate to him which program or what salary will be cut. Will it be Mr. Juneau's salary or another—

I think it will be up to Mr. Juneau to make the decision, considering the services he wants to continue to give and his other revenues. Unless I am mistaken, the budget of CBC may be of some $1 billion, and I think—

**Senator Gigantès:** It is not even half a billion.

**Senator Simard:** I believe it has to be more that that.

**Senator Gigantès:** $480 million.

**Senator David:** $900 million.

**Senator Simard:** If you say the total is $3.3 million for all federal agencies, the amount for the CBC cannot be very big. I will get the information for you.

**Senator Gigantès:** It is a matter of principle. It is a way of cutting a government subsidy to an agency. I would like to know, senator, if it is a principle and if the corporation will be bailed out. That is my question. Thank you.

**Senator Simard:** I do not know. It will be up to the government to decide whether to bail out the CBC. I doubt that it will. It has asked the corporation to tighten up one more notch. I have just found here what is the amount for the CBC. It will be $132,000 in the next year.

There is a point I wanted to make earlier. I would like to remind you now that for the years 1985 and 1986, all users, all private sector radio permit holders were charged an increase of 125 per cent. We can say they have done more than their share, and speaking of equity, perhaps that is normal.

The minister assured us there will be no rise next year for those new taxpayers.

**Hon. Eymard G. Corbin:** Honourable senators, I intend to speak on the content of the motion after my colleague Senator Thériault.

I would like to ask Senator Simard if he would be agreeable to a motion that the bill be referred to the committee for further study.

Senator Simard, you said in your comments that three or four provinces expressed their opposition to the bill, but that they did not take the trouble of appearing before the committee.

Would the government on whose behalf you are speaking today agree to refer the bill to a committee to give the spokesmen for those provincial governments a chance to come and explain the reasons for their opposition to the bill?

**Senator Simard:** Honourable senators, I am personally at the mercy of the Senate majority. It is certainly not for the government to decide. I believe you were referring to the Conservative senators in this chamber. They are free to express themselves but I have no objection.

I must remind you that since December, 1986, those provinces had voiced their disagreement and that apart from one telex they did not appear.

I would not want to indulge in speculation, but they may have been invited to tone down their opposition. Given that so many private concerns had to keep on footing the bill, while this was not the case for the federal and provincial governments, perhaps they decided, after having made their opposition known, to carry the matter no further.

If the Senate so wishes, we might consider inviting them again, but I have no problem with that.

On motion of Senator Thériault, debate adjourned.

The Senate adjourned until Tuesday, March 24, 1987 at 2 p.m.

APPENDIX "A"

(*See p. 666*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF JOINT COMMITTEE

THURSDAY, March 19, 1987

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

FOURTH REPORT
(Report No. 38)

In accordance with its permanent reference, section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, the Joint Committee draws the attention of both Houses to various orders made pursuant to the *Customs Tariff*, R.S.C. 1970, c. C-41.

Many of the tariff items set out in Schedule A to the *Customs Tariff* provide for the duty-free entry of fruit and vegetables imported into Canada except during any period or periods when an order is in force pursuant to paragraph 15(1)(a) of the *Tariff*. This paragraph provides that:

> "15. (1) The Minister or Deputy Minister may order
>
> (a) that the specific rate of duty, or *ad valorem* minimum rate of duty, as the case may be, provided for in tariff items [*tariff item numbers*] shall apply in lieu of the free rate of duty,
>
> (b) ...
>
> to goods described in the order imported through a Customs office in a region or part of Canada during such period or periods as may be fixed by the Deputy Minister."(1)

In early 1985, the Joint Committee informed the Department of National Revenue that many of the orders reviewed by the Committee provided for the imposition of duties as of a time prior to that of the coming into force of the relevant order.(2) The Committee noted that subsection 15(2) of the *Customs Tariff* specifically exempts from the payment of duties goods that are in transit to a *bona fide* purchaser in Canada at the time an order made under paragraph 15(1)(a) comes into force. Even if it were not for the regular presumption against the retroactive application of legislation, your Committee considers that this provision indicates that it was never intended by Parliament that duties should be imposed on goods imported before the coming into force of an order made pursuant to paragraph 15(1)(a) of the *Tariff*.

The Department of National Revenue agreed that it had no authority to impose duties on a retroactive basis and originally proposed: "to advise importers of the situation through a departmental memorandum and invite them to file claims for refunds of erroneously collected non-public monies." While this proposal was acceptable, counsel to your Committee, in a letter dated June 7, 1985, suggested that:

> "... it may be simpler to validate the collection of these duties by means of a legislative provision. This would allow the Crown to retain the monies received by it and eliminate the administrative costs of the refund process. [ ] Validating the collection of these duties by legislation also appears to be a more equitable solution insofar as it would avoid the receipt, by importers, of monies representing costs they have likely passed on to the purchasers of their goods".

By that time, it had also become apparent that orders made under paragraph 15(1)(a) of the *Tariff* prior to June of 1984 had not been registered as required by section 5 of the *Statutory Instruments Act*.(3) The consequence of this failure to register orders made after the enactment of the *Statutory Instruments Act* is that they never came into force, and duties collected under those orders were collected without legal authority. In his letter of June 7, 1985, our counsel pointed out that: "Legislation will be required to regularize the situation".

Following a number of inquiries as to the acceptability of this proposal to the Department of National Revenue, the Joint Committee received a letter dated May 26, 1986, from Mr. Giroux, then Deputy Minister for Customs and Excise. In that letter, the Deputy Minister concluded that:

> "After a review of all of the considerations, it is the Department's position that remedial legislation is not required at this time nor would it appear that refunds would be justified".

The Deputy Minister also stated that: "it is unfortunate that certain of these orders were technically defective in that they were made without statutory authority" but that, ultimately, it was not likely: "that the validity of the orders would be challenged in a court of law".

Your Committee considers these remarks disclose an unacceptable disregard for the principles upon which our system of government is founded. That the lack of proper legal authority for the collection of thousands of dollars in duties could be characterized by a senior public servant as involving no more than a "technical defect" shows contempt for the rule of law and for Parliament. For the Executive to refuse to seek parliamentary sanction for the illegal actions of its officers on the ground that citizens are unlikely to challenge those actions in a court of law, would be a serious breach of the high standards of constitutional propriety that ought to govern the relationship between the Crown and the people at all times.

Following the receipt of this letter, the Joint Committee instructed its Chairmen to write to the responsible Minister. In their letter to the Honourable Elmer MacKay, the Chairmen recalled that:

> "Customs duties have been imposed and collected since 1972 without proper legal authority: orders made prior to 1984, pursuant to Section 15 of the *Customs Tariff* were not registered as required by the *Statutory Instruments Act* and must consequently be considered never to have been in force, while orders made since have provided for the imposition and collection of duties prior to the coming into force of the relevant orders."

Referring to the position set out in the Deputy Minister's letter of May 26, 1986, the Chairmen went on to state:

> "The reasons advanced in support of this position do not convince the Committee that remedial legislation is not required. In particular, we disagree most strongly with the proposition that the imposition of import duties without proper legal authority amounts to a mere "technical defect". It is an essential proposition of our legal system that citizens are not to be deprived of their property except in accordance with the law. The public interest requires this aspect of Canadian legal policy be adhered to by the Crown at all times."

On January 14, 1987, the Minister of National Revenue replied to your Committee in the following terms:

> "I wish to assure you that I am in complete agreement with your statement that citizens should not be deprived of their property except in accordance with the law. I note that you have suggested that remedial legislation should be introduced that would validate the imposition and collection of the duties in question. [ ] In the near future, I will be recommending to my colleagues that they approve the introduction of remedial legislation to validate the collection of duties made under these orders."

The Joint Committee wishes to commend the Minister of National Revenue for this satisfactory response to the concern of your Committee. The Minister's decision to recommend to Cabinet the introduction of validating legislation, notwithstanding the position taken by his departmental officials, is both proper and in keeping with the best traditions of parliamentary government.

Your Committee recommends to the Houses the adoption of the legislation that will be introduced to give effect to the Minister's undertaking.

## NOTES

(1) Until May 24, 1985, the *Customs Tariff* empowered the Minister alone to make orders pursuant to paragraph 15(1)(a). By S.C. 1985,

c. 42, s. 3, a new subsection 15(1) was enacted which provided for the exercise of that power by the Deputy Minister for Customs and Excise. On June 27, 1986, S.C. 1986, c. 37, s. 1 came into force; this enactment substituted the phrase "The Minister or Deputy Minister may order" for the phrase "The Deputy Minister may order". However, the English version of this enactment failed to amend the last portion of subsection 15(1), as enacted by S.C. 1985, c. 42, which refers to the application of an order "during such period or periods as may be fixed by the Deputy Minister". The French version of the amended subsection 15(1) does not present this problem and the usual rules of legislative interpretation will allow the courts to supply to the omission in the English version of subsection 15(1).

(2) Section 9 of the *Statutory Instruments Act* prescribes that no regulation may come into force on a day earlier than the day on which it is registered pursuant to sections 5 and 6 of the Act. Section 9 provides for two exceptions to this general rule: 1) a regulation belonging to a class of regulations legally exempted from the registration requirement on the ground that registration is not reasonably practicable due to the number of regulations of that class, may come into force on the day on which it is made or a later day stated in the regulation and 2) a regulation may also come into force on a day earlier than that of its registration, but no earlier than the day it is made, if the regulation expressly states that it comes into force on a day earlier than that of its registration and if the regulation-making authority advises the Clerk of the Privy Council in writing of the reasons why it is not practical for the regulation to come into force on the day it is registered. It should be emphasized that even a regulation that falls within one of these two exceptions can never come into force earlier than the day it is made by the regulation-making authority.

Of the orders scrutinized by your Committee, some 23 purported to impose duties on a retroactive basis. Three orders (registered as SOR/84-517, SOR/84-518 and SOR/84-519) provided for the imposition of duties as of a day prior to that of the making of the order, while 20 orders (registered as SOR/84- 548, SOR/84-549, SOR/84-550, SOR/84-551, SOR/84-552, SOR/84-553, SOR/84-554, SOR/84-555, SOR/84-574, SOR/84- 575, SOR/84-613, SOR/84-653, SOR/84-673, SOR/84-674, SOR/84-675, SOR/84-677, SOR/84-768, SOR/84-816, SOR/84- 977 and SOR/85-74) provided for the imposition of duties as of a day prior to that of the registration of the order. The extent to which these orders were retroactive varies from one to six days.

(3) Your Committee has been unable to ascertain the exact number of orders involved. For 1986-87, approximately 70 orders were adopted under paragraph 15(1)(a) of the *Customs Tariff*. Assuming the need for these orders to have been constant throughout, we estimate that since 1972, more than 800 orders made after the coming into force of the *Statutory Instruments Act* were not registered.

Respectfully submitted,

NATHAN NURGITZ
*Joint Chairman*

APPENDIX "B"

(*See p. 666*)

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTH REPORT OF JOINT COMMITTEE

THURSDAY, March 19, 1987

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

### FIFTH REPORT
(Report No. 39)

Pursuant to the general Order of Reference approved by the Senate on November 27, 1986 and by the House of Commons on December 17, 1986, and its permanent reference, section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, the Joint Committee wishes to draw the attention of the Houses to the making of subordinate legislation pursuant to the *Indian Act*, R.S.C. 1970, c. I-6.

The *Indian Act* authorizes Indian band councils to exercise law-making powers for a wide range of purposes related to local government on reserves. These powers are detailed in sections 81, 83 and 85.1 of the Act (See Appendix 'A'). The legislative measures which a band council is authorized to enact range from zoning and property taxation to the prohibition of the sale of intoxicants and the prescription of penalties for breach of certain by-laws. Although by-laws made by a band council concern local government on the reserve, they nevertheless have a decided impact on the daily lives of those to whom they apply and Indian band councils have a duty to ensure their by-laws are fair, reasonable and authorized by law. The importance of the legislative function of band councils is shown by the fact that more than a thousand by-laws have been adopted from 1975 to 1986.

The *Statutory Instruments Act* subjects all by-laws made under the *Indian Act* to review and scrutiny by your Joint Committee in accordance with the statutory reference set out in section 26 of the Act. From 1982 to 1985, the Joint Committee examined by-laws made pursuant to sections 81 and 83 of the *Indian Act* on a regular basis. The Joint Committee's general findings as to the degree of conformity of many by-laws to its scrutiny criteria are recorded in the correspondence reproduced in Appendix 'B' to this report. Your Committee concluded that its scrutiny of by-laws made under the *Indian Act* serves a limited practical purpose at best, and that it would not henceforth review these on an individual basis.

Scrutiny by the Joint Committee may not even be entirely appropriate when one considers that these by-laws are made by band councils whose members are democratically chosen by the people they represent. In this respect, the Committee draws a parallel between by-laws made by Indian band councils and those made by other local authorities such as municipal corporations. In many of the Provinces that have enacted general legislation governing the making of subordinate legislation, regulations or by-laws made by elected local authorities are exempted from the requirements which apply to subordinate legislation made by the Executive and executive agencies. We believe this approach respects the fact that these legislative decisions are those of democratically elected representatives (See Appendix 'C'). Consequently, your Committee recommends that the *Statutory Instruments Act* be amended so as to expressly exclude by-laws made by Indian band councils from the application of the Act.

In principle, all of the requirements of the *Statutory Instruments Act* apply to by-laws made under the *Indian Act*. A by-law made pursuant to either of the sections mentioned earlier is a "regulation" within the meaning of this Act and, subject to prescribed exemptions, must be examined, registered and published in accordance with the Act. Such exemptions have been prescribed in relation to by-laws made pursuant to

sections 81 and 83 of the *Indian Act*. Section 15 of the *Statutory Instruments Regulations* provides that "by-laws made by the council of a band under section 81 or 83 of the *Indian Act*" are exempted from the requirement that they be published in the *Canada Gazette*. Section 3 of the Regulations provides that the same by-laws are exempt from the examination required by section 3 of the Act. These by-laws, however, are required to be registered by the Clerk of the Privy Council in accordance with sections 5 and 6 of the *Statutory Instruments Act*. In effect, the majority of by- laws made by Indian band councils have been exempted from both the examination and publication requirements of the *Statutory Instruments Act* while by-laws made under section 85.1 are to be similarly exempted in the near future. The Joint Committee sees no merit in maintaining the registration requirement alone and has accordingly recommended to the responsible Minister that this requirement be abandonned.

This suggestion has been accepted by the Minister of Indian Affairs and Northern Development and, in a letter dated December 19, 1986, he informed the Joint Committee that:

> "... we are presently seeking an amendment to the *Statutory Instruments Regulations*, [ ] to exclude all by-laws passed under sections 81, 83 and 85.1 of the *Indian Act* from the requirement of examination, registration and publication."

While the Joint Committee recognizes the desirability of the proposed amendment, it remains of the view that the *Statutory Instruments Act* should be amended so as to specifically exclude by-laws made by Indian band councils from its application. In the alternative, we recommend that the *Indian Act* be amended to that end.

The Joint Committee wishes to emphasize that this recommendation and its decision not to exercise its statutory mandate in relation to by-laws made under the *Indian Act*, are not to be construed as an endorsement of the manner in which some band councils exercise the legislative powers delegated to them by Parliament or of the adequacy of the regulatory control requirements now in place.

The *Indian Act* subjects the exercise of the legislative authority of band councils to different control mechanisms. These differ according to the particular powers that are exercised. By-laws made under section 81 of the Act can only come into force 40 days after a copy of the by-law is forwarded to the Minister of Indian Affairs and Northern Development unless the Minister declares it to be in force before the expiration of that period. Within this period of 40 days, the Minister has the power to disallow any by-law made by a band council. This procedure does not extend to by-laws made pursuant to either section 83 or 85.1 of the Act. In the case of section 83, the powers set out in this section may only be exercised by a band council if the Governor in Council has previously declared the band to have "reached an advanced stage of development" and are subject to the approval of the Minister. As for the powers given by section 85.1 of the Act, their exercise is subject to the prior approval of a majority of the electors of a band.

Your Committee's scrutiny of by-laws made under the *Indian Act* leads it to doubt that existing procedures, and disallowance in particular, are effective to ensure that those living on reserves are governed by laws "that are fair, reasonable and valid". In their letter of September 30, 1985 the Chairmen of the Committee stated that:

> "Based on the experience of the Committee in the three years during which it did scrutinize band council by-laws, we can not but come to the conclusion that they too often disclose a lack of awareness of the principles governing the exercise of delegated legislative powers and that an inordinate number are seriously flawed. While we do not disagree with your Department's declared policy of encouraging band responsibility for self-government, we also believe that native persons living on reserves, no less than other Canadians, have the right to be governed by laws that are fair, reasonable and valid. The protection and enhancement of this right is not only the concern of the courts but should also guide the exercise of the power of disallowance conferred upon you by section 82 of the Indian Act".

The Committee has suggested to the responsible Minister some improvements of the disallowance procedure (See the Chairmen's letter of September 30, 1985, in Appendix 'B'). The Committee has also suggested that the Department of Indian and Northern Affairs might:

> "... undertake, in consultation with representatives of the native people, an in-depth examination of the legislative powers of band councils and of the appropriate control mechanisms that should exist with respect to the exercise of these powers. Such a study may possibly identify control mechanisms other than disallowance which will strike the proper balance between the goal of self-government and the protection of the rights and liberties of those subject to laws made by their band councils".

The Joint Committee has since received assurances from the Minister that his officials are developing a by-law disallowance policy and that a review of the jurisdictional scope and administrative treatment of by-laws is being conducted by his Department. The Joint Committee supports these initiatives and hopes that they will lead to the adoption of improved procedures which will reflect a proper balance between the collective right of Indian peoples to self-government and the equally important right of individuals to protection of their rights and liberties as citizens of Canada.

Your Committee also wishes to report to the Houses its concern that subordinate laws made by band councils be adequately publicized and accessible to those affected by them. If publication in the *Canada Gazette*, as required by section 11 of the *Statutory Instruments Act*, is not the most effective means of achieving this purpose in the case of by-laws made by band councils, we believe that alternative publicity and access requirements should be developed. If the *Statutory Instruments Act* is amended as we have recommended, the *Indian Act* should also be amended to prescribe appropriate publicity and access requirements.

The need for such provisions is all the more important in that the penalties attached to a breach of by-laws are substantial. For example, section 85.1 of the *Indian Act* provides that a person convicted of contravening certain of the by-laws made under that section is liable to a fine of one thousand dollars or a term of imprisonment not exceeding six months or to both. Section 81 also empowers a band council to impose a fine not exceeding one thousand dollars or imprisonment for a term not exceeding thirty days. The importance of these penalties makes it imperative that those living on reserves not be convicted for violation of a by-law without reasonable notice of the by-law and its content having been given.

Such protection is now guaranteed by section 11 of the *Statutory Instruments Act*. Section 11 provides that no person shall be convicted of an offence consisting of a contravention of any by-law that was not published in the *Canada Gazette* unless "it is proved that at the date of the alleged contravention reasonable steps had been taken to bring the purport of the [by-law] to the notice of those persons likely to be affected by it" and the by-law was legally exempted from publication in the *Canada Gazette*. In the event the *Statutory Instruments Act* is amended in accordance with your Committee's recommendation, the *Indian Act* should include a similar requirement.

The Joint Committee recommends that:

1. The Government consider the introduction of legislation to amend either the *Statutory Instruments Act* or the *Indian Act* so as to exclude by-laws passed by elected Indian band councils from the application of the *Statutory Instruments Act*.

2. That the Government also consider amending the *Indian Act* to provide guarantees of the rights to notice of delegated legislation and to access to such legislation.

3. That the Government further consider amending the *Indian Act* to guarantee that no person is convicted of a violation of any by-law made under the Act unless it is proved that

reasonable steps have been taken to bring the by-law to the notice of those persons likely to be affected by it.

4. That the disallowance policy of the Department of Indian and Northern Affairs, together with a report of its review of the jurisdictional scope and administrative treatment of by-laws made pursuant to the *Indian Act*, be tabled in both Houses of Parliament and referred to the appropriate standing committee of each House.

As noted earlier, by-laws made under section 85.1 of the *Indian Act* are at this time subject to the full requirements of the *Statutory Instruments Act* (For an example of the by-laws enacted pursuant to section 85.1, see Appendix 'D'). Notwithstanding that these by-laws do not benefit from any exemption, they have not been published in the *Canada Gazette*. The consequence of the failure to publish these by-laws is that no person may be convicted of a breach of the by-laws. For a person to be convicted of a breach of an unpublished by-law, the by-law must both have been legally exempted from publication, and steps taken to bring it to the notice of those likely to be affected by it. The first of these requirements was not met in the case of some one hundred by-laws made under section 85.1 of the Act. Your Committee is given to understand that convictions have nevertheless been entered for violations of some of these by-laws and penalties imposed. These convictions, in your Committee's view, were unlawful and in direct contravention of the public interest rule enacted by Parliament in section 11 of the *Statutory Instruments Act*. These illegal convictions also appear to us to contravene certain of the rights guaranteed by our *Canadian Charter of Rights and Freedoms*.

Therefore, your Committee further recommends that the Government give urgent consideration to the adoption of appropriate remedial measures, including:

5. The grant of a free pardon to any person convicted of a violation of a section 85.1 by-law that was not published, pursuant to section 683 of the *Criminal Code*.

6. The remission of the fine imposed on any person convicted of a violation of a section 85.1 by-law that was not published, pursuant to section 685 of the *Criminal Code*.

7. The adoption of remedial measures with respect to any individual that may have been unlawfully imprisoned for contravention of an unpublished by-law made under section 85.1 of the Act.

8. The withdrawal of all pending charges against persons accused of contravening an unpublished by-law made pursuant to section 85.1 of the Act.

9. That the necessary measures be taken to ensure the enforceability of by-laws made under section 85.1 according to the terms decided upon by band councils.

The Joint Committee assures the Houses that while it will not henceforth scrutinize individual instances of subordinate law-making by Indian band councils, it will continue to monitor the overall exercise of legislative powers by band councils, as well as the implementation of its recommendations. Your Committee reserves the right to report further to Parliament on these matters.

Pursuant to Standing Order 99(2) of the House of Commons, the Joint Committee requests the Government to table a comprehensive response to this Report.

## APPENDIX A

### POWERS OF THE COUNCIL

**81.** (1) The council of a band may make by-laws not inconsistent with this Act or with any regulation made by the Governor in Council or the Minister, for any or all of the following purposes, namely:

(*a*) to provide for the health of residents on the reserve and to prevent the spreading of contagious and infectious diseases;

(*b*) the regulation of traffic;

(*c*) the observance of law and order;

(*d*) the prevention of disorderly conduct and nuisances;

(*e*) the protection against and prevention of trespass by cattle and other domestic animals, the establishment of pounds, the appointment of pound-keepers, the regulation of their duties and the provision for fees and charges for their services;

(*f*) the construction and maintenance of water courses, roads, bridges, ditches, fences and other local works;

(*g*) the dividing of the reserve or a portion thereof into zones and the prohibition of the construction or maintenance of any class of buildings or the carrying on of any class of business, trade or calling in any such zone;

(*h*) the regulation of the construction, repair and use of buildings. whether owned by the band or by individual members of the band;

(*i*) the survey and allotment of reserve lands among the members of the band and the establishment of a register of Certificates of Possession and Certificates of Occupation relating to allotments and the setting apart of reserve lands for common use, if authority therefor has been granted under section 60;

(*j*) the destruction and control of noxious weeds;

(*k*) the regulation of bee-keeping and poultry raising;

(*l*) the construction and regulation of the use of public wells, cisterns, reservoirs and other water supplies;

(*m*) the control and prohibition of public games, sports, races, athletic contests and other amusements;

(*n*) the regulation of the conduct and activities of hawkers, peddlers or others who enter the reserve to buy, sell or otherwise deal in wares or merchandise;

(*o*) the preservation, protection and management of fur-bearing animals, fish and other game on the reserve;

(*p*) the removal and punishment of persons trespassing upon the reserve or frequenting the reserve for prohibited purposes;

(*p.1*) the residence of band members and other persons on the reserve;

(*p.2*) to provide for the rights of spouses and children who reside with members of the band on the reserve with respect to any matter in relation to which the council may make by-laws in respect of members of the band;

(*p.3*) to authorize the Minister to make payments out of capital or revenue moneys to persons whose names were deleted from the Band List of the band;

(*p.4*) to bring subsection 10(3) or 64.1(2) into effect in respect of the band;

(*q*) with respect to any matter arising out of or ancillary to the exercise of powers under this section; and

(*r*) the imposition on summary conviction of a fine not exceeding one thousand dollars or imprisonment for a term not exceeding thirty days, or both, for violation of a by-law made under this section.

(2) Where any by-law of a band is contravened and a conviction entered, in addition to any other remedy and to any penalty imposed by the by-law, the court in which the conviction has been entered, and any court of competent jurisdiction thereafter, may make an order prohibiting the continuation or repetition of the offence by the person convicted.

(3) Where any by-law of a band passed is contravened, in addition to any other remedy and to any penalty imposed by the by-law, such contravention may be restrained by court action at the instance of the band council.

**82.** (1) A copy of every by-law made under the authority of section 81 shall be forwarded by mail by the chief or a member of the council of the band to the Minister within four days after it is made.

(2) A by-law made under section 81 comes into force forty days after a copy thereof is forwarded to the Minister pursuant to subsection (1), unless it is disallowed by the Minister within that period, but the Minister may declare the by-law to be in force at any time before the expiration of that period.

**83.** (1) Without prejudice to the powers conferred by section 81, where the Governor in Council declares that a band has reached an advanced stage of development, the council of the band may, subject to the approval of the Minister, make by-laws for any or all of the following purposes, namely

(*a*) the raising of money by

(*i*) the assessment and taxation of interests in land in the reserve of persons lawfully in possession thereof, and

(*ii*) the licensing of businesses, callings, trades and occupations;

(*b*) the appropriation and expenditure of moneys of the band to defray band expenses;

(*c*) the appointment of officials to conduct the business of the council, prescribing their duties and providing for their remuneration out of any moneys raised pursuant to paragraph (*a*);

(*d*) the payment of remuneration, in such amount as may be approved by the Minister, to chiefs and councillors, out of any moneys raised pursuant to paragraph (*a*);

(*e*) the imposition of a penalty for non-payment of taxes imposed pursuant to this section, recoverable on summary conviction, not exceeding the amount of the tax or the amount remaining unpaid;

(*f*) the raising of money from band members to support band projects; and

(*g*) with respect to any matter arising out of or ancillary to the exercise of powers under this section.

(2) No expenditure shall be made out of moneys raised pursuant to paragraph (1)(*a*) except under the authority of a by-law of the council of the band.

**84.** Where a tax that is imposed upon an Indian by or under the authority of a by-law made under section 83 is not paid in accordance with the by-law, the Minister may pay the amount owing together with an amount equal to one-half of one per cent thereof out of moneys payable out of the funds of the band to the Indian.

**85.** The Governor in Council may revoke a declaration made under section 83 whereupon that section no longer applies to the band to which it formerly applied, but any by-law made under the authority of that section and in force at the time the declaration is revoked shall be deemed to continue in force until it is revoked by the Governor in Council.

**85.1** (1) Subject to subsection (2), the council of a band may make by-laws

(*a*) prohibiting the sale, barter, supply or manufacture of intoxicants on the reserve of the band;

(*b*) prohibiting any person from being intoxicated on the reserve;

(*c*) prohibiting any person from having intoxicants in his possession on the reserve; and

(*d*) providing for exceptions to any of the prohibitions established pursuant to paragraph (*b*) or (*c*).

(2) A by-law may not be made under this section unless it is first assented to by a majority of the electors of the band who voted at a special

meeting of the band called by the council of the band for the purpose of considering the by-law.

(3) A copy of every by-law made under this section shall be sent by mail to the Minister by the chief or a member of the council of the band within four days after it is made.

(4) Every person who contravenes a by-law made under this section is guilty of an offence and is liable on summary conviction

(a) in the case of a by-law made under paragraph (1)(*a*), to a fine of not more than one thousand dollars or to imprisonment for a term not exceeding six months or to both; and

(*b*) in the case of a by-law made under paragraph (1)(*b*) or (*c*), to a fine of not more than one hundred dollars or to imprisonment for a term not exceeding three months or to both.

**86.** A copy of a by-law made by the council of a band under this Act, if it is certified to be a true copy by the superintendent, is evidence that the by-law was duly made by the council and approved by the Minister,without proof of the signature or official character of the superintendent, and no such by-law is invalid by reason of any defect in form.

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**APPENDIX B**

September 30, 1985

The Honourable David E. Crombie, P.C., M.P.
Minister of Indian Affairs and
Northern Development,
House of Commons,
OTTAWA, Ontario
K1A 0A6

Dear Mr. Crombie:

Re: By-Laws made Pursuant to Sections 81 and 83 of the Indian Act

By-laws made by Indian band councils pursuant to section 81 of the Indian Act have been reviewed by our Committee since 1982. For reasons we will explain later, the present committee decided, on January 22, 1985, that it would not henceforth scrutinize these by-laws or those made pursuant to section 83 of the Act.

Based on the experience of the Committee in the three years during which it did scrutinize band council by-laws, we can not but come to the conclusion that they too often disclose a lack of awareness of the principles governing the exercise of delegated legislative powers and that an inordinate number are seriously flawed. While we do not disagree with your Department's declared policy of encouraging band responsibility for self-government, we also believe that native persons living on reserves, no less than other Canadians, have the right to be governed by laws that are fair, reasonable and valid. The protection and enhancement of this right is not only the concern of the courts but should also guide the exercise of the power of disallowance conferred upon you by section 82 of the Indian Act.

By letter dated March 18, 1983, the Committee was informed that "the power of disallowance has been reserved for cases where the by-law in question is clearly *ultra vires*, and has not been applied to by-laws that are merely formally deficient, or where the validity of a by-law is at worst uncertain, given a broad construction of band powers under the Act". At another time, this approach was described as "the Department's policy of non-intervention unless absolutely necessary". On the basis of the by-laws which have been reviewed by the Joint Committee, we feel your Department's policy of "non-intervention" has been implemented in such a manner as to come dangerously close to an abdication of your responsibility to ensure the proper administration of the Indian Act. Whatever the defects of this Statute, it is an Act of the Parliament of Canada and until such time as it is replaced or amended by Parliament, it must be administered by the Executive on the same footing as all other Acts of Parliament. Non-interference in band affairs is not a policy that ought to be pursued to a point where it excuses or allows for breaches of the Rule of Law or results in an interpretation of band powers under the Act that makes a mockery of the limits set by Parliament on these powers. A number of the by-laws reviewed by the Committee are, in its judgment, "clearly *ultra vires*" of the Act. Your failure to

disallow these by-laws leads us to the conclusion that your Department's interpretation of the powers conferred by section 81 of the Act is overly liberal and not in keeping with the principles that govern the interpretation of enabling powers. In reaching decision as to whether a particular by-law should be disallowed, consideration ought to be given not only to the sensitivities of elected band council members, but also to the situation of those that will be subject to the by-law. As we said earlier, native persons have a right to be governed by laws that are proper and fair. To suggest that those affected by a by-law that is illegal, discriminatory, or unreasonable, can seek redress in the courts is to ignore the very real limitations of the judicial system as a means of redress in these situations. If anything, the usefulness of judicial redress mechanisms is more limited in native communities than elsewhere. We believe it is in recognition of this that Parliament conferred upon you the power to disallow by-laws made under section 81 of the Act.

As for the disallowance procedure itself, we think it could be improved in a number of ways. The time provided for disallowance should be extended from 40 days to 90 days; in correspondence with your Department, instances have come to light of by-laws that would have been disallowed but were not because they were not received and reviewed in good time. We feel a 90 day disallowance period is more realistic and would give your officers the time necessary to formulate a recommendation for your consideration. Secondly, we recommend that the Act allow for the disallowance of only part of a by-law. At present, the Act requires you to disallow a by-law in its entirety even though only one provision of the by-law may be objectionable. It would be preferable if, in these circumstances, you could disallow only that provision of a by- law that is defective provided it is severable. Finally, we think it would be of benefit if you were under an obligation to submit to the appropriate band council and within a prescribed period of time, detailed reasons for your disallowance of a by-law. We feel these changes, if implemented, would improve the disallowance process and, by making it somewhat more flexible, might help alleviate what we perceive to be a definite reluctance to use disallowance in appropriate cases. More generally, we wonder whether the time has not come for your Department to undertake, in consultation with representatives of the native people, an in-depth examination of the legislative powers of band councils and of the appropriate control mechanisms that should exist with respect to the exercise of these powers. Such a study may possibly identify control mechanisms other than disallowance which will strike the proper balance between the goal of self-government and the protection of the rights and liberties of those subject to laws made by their band councils.

Insofar as the Joint Committee is concerned, we have, as stated earlier, reached the decision that by-laws made pursuant to sections 81 and 83 of the Indian Act should not be reviewed by the Committee. In fact, we think such by-laws should not be subject to the Statutory Instruments Act and we recommend that section 2(1)(d) of this Act be amended so as to exclude these by-laws from the definition of "statutory instrument". It is anomalous that subordinate legislation of a local character made by elected representatives of a community should be treated in the same manner as subordinate legislation made by the Governor in Council or by regulation-making authorities that are not directly answerable to the people but to Parliament. Our recommendation is consistent with the situation that prevails in most Provinces that have adopted legislation such as the Statutory Instruments Act and where delegated legislation made by local authorities such as municipal corporations or school boards is excluded from the requirements that govern the regulation-making process. We feel that the position of Indian band councils is at least comparable to that of these local authorities and the delegated legislation made by them should be exempted from the examiniation, registration and publication requirements of the Statutory Instruments Act, requirements which are of little practical value insofar as band council by-laws are concerned. Until such time as the Statutory Instruments Act is amended, we recommend that band council by-laws be exempted from the examination and registration requirements of the Act by means of an amendment to the Statutory Instruments Regulations made pursuant to section 27(a) of the Act. The amendment to section 2(1)(d) of the Act, excluding by-laws made under sections 81 and 83 of the Indian Act from the definition of "statutory instrument", could conveniently be proposed in the next Miscellaneous Statute Law Amendment Bill.

We would appreciate your views on these matters. The Committee intends to make a report to the Houses setting forth the reasons for this last recommendation and for its decision not to exercise its mandate in relation to band council by-laws. Should you support our recommendation, we would be pleased to so indicate in that report.

We look forward to hearing from you and remain,

Yours sincerely,

Nathan Nurgitz,
Joint Chairman.

Bob Kaplan,
Joint Chairman.

Howard Crosby,
Vice-Chairman.

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November 28, 1985

The Honourable Nathan Nurgitz, Q.C.
Standing Joint Committee of the Senate and
of the House of Commons on
Regulations and Other Statutory Instruments
c/o The Senate
OTTAWA, Ontario
K1A 0A4

Dear Senator:

Thank you for your September 30, 1985 letter concerning by-laws made pursuant to sections 81 and 83 of the *Indian Act*.

I have noted your recommendations and have instructed my officers to investigate your concerns. My officials are currently working on a by-law disallowance policy and as soon as I receive their report, I will be in touch with you and the committee.

Hope all is well. Take care.
Sincerely,

David Crombie

c.c. The Honourable Bob Kaplan, P.C., Q.C., M.P.
c.c. Howard Crosby, Q.C., M.P.

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April 3, 1986

The Honourable David E. Crombie, P.C., M.P.
Minister of Indian Affairs and Northern
Development,
House of Commons,
OTTAWA, Ontario
K1A 0A6

Dear Mr. Crombie:

Re: By-Laws Made Pursuant to Sections 81 and 83 of the Indian Act

We refer to our letter of September 30, 1985 and your interim reply of November 28, 1985. We will appreciate your advice as to progress.

Yours sincerely,

Nathan Nurgitz,
Joint Chairman.

Bob Kaplan,
Joint Chairman.

Howard Crosby,
Vice-Chairman.

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December 19, 1986

The Honourable Nathan Nurgitz, Q.C.
Standing Joint Committee of the Senate and
of the House of Commons on Regulations
and Other Statutory Instruments
c/o The Senate
OTTAWA, Ontario
K1A 0A4

Dear Senator Nurgitz:

I refer to your letter of April 3, 1986 addressed to my predecessor, the Honourable David Crombie, respecting Indian band council by-laws and their review by your committee.

For the reasons given in your letter, I agree with, and support, the recommendation that your committee not scrutinize by-laws made by band councils under sections 81 and 83 of the *Indian Act*, and would add to this the recent authority for by-laws under section 85.1 of the Act.

Furthermore, as you recommend, we are presently seeking an amendment to the *Statutory Instruments Regulations*, section 7 and paragraph 15(2)(e), to exclude all by-laws passed under sections 81, 83 and 85.1 of the *Indian Act* from the requirement of examination, registration and publication.

Finally, with respect to the other matters raised in your letter, I am pleased to advise that a review of the jurisdictional scope and the administrative treatment of by-laws is underway which will strike a balance between self-government and the protection of the rights of individual band members from by-laws which might be unfair, unreasonable or otherwise invalid.

Yours sincerely,

Bill McKnight

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**APPENDIX C**

Provincial statutes of general application governing the exercise of regulation-making powers usually exclude by-laws or regulations made by local authorities. See the *Regulations Act*, R.S.A. 1980, c. R-13 (Alberta); the *Regulations Act*, R.S.B.C., c. 361.1 (British Columbia); the *Regulations Act*, R.S.M. 1970, c. R-60 (Manitoba); the *Regulations Act*, R.S.N.B. 1973, c. R-7 (New Brunswick); the *Statutes and Subordinate Legislation Act*, S.Nfld. 1977, c. 108 (Newfoundland and Labrador); the *Regulations Act*, S.N.S. 1973, c. 15 (Nova Scotia); the *Regulations Act*, R.S.O. 1980, c. 446 (Ontario); the *Regulations Act*, S.Q. 1986, c. 22 (Québec); the *Regulations Act*, R.S.S. 1978, c. R-16 (Saskatchewan);

By-laws, regulations and other instruments of delegated legislation made by local authorities are not subject to parliamentary control in the following jurisdictions which have established committees for that purpose: Manitoba, Ontario and Saskatchewan.

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**APPENDIX D**

The By-law (SOR/85-1005) made by the Split Band Council on September 13, 1985, is fairly typical of those enacted pursuant to section 85.1 of the *Indian Act*. The operative provisions of this by-law are as follows:

"Definitions

1. In this by-law,

(a) "Band" means the Split Lake Band;

(b) "Reserve" means the Reserve or all of the reserves set aside from time to time for the use and benefit of the Band, and includes any special reserve;

(c) "Band Member" means a member of the Split Lake Indian Band;

(d) "Intoxicant" means any intoxicating substance which is capable of human consumption and contains either more than 1% by weight or more than 1% by volume of any alcohol or alcohols;

(e) "Residence" means any building which is situated on the Reserve and is actually in use as the residence of any person.

Prohibitions

2. (a) Every person who is found intoxicated or found with any intoxicants in their possession or who keeps or causes intoxicants to be kept in their dwelling-house, building, tent, or place, or supplies an intoxicant to any person on the reserve is guilty of an offence and is liable in a summary conviction to a fine of not more than one hundred dollars or to imprisonment for a term not exceeding three months or both a fine and imprisonment.

(b) Every person who by himself (or) any other person on his behalf;

(1) sells, barter to any person on the Reserve,

(2) makes or manufactures intoxicants on a Reserve, is guilty of an offence and is liable in a summary conviction to a fine of not more than one thousand dollars or to imprisonment for a term not exceeding six months or to both fine and imprisonment.

Exceptions

3. Notwithstanding anything in this bylaw, no person commits an offence under this bylaw by the possession, or by the supply to another person, of an intoxicant,

(a) which was manufactured for medicinal purposes, is in a container labelled so as to indicate that it is for medicinal purposes only;

Effective Date

4. This bylaw shall come into effect on the 23rd day of September 1985."

Respectfully submitted,

**NATHAN NURGITZ**
*Joint Chairman*

## APPENDIX "C"

(*See p. 666*)

## STANDING SENATE COMMITTEE ON NATIONAL FINANCE

## FIFTH REPORT

REPORT ON SUPPLEMENTARY ESTIMATES (A) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1988

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THURSDAY, March 19, 1987

The Standing Senate Committee on National Finance has the honour to present its

FIFTH REPORT

Your Committee, to which Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1988, were referred, in obedience to the Order of Reference of Tuesday, March 10, 1987 submits its report as follows:

The Committee heard evidence from the following witnesses:

From Agriculture Canada

Mr. Jean-Jacques Noreau, Deputy Minister;
Mr. Terry Pender, Coordinator,
Special Grains Program.

From the Treasury Board:

Mr. William Crandall, Director,
Estimates Division

Supplementary Estimates (A), totalling $700 million is the first supplementary estimate for the 1987-88 fiscal year. The entire amount is being requested as new spending authority by Agriculture Canada to augment the $300 million already received through Supplementary Estimates (B), 1986-87 for its Special Canadian Grains Program (SCPG) announced in the debate following the Speech from the Throne.

When the initial $300 million for this program was granted in December 1986, officials from Agriculture Canada indicated that a request for the remaining $700 million would be presented as part of the Main Estimates for 1987-88 to be dealt with even before the Main Estimates. Treasury Board however, chose to request this $700 million through a special supplementary estimate for 1987-88. They asserted that this was appropriate for the following reason: when Main Estimates are tabled, three-twelfths of the total amount normally is provided to departments by the end of March through an interim appropriations bill. The remaining amount is provided by the end of June after House and Senate committees have reported and the appropriations bill is proclaimed. Because the money for this program is required before the end of June, this normal procedure would not be adequate. The full amount could have been provided through the interim appropriations bill by the end of March, but this would have precluded a review of the request by parliamentary committees. Accordingly, Treasury Board chose to put forward this request as a special supplementary estimate for the 1987-88 fiscal year.

The Committee understood the need to provide the money prior to the end of June, but some Senators felt that it was inappropriate to consider a supplementary estimate before the review of the Main Estimates. It is suggested that the proper procedure would have been to have included the $700 million request in the Main Estimates, with entire amount, less $1, being provided through the interim appropriations bill. In this way the principle of the request would continue to be before Parliament until the Main Estimates are reported and the appropriations bill proclaimed by the end of June.

In the Special Canadian Grains Program Guidebook, the introduction states that the Special Canadian Grains Program (SCGP) was introduced to reduce the effects of American and European export subsidies on Canadian grain and oilseed producers. The program provides $1 billion in supplementary income to those Canadian producers most seriously and directly affected by this trade dispute. Yet the formula used to determine payments to producers takes into consideration only the estimated effects on individual commodity prices brought on by changes in the U.S. Farm Bill. No consideration is given to the

specific actions of the European Economic Community. For example, if excess supplies in Europe of specialty crops such as mustard seed, safflower or lentils leads to dumping in the international market and results in falling incomes to Canadian farmers, no action under this program will be taken unless the United States takes prior remedial action. This led Senators to believe that intent of the program risked being thwarted by the specific mechanisms intended to provide relief to Canadian farmers. The Senators recognized, however, that the purpose of the advisory committee was to guard against inadvertent unfairness in the application of the program.

The Committee encouraged the Deputy Minister of Agriculture Canada to consider the plight of specialty crop farmers in Canada and requested that he advise his Minister to amend the program to supplement falling farm incomes brought on by actions not only of the United States but of the European Community as well.

Respectfully submitted,

WILLIAM M. KELLY
*Deputy Chairman*

# THE SENATE

**Tuesday, March 24, 1987**

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

Prayers

[*Translation*]

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF JOINT COMMITTEE REFERRED BACK TO COMMITTEE—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Wednesday, March 18, 1987

ORDERED,—That the Third Report of the Standing Joint Committee on Regulations and other Statutory Instruments, presented to the House on Thursday, February 19, 1987, be referred back to the Standing Joint Committee on Regulations and other Statutory Instruments for further consideration; and

That a message be sent to the Senate to acquaint Their Honours.

ATTEST

MICHAEL B. KIRBY
*For the Clerk of the House of Commons*

[*English*]

## THE ESTIMATES, 1986-87

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) PRESENTED AND PRINTED AS APPENDIX

**Hon. William M. Kelly:** Honourable senators, the Standing Senate Committee on National Finance has the honour to present its Sixth Report respecting its examination of the expenditures proposed by supplementary estimates (C) laid before Parliament for the fiscal year ending March 31, 1987. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see appendix, p. 725*)

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

**Senator Kelly:** Honourable senators, before I respond, I should like to draw your attention to something that occurred last week with regard to a similar matter, which left me somewhat puzzled. Last week I presented the committee's report on Supplementary Estimates (A). It was a simple report, and, bearing in mind that I am still very new to the Senate, I asked whether it would be appropriate to have the report considered at that time. Guided, as many of us are, by Senator Olson, the response was that it would not be appropriate; whereupon I then asked that it be considered at the next sitting.

Immediately following my rather poor performance, Senator Frith rose in his place and presented two reports, and received permission to have them considered that same day. All that I am trying to suggest is that somewhere along the line I do not think that I am being advised very accurately.

However, notwithstanding that, I ask that the committee's report on Supplementary Estimates (C) be considered at the next sitting of the Senate.

**Senator Frith:** My door is always open, senator!

**An Hon. Senator:** It depends on who you are.

On motion of Senator Kelly, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## INTERNATIONAL FINANCIAL SYSTEM AND INSTITUTIONS

CANADA'S PARTICIPATION—FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO EXTEND PRESENTATION DATE OF FINAL REPORT

**Hon. George van Roggen,** Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

Tuesday, March 24, 1987

The Standing Senate Committee on Foreign Affairs has the honour to present its

THIRD REPORT

Your Committee, which was authorized by the Senate on November 4, 1986, to examine Canada's participation in the international financial system and in particular the International Monetary Fund, the World Bank Group and the regional development banks, including the debt repayment problems of developing countries, respectfully requests that the date of presenting its final report be

extended from 31 March 1987 to no later than 31 May 1987.

Respectfully submitted,

GEORGE C. VAN ROGGEN
*Chairman*

**Senator Frith:** As they say in court, subject to further order.

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

**Senator van Roggen:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be adopted now.

By way of quick explanation, the committee hopes to conclude its drafting of the report at a meeting this afternoon, or, at the latest, next week. The reason for the extension is simply the matter of time necessary for translation and publication.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## SENIOR CITIZENS

OBSERVATION OF SPECIAL WEEK IN TRIBUTE—NOTICE OF MOTION

**Hon. David A. Croll:** Honourable senators, I give notice that on Tuesday next, March 31, 1987, I will move:

That the Senate recommends to the Government of Canada and to individuals and organizations in Canada that, in honour of the senior citizens of this country, the last complete week of August of this year and of each and every year thereafter, be kept and observed throughout Canada as "Senior Citizens' Week" as a way of paying tribute to the diverse contributions being made to Canada by the older citizens of our society.

## LEGAL AND CONSTITUTIONAL AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS

**Hon. John M. Godfrey:** Honourable senators, I give notice that on Thursday next, March 26, 1987, I will move:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms.

[Senator van Roggen.]

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

NOTICE OF MOTION TO AUTHORIZE JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS

**Hon. John M. Godfrey:** Honourable senators, I give notice that on Thursday next, March 26, 1987, I will move:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, bestow powers to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms or contains the powers set forth in Paragraph 2 of Part 9 of the Cabinet directive on the preparation of legislation approved on 16th April, 1981, the said Part 9 reading in part as follows:

"9. REGULATIONS

In the preparation of proposals for legislation, agencies should observe the following principles respecting regulation-making powers:

(1) When bestowing the power to make regulations upon a person or a rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.

(2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. These powers include the following:

(a) power to make regulations that might substantially affect personal rights and liberties;

(b) power to make regulations involving important matters of policy or principle;

(c) power to amend or add to the enabling Act or other Acts by way of regulation;

(d) power to make regulations excluding the ordinary jurisdiction of the Courts;

(e) power to make specific regulations having a retrospective effect;

(f) power to subdelegate regulation-making authority;

(g) power by regulation to impose a charge on the public revenue or on the public other than fees for services;

(h) power to fix by regulation, rather than by the statute itself, the penalties for breach of regulation;" and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

THIRD REPORT OF JOINT COMMITTEE REFERRED BACK TO COMMITTEE

**Hon. Nathan Nurgitz:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

That the Third Report of the Standing Joint Committee on Regulations and other Statutory Instruments, tabled in the Senate on 10th March, 1987 (Sessional Paper No. 332-242) be referred back to the said Committee for further consideration; and

That a message be sent to the House of Commons to acquaint that House accordingly.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. George van Roggen:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## THE LATE HONOURABLE WALTER LOCKHART GORDON, P.C.

TRIBUTES

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, before we proceed to Question Period, I would like to take this opportunity to express my sorrow at the passing of the late Walter Gordon and also to pay tribute to his memory and to the outstanding career of a former colleague and friend. The details of that outstanding career have been well publicized for all of us in the last day or so. Therefore, I will make some observations in the way of a more personal appreciation.

Mr. Gordon's presence became increasingly evident in policy and organization as the election of 1962 approached. He entered Parliament himself in that election and had a brief period of parliamentary seasoning before he entered cabinet in April 1963. It was during this period that I made for the first time the acquaintance of Mr. Gordon. During our period together in the cabinet, our relations were always cordial and, indeed, we worked closely together on a number of public questions, including the comprehensive reforms that were made in the labour field and are to be found in the Canada Labour Code. Subsequently, when Mr. Gordon retired from public life, I was the frequent recipient of his advice by phone and by letter, particularly when I was Minister of Finance and, later, Secretary of State for External Affairs.

• (1410)

Obviously, I treated his views with the respect owing to a friend, a former colleague, and a wise man. Even though one could not always accept his advice, he was always gracious, and returned to re-assert his views at the first opportunity.

Mr. Walter Gordon's career, to some extent, exemplified the dictum of the late President Kennedy when he said that "all politics is not fair." One illustration in Mr. Gordon's career followed the publication of the Report of the Royal Commission on Canada's Economic Prospects, which he chaired, when he was accused of describing depopulation as the solution to the economic development problems of the Atlantic region. A reading of that text, of course, does not support that criticism; nevertheless, it received a firm place in the political mythology of Canada. The fact is that Mr. Gordon was always sympathetic to the problems of the Atlantic region and showed unending concern for the workers and those in need of social benefits in the country.

Of course, he was not a populist, either in personal appearance or background, certainly not a populist like Mr. Diefenbaker, and perhaps that is why Mr. Diefenbaker became one of Mr. Gordon's arch critics. While not a populist, Walter Gordon certainly had the zeal of a true reformer for social justice. Around the cabinet table he expressed his views forcefully and with great clarity. One evident characteristic was that he expressed his views with such authority and confidence that he was somewhat surprised when they were not fully and immediately accepted, which did not always happen. Another characteristic of his personal style was that he seldom engaged in detailed explanations and defences when his views were challenged, as they frequently were.

Much has been said about the relationship between Mr. Gordon and the late Prime Minister Pearson. There is no doubt there was a close personal relationship as well as a political relationship, and both have, in subsequent writings, lamented about their drifting apart. My observation, of course, was that as the Prime Minister grew in his job, he became less dependent upon personal advisers, and seemed to exhibit more than slight relief when their influence on his political decisions became less direct.

Not every account one reads about those days is complete. I was about to say, "is correct." What one reads about those days may be correct to a point, but it does not always capture the full colour of the events of those days. One article in today's papers said that Mr. Pearson had persuaded Mr. Gordon to return to the cabinet. That may have happened, honourable senators, but certainly a group of Mr. Gordon's former colleagues, who had very much missed Mr. Gordon's presence in the cabinet, persuaded the Prime Minister to persuade Mr. Gordon to return. Therefore, his return, which was a very short visit, so to speak, was sought by a number of

his colleagues who had appreciated the particular role he played in cabinet and in caucus.

But it is always impossible to recapture the old days, and Walter's return never did quite recapture the old days for him or for his colleagues, nor was the Prime Minister ever able to live up to the expectations Walter had upon his return.

We all know what happened to Walter Gordon following his departure from political public life. He continued his active interest in public affairs and commented with enthusiasm and sagacity upon public questions, particularly in the areas of Canada's economic independence and disarmament, for which he developed a real interest in his later life.

I regret Walter Gordon's passing. It seems that we have frequently been obliged to pay tribute to former colleagues and politicians, including the late Don Jamieson and the late Doug Abbott. Now, most recently, we pay tribute to the late Walter Gordon. Honourable senators, he was a force in our Canadian public life for the impact which he had upon our institutions, but I think he will be remembered by his friends particularly for his warm personality and for his gentleness, which he blended skilfully with authority when required.

**Hon. Richard J. Doyle:** Honourable senators, there is not one of us here today who is not saddened by the news of the death of Walter Gordon.

He was one of the most potent men of government of our time. We cannot think of the Pearson era without thinking of him—either to credit him or to blame him for policies or innovations that impact upon us to this very day. But his influence on Canadian affairs predated his time with government and continued long after he left it.

This morning I saw his picture and read his obituary in the *Globe and Mail*, but I noticed, too, that his name was prominent in a full page advertisement calling attention to the Council of Canadians, a group dedicated to the defeat of a free trade agreement with the United States. The great nationalist was active to the very end.

Thirty years ago, when I was editing the old *Globe Magazine*, we featured a profile of Walter Gordon. While preparing the article, we obtained a colour transparency of the natty and cheerful Mr. Gordon. It was sitting on my viewing machine one afternoon when a colleague from the editorial board dropped in and said to me, "What in hell have you got that for?" I said, "As a matter of fact, it is going to go on the cover of an early issue of the magazine." He then asked, somewhat dumbfounded, "Why?" I replied, "Because we think that the report on Canada's economic prospects is going to be important—big stuff. It is going to have a great impact on Canadian affairs." That is what we believed; that is what we said; and we were right.

● (1420)

Perhaps the best confirmation of that came from the editorial board, which paid a great deal of attention to Walter Gordon after that.

[Senator MacEachen.]

It was Senator Davey who introduced me to Mr. Gordon. As a matter of fact, we referred to the two of them as "Tweedle-Dum and Tweedle-Dee" in matters of political machination.

But our basic differences with Finance Minister Gordon were philosophical. We clung to Senator George Brown's espousal of sovereignty. He worried that Canadians might become tenants in their own country. We both believed—to quote today's advertisement over his name—that "the future of Canada is on the table."

I have rarely known a more genial adversary. While we praised him for criticizing U.S. involvement in the Vietnam War, we laughed at his membership of the Committee for an Independent Canada, and called the outfit "The Company of Old Canadians."

What was not known was the fact that over the years Walter Gordon continued to meet with the editors and with the editorial board of the *Globe and Mail*. We had long and useful discussions with him when he formed The Canadian Institute for Economic Policy. In these encounters, time was never wasted on what had been said. He was always cheerful and was always looking ahead.

I know, honourable senators, that whatever our persuasion, we will miss the pleasure of his company.

**Hon. Senators:** Hear, hear!

**Hon. Jerahmiel S. Grafstein:** Honourable Senators, one test of political greatness is the ability to change conventional wisdom and to transform political values. Walter Gordon changed Canadian values and, in the process, became the political conscience to a generation of Canadians.

I first met Walter Gordon in 1961. At that time my belief in Pearsonian internationalism collided with Walter Gordon's belief in nationalism. I feared nationalism. I failed to see how one could ignite nationalism for Canada and yet deny the nationalist impulses of Québec, a nationalism, I believed, that would divide rather than unite. Yet, I came to see that Walter Gordon's brand of nationalism was different; it was a self respecting nationalism; a caring nationalism; a humane nationalism; a nationalism that could unite.

Sometimes leaders contribute less than their followers. History has yet to measure fully Walter Gordon's contribution to what we and historians now refer to as "Pearsonian Liberalism." Yet, for me, Walter Gordon was a quintessential Toronto liberal, engaging, enraging, envied, even reviled, but never ignored.

Walter Gordon was a Toronto Liberal, a true believer who, in turn, gave birth to an entire generation of true believers. He was a Toronto Liberal who believed in regional equality—ask Maurice Sauvé or my leader in this place, Allan MacEachen. He was a Toronto Liberal who believed in medicare—ask Mitchell Sharp; a Toronto Liberal who believed in bilingualism—remember, kindly, Senator Maurice Lamontagne, his true friend.

Walter Gordon was a Toronto Liberal who believed in closing the gap between the rich and the poor—ask the Toronto business establishment. He was a Toronto Liberal

who believed in enlightened state enterprise—remember the Canada Development Corporation. He was a Toronto Liberal who believed in nationalism—ask Pierre Trudeau; a Toronto Liberal who believed in an independent Canada—ask Mel Hurtig today; and a Toronto Liberal who hid his personal generosity behind a self-deprecating mask—ask his legion of friends.

Walter Gordon was a gentle man who did not go gently into the night. He raged against the coming of the night and, in turn, became a source of light for all Canada. We shall mourn him and we shall never forget him.

**Hon. Joyce Fairbairn:** Honourable senators, I also would like to pay tribute to an old friend, Walter Gordon. Walter had an amazing network of friends across this country, including waves of young Liberals from the last several decades. He not only saw the special character of Canadian nationhood as something worth fighting fiercely for but for him it was a joyous campaign which he carried right to the end. Indeed, his love of country was equalled only by his commitment to peace and disarmament, and he goaded us constantly—indeed, relentlessly—to pursue those objectives. We will miss that commitment; we will miss his warm humour and his special friendship.

I would like to extend my sympathy to his wife, Liz, and his three children.

**Hon. Peter Bosa:** Honourable senators, I would like to associate myself with the remarks that have been made by honourable senators who have preceded me, and to express my sadness at the passing of the Honourable Walter Gordon on March 21, 1987.

I first met Mr. Gordon in 1961 when he announced his candidacy in the federal riding of Davenport in Toronto. I was a member of the executive of that constituency and I served as such throughout the period during which Mr. Gordon represented that constituency from 1962 to 1968. The executive of that constituency had a great deal of affection for Mr. Gordon, because he was an inspiration to us, and we had a great deal of admiration for his policies and for his integrity.

Mr. Gordon had a great influence on my life. In fact, it was he who recommended that I be appointed as special assistant to the Minister of Citizenship and Immigration, the Honourable Guy Favreau, and Mr. Favreau accepted his recommendation. I had the distinction of being the first non-British, non-French Canadian to occupy the position of ministerial aide at the federal level. Mr. Gordon wanted to send a signal to the hundreds of thousands of immigrants who had come to Canada up to that time that there was a role for them to play in the decision-making process in Canada.

In addition to having recommended me for that position, Mr. Gordon continued to keep in touch with his friends, even after he ceased to be a member of Parliament. I would receive an invitation from time to time to meet at his home or in some restaurant. The last time that I had the pleasure of seeing Mr. Gordon was about a year and a half ago, together with his former executive assistant, Professor Brian R. Land, when we had lunch together.

In concluding, honourable senators, I would like to express my sincerest condolences to Mrs. Gordon and the rest of the family.

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# QUESTION PERIOD

[*English*]

## CANADA-UNITED STATES RELATIONS

### IMPOSITION OF U.S. TARIFF ON CANADIAN POTASH—GOVERNMENT ACTION

**Hon. Sidney L. Buckwold:** Honourable senators, I have a question for the Leader of the Government in the Senate. It is with mixed emotions that we must react daily to the saga of Canadian-U.S. relations. We talk free trade and we get countervail. We talk reduction of acid rain, and we hear from a U.S. cabinet minister that it is a Canadian plot in order to sell more electricity in the United States!

• (1430)

Another Shamrock Summit will be held in a relatively few days, and again we are likely to hear what wonderful progress is being made in our harmonious relationship; and then we will probably read the next day of another United States trade action against Canadian industry. Senator Flynn will be pleased to know that I am getting to the question.

**Senator Flynn:** I thought you were doing pretty well.

**Senator Buckwold:** The Leader of the Government will know what the question is. It will involve the recent decision of the U.S. International Trade Commission regarding a proposed duty on Canadian potash.

I first asked this question of the leader on February 12 and, in raising the issue, I said that it was a real concern to the industry, particularly to Saskatchewan, which is the major producer of potash; and, as I look back, interestingly enough, his first reaction was:

> —the basis of my friend's question is still quite hypothetical. What has happened is that a United States senator from New Mexico has been pressing strongly for action for either anti-dumping duties or countervail against imports of Canadian potash.

He took it very lightly, although later on he was perhaps impressed that maybe there was more to it.

Today there is a headline in the *Toronto Star*:

> Canada loses on initial vote in potash fight

The quotation, which originates from Washington, says:

> Canada has lost the first round in a trade dispute over potash with the U.S. International Trade Commission's unanimous vote that imports from Canada are injuring the U.S. industry.

> The 5-0 vote yesterday was a preliminary victory for U.S. potash producers from New Mexico. They seek a 43 per cent penalty duty on Canadian potash imports on grounds they are being dumped on the U.S. market at less than fair value.

We are talking now of big business. It is an export industry valued at $270 million, and, in my opinion, it would be really disastrous if we found ourselves being drawn inexorably into that same situation which seems to have prevailed when we were dealing with lumber and some of the other items under discussion today.

It is almost like a Greek tragedy. We seem to watch it occur, and yet we are powerless to interfere with the flow of what in the end results in disaster for a Canadian industry.

**Senator Barootes:** The Greeks had a word for it.

**Senator Buckwold:** Yes, I fear that, senator. They had a word for it. My question is: What has the federal government done in order to assist the industry in its fight so far? Is there any plan of defence? Are we again going to hear the platitudes that "we will do all that we can"? Is it going to be the subject of discussion at the forthcoming Shamrock Summit? Can the Leader of the Government enlighten us as to what he sees forthcoming in the nature of Canadian action of a preventive nature to keep this from getting further down the road?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I despair of enlightening the honourable senator, but I may be able to make him somewhat better informed on the subject. Canada already has 80 per cent of the potash market in the United States. American reserves are dwindling, and it is my information that their mining costs are something like twice as high as ours.

In the current protectionist climate in the United States, I suppose the preliminary finding—and it was a preliminary finding—while disappointing is hardly surprising. I wish to emphasize that the anti-dumping investigation and finding are not directed at the policies of the federal or provincial governments. In that respect, as in a number of other respects, the situation is quite different from that which we faced with regard to lumber.

So, it is a preliminary initial determination. No duties have been imposed on imports of potash from Canada, and the honourable senator will know that the next step will be the Commerce Department's preliminary dumping determination, which must be made by July 20.

As for the federal government, we have been working closely with the provinces concerned and with the industry to ensure that the American investigation is carried out in conformity with that country's obligations under the GATT; and we will continue to do so.

**Hon. George van Roggen:** Honourable senators, as a supplementary, can the Leader of the Government assure the Senate, and through it the potash industry, that it will allow the potash industry to fight this battle to a conclusion and not assist it in the disastrous manner in which it assisted the softwood lumber industry in connection with its problem with the United States?

[Senator Buckwold.]

**Senator Murray:** With regard to the softwood lumber issue, I have already explained the difference to Senator Buckwold. It appears that I must now explain it to Senator van Roggen. Let me simply say that the action which the federal government took had the support of nine provinces and the workers involved in that industry, and I would have thought that it might have had the support of the honourable senator.

**Hon. Ian Sinclair:** Honourable senators, can the Leader of the Government assist us by telling us what he has in mind when he says that there is nothing in the potash situation that parallels the situation with regard to softwood lumber and actions of provincial governments? What does he have in mind—stumpage versus what? Would the Leader of the Government mind telling us what he had in mind when making his statement?

**Senator Murray:** Honourable senators, the softwood lumber dispute was directed at alleged provincial government subsidies of that industry. That is not the case, as I understand it, with the potash anti-dumping investigation in the United States.

**Senator Sinclair:** One of the factors, surely, is what one pays the Crown for the right to mine potash. That is a cost factor which has to be taken into account, just as stumpage is taken into account in determining the cost of the tree at the mill.

**Senator Murray:** Honourable senators, the anti-dumping investigation is against companies and, as I understand it, is directed against all nine Canadian potash producers. The basis of the complaint was that there was reasonable cause to suspect or believe that Canadian potash imports were injuring the United States industry. As I have pointed out, we believe that there were insufficient grounds for the initiation of that investigation, and we so said; but the fact of the matter is that Canada now has 80 per cent of the market, that U.S. reserves are dwindling, and, as I have said, public information indicates that their mining costs are twice as high as ours.

**Senator Sinclair:** Honourable senators, what is bothering me is the bringing in of the softwood lumber issue and saying that it is different, because one of the issues in the softwood lumber dispute was an allegation that it was harmful to the American producers. That was an issue in the softwood lumber findings—which, according to the industry, was badly flawed—of the U.S. government.

**Senator Murray:** I understand that; but the point that I am trying to convey to the honourable senator and to all of our colleagues is that the investigation in the United States did not concern itself, and did not purport to concern itself, with the policies of the federal or provincial governments.

• (1440)

**Hon. Royce Frith (Deputy Leader of the Opposition):** But, honourable senators, if the proceedings in the United States on anti-dumping are roughly parallel to ours, then the result was

more than a preliminary finding of margin of dump. In our system the Department of National Revenue makes the finding of the preliminary dumping margin and then the case goes to the anti-dumping tribunal for a finding as to material injury. That finding of material injury is more advanced than the preliminary finding of dump margin. The Leader of the Government is quite right that it is not final, but it is more advanced than the preliminary finding.

**Senator Murray:** Well, I beg my honourable friend's pardon. My information is that what we have had is a preliminary injury finding.

**Senator Frith:** Injury. That is better.

**Senator Murray:** The next step will be the Commerce Department's preliminary dumping determination, which must be made by July 20.

**Senator Sinclair:** Honourable senators, the very fact that it is an injury finding is why I was asking the honourable Leader of the Government how it differed from the first finding in the softwood lumber dispute which, again, was a preliminary finding of injury.

**Senator Murray:** In that respect I suppose the honourable senator is right. My point, again, is that the anti-dumping investigations, which are quasi judicial proceedings, are directed against individual companies and examine the pricing practices of those companies. They do not concern themselves with the policies of governments vis-à-vis those companies.

**Senator Frith:** They are usually against the importers, I would think.

**Hon. Efstathios W. Barootes:** Honourable senators, I have a question for the Leader of the Government in the Senate. Will he inform the house what might or would have been the effect of this particular situation, which threatens Saskatchewan potash today, if some kind of trade treaty or agreement of the type we are talking about existed at this time, together with some kind of solution which is being appended to help with these "border skirmishes," if I may use that term?

**Senator Murray:** Honourable senators, that would depend on the type of agreement that we had, and I would not like to try to reply to a hypothetical question.

I will, however, say in response to the general statements made by Senator Buckwold about countervail and various trade disputes between the United States and Canada that the purpose of the trade negotiations which are now under way is to obtain a trade treaty with the United States which will secure our access to that market into the twenty-first century and will create a satisfactory dispute settlement mechanism between the two countries.

**Hon. Charles McElman:** Honourable senators, is the honourable senator suggesting, by chance, that these negotiations in their finality will have the Americans give up countervail?

**Senator Murray:** Honourable senators, I hope that we will find an adequate dispute settlement mechanism between our two countries on trade matters.

Concerning the use of countervail by either side and other contingency protection measures by either side, that is one of the matters that is being discussed by our negotiators now.

**Hon. Philippe Deane Gigantès:** Honourable senators, when we negotiated the reduction of tariffs on wood products through GATT, the United States undertook, under GATT, to lower the tariffs. Our companies improved their production techniques and captured a large part of the American market. The Americans cried foul, but the government did not use its recourse under GATT in order to get redress. Instead, it surrendered.

I have two questions for the Leader of the Government.

**Senator Murray:** I do not know what you are talking about.

**Senator Gigantès:** Are we going to see another surrender? To make things easier for him, he said that he had to explain first to Senator van Roggen and then to Senator Buckwold. Would he like to explain to me once more? Maybe he will get it right this time.

**Senator Murray:** I am sorry; I do not understand the premise of the honourable senator's question.

**Senator Gigantès:** The premise, sir, is that I do not understand—and I think many of us do not—what you are driving at. We do not understand the logic in what the government is doing. You are telling us—

**Senator Murray:** In what respect?

**Senator Gigantès:** —that you are seeking an agreement with the Americans to settle a dispute, yet, when we have agreed with the Americans, through GATT, how to settle a particular dispute, you do not use the avenue that already exists there to deal with the lumber and shingles situations but you let the Americans do anything they like, and you surrender. Are we about to see another surrender in the case of potash?

**Senator Murray:** Honourable senators, I must confess that I do not know what the honourable senator is talking about, and I do not think that he does either.

**Senator Gigantès:** Sir, would you be prepared to give me some documentation on what you are doing, and answer some of the questions that I was asking you last week on what the trade negotiations are about and what our aims are in those trade negotiations, instead of keeping them secret?

**Senator Murray:** Honourable senators, I found the honourable senator's contention the other day, that an increase in exports does not increase employment and that we should beware of exports, because when we begin to export we are also required to import, especially interesting. I am having these issues analyzed closely with the view of bringing in an adequate response to the honourable senator.

**Senator Gigantès:** I regret if I misled the honourable Leader of the Government. I did not say that we should try to avoid exports, I was simply saying that exports are not net creators of jobs. That does not mean that we should not export and import, but we should not convey the idea that there will be a

net increase in jobs due to increased exports; this has not happened anywhere in any country.

**Senator Murray:** That is a big statement.

**Senator Gigantès:** That statement is backed by the OECD statistics; it is backed by the statistics of Canada and of the United States, and of any other country that you care to look at. In economics, exports and imports are an identity and there is nothing you can do about it. What jobs you will make on the one you will lose on the other.

**Senator Murray:** I accept that if you start to export, pretty soon you might have to import; that is what trade is all about.

## FREE TRADE NEGOTIATIONS—DISPUTE SETTLEMENT MECHANISM—DETERMINATION OF SUBSIDIES

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I wish to ask the Leader of the Government a question with respect to the dispute settlement process.

Is it a fact that one of the main purposes of a dispute settlement mechanism would be to determine the admissibility or non-admissibility of subsidies which might be granted to Canadian industries?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, there would have to be some prior definition of the admissibility of various subsidies—whether they are to American or Canadian industries and whether they are from federal or state or provincial governments. I suppose that on the basis of whatever criteria were agreed to by the two countries, yes, a dispute settlement tribunal, if one existed, would be the arbiter under that law of the admissibility of particular subsidies.

● (1450)

**Senator MacEachen:** I agree with the Leader of the Government that if one is intending in the negotiations to deal with subsidies, one has to define a list of subsidies—some acceptable, some unacceptable, and some in the uncertain zone—which would form the subject of a dispute settlement mechanism. The raising of the subject of a dispute settlement mechanism impels me to ask this question: Is it true that at present the Canadian negotiators have on the table a proposal that would prohibit entirely Canadian subsidies which are targeted directly to particular Canadian industries? For example, is there a proposal from the United States which would eliminate the possibility of targeting subsidies or of targeted industrial assistance, the results of which would be that plants like those of Michelin would otherwise never be located in a province like Nova Scotia?

**Senator Flynn:** Why?

**Senator MacEachen:** Because that firm received assistance that was tailor-made for it and was not generally available. I am asking whether this is one of the items under negotiation; namely, whether certain forms of assistance, particularly if it is targeted to a particular firm, would be prohibited under our proposed agreement.

**Senator Frith:** That is a good question.

[Senator Gigantès.]

**Senator Murray:** I would think—and I am speaking hypothetically here—that the discussion would be about subsidies on items that are targeted for export. However, the important question asked by the Leader of the Opposition is whether Canada has a proposal to that effect on the table, and my answer is that I would be very surprised if that were the case.

**Senator MacEachen:** Honourable senators, perhaps Canada did not put the proposal on the table, but is there not a proposal now under discussion that would prohibit targeted subsidies and that would impair or impinge, if I may use that dreadful word, on industrial development policy? I am just asking whether it is a fact that if an agreement were concluded, a certain category of subsidy would be beyond the reach of even the Canadian government. The reason that we have these troubles with the United States and the only reason that the United States would ever agree to limit countervail would be if there were some definition of subsidies. They have alleged in the softwood lumber case the use of subsidies. That is why it is so critical that, as has been said by members of the government, if we had a trade agreement with the United States, we would have a way of dealing with these irritants. It follows from that point of view that the only way to deal with the matter is through the control of subsidies, defining or not defining them, and prohibiting some of them. That is what I am asking the Leader of the Government, and I apologize for what is a very long question. Can he throw any light on the attitude of the government toward the question of subsidies? Is the subject now being discussed? Is there a proposal that some subsidies would be prohibited and, if so, what kinds of subsidies? That is what I am asking.

**Senator Murray:** Honourable senators, it is no secret that for our part the Canadian government is attempting to obtain secure access to the American market and a dispute settlement mechanism. The honourable senator is suggesting that the *quid pro quo* for such a measure is that we would have to accept certain, even drastic, controls over subsidies. We do not accept that there is a *quid pro quo* of that kind involved here.

**Senator MacEachen:** Honourable senators, I am not asking for the bargaining parameters; I am really asking a factual question. Is this matter on the table, and is it being discussed by the negotiators? Let me tell you in the most polite way that if the United States is to agree to one of the Canadian objectives, namely, a limitation on contingency protection, then it will want something in return.

**Senator Murray:** Right.

**Senator MacEachen:** I am suggesting that what it wants in return is a definition of subsidies which would exclude some of them from use by the federal government or a provincial government, and which would have a direct bearing on industrial development in the various regions. The Leader of the Government may say that we are not trading off this particular aspect against another aspect of the subsidies that I mentioned, but surely the United States has asked for consideration of subsidies and has asked for certain ones to be

prohibited. I want to know if that is true, and where Canada stands on the matter. That is all.

**Senator Murray:** Honourable senators, I do not have detailed information as to what is being discussed at the bargaining table. Again, I would be very surprised if the United States had not raised the matter of subsidies.

**Senator Frith:** Now you're talking! We are closing in now!

**Senator MacEachen:** Then, is it true that there is a proposal on the table that divides subsidies into three categories, and that one category is a total prohibition on targeted subsidies? Is that subject being discussed?

**Senator Murray:** Honourable senators, I tell my honourable friend that I do not know the answer to that question.

**Senator MacEachen:** I would be glad to have the answer in due course.

**Senator Murray:** In due course?

**Senator Frith:** No, whatever you do, ask for sooner than "due course."

**Senator MacEachen:** In due course, because it is futile to talk about the question of current trade irritants and to project a solution through a potential trade agreement unless we know what is on the table. If Senator Barootes was serious about his question, what he meant was that we will have a way in the trade treaty, if it comes, of dealing with these irritants, and, if we had a way, we would have a means of dealing with subsidies and countervail. That is what the honourable senator meant, if I may re-interpret his question.

**Senator Murray:** There are subsidies on both sides of the border.

**Senator MacEachen:** Of course. And if the same rule were to apply, we have to ask ourselves whether we are ready to swallow the total prohibition of targeted subsidies.

**Senator Flynn:** I don't know. What about the U.S.?

**Senator MacEachen:** I cannot ask that of the President of the United States, who, I am sure, would be more generous in his answers than the Leader of the Government.

**Senator Frith:** As a matter of fact, you can't even ask Senator Flynn, although he is prepared to answer.

## SOFTWOOD LUMBER EXPORT DUTY—POSSIBLE EXEMPTION FOR MARITIME PROVINCES

**Hon. Charles McElman:** Honourable senators, could I perhaps focus the attention of the Leader of the Government on one aspect of the problem we have with respect to softwood lumber. He will not be surprised to learn that it is an aspect that affects the maritime provinces. Before the action was taken between the governments of our two nations, representations were made by the industry of the maritime provinces to the industry on the American side that the maritime provinces had not contributed in any sense to the problem that the Americans considered to be vexatious, and the American industry was prepared to exempt totally the industry of the maritime provinces from any ensuing imposition of a tax, or whatever. Then the negotiations took place, and a 15 per cent export duty was agreed upon.

• (1500)

The export of the maritime provinces in this field is some 2 per cent of the national figure. Bearing in mind that 90 per cent of the companies in the maritimes have been exempted, that leaves 10 per cent not exempted.

That brings it down to .2 per cent of the national total, but that .2 per cent represents approximately 100 mills located in my province, in Nova Scotia, and, to a lesser extent, in Prince Edward Island. These mills for the most part are family-operated mills. They are not big nor are they efficient in terms the industry uses in describing efficiency but in most cases they are the sole industry in a village. Many of these small mills are seriously endangered by this export tax. I say that because stumpage is the factor most considered. Stumpage in New Brunswick, for example, runs from $46 to $57 a thousand whereas on the west coast it is as low as $1 a thousand. When one tacks 15 per cent on to the costs of getting raw wood, it is a serious factor.

I apologize for being so long, but I think it is useful for the record.

The industry in Canada has now said, "exempt the maritimes." The Americans were prepared to exempt the maritimes—

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** What is the authority for that? I am not sure the Americans were prepared to exempt the maritimes. The honourable senator has said twice that the American industry was prepared to exempt the maritimes. My understanding is that the companies that have been exempted in the maritimes are those companies that were exempt from the countervail finding and from the complaint. I am not at all sure that the honourable senator is correct in saying that the Americans were prepared to exempt the industry in the maritimes. My understanding is that the Americans were prepared to exempt more than 90 per cent of the industry, but that the countervail action was going to be taken in respect of the others.

**Senator McElman:** The information I am now relating is information that has been publicly expressed by the industry in the maritimes, and that is that the American industry was prepared to accept that the maritimes should have a total exemption. That has been stated repeatedly by the industry.

I hope there is no question in the leader's mind that the industry in Canada has said, "exempt the maritimes".

That testimony was given to the Senate Committee on Banking, Trade and Commerce by official representatives of the industry.

I apologize for taking the roundabout route in this question, but the Minister of State (Forestry and Mines) has stated on several occasions that perhaps this can be arranged sometime in June, but not before. Is there an impediment that we do not know about preventing an early solution to this so that this can

be put in place before many of these small mills go under, as they are likely to do at the end of the spring season of milling?

**Senator Murray:** Honourable senators, I will undertake to make inquiries of my colleague. Again, my understanding up until this moment has been that the action that has been taken is applicable in the same way and to the same companies as the threatened countervail action would have applied.

**Senator McElman:** I do not want to belabour it, but the minister, Mr. Merrithew, a minister from my province, as the leader is aware, has stated that he is sympathetic to getting an absolute total exemption for the maritime provinces, that he is working on that.

What is the impediment? Can this be shoved ahead? Can this be a separate negotiation? Since there appears to be sympathy on the Canadian side and on the American side for such a proposition, why can it not be accomplished before there is destruction in the industry?

**Senator Murray:** Honourable senators, I will make inquiries as to the honourable senator's question and, if I may say, as to the premise to the question.

## TURKS AND CAICOS ISLANDS

TRADE ASSOCIATION WITH CANADA—SUGGESTED JOINT COMMITTEE STUDY

**Hon. Louis-J. Robichaud:** Honourable senators, my question for the Leader of the Government in the Senate relates to trade, but not trade with the United States.

I read this morning in the latest edition of *Maclean's* magazine an article about the Turks and Caicos Islands and the matter of a trade agreement with Canada. That article states that a group of Conservative members of Parliament—it did not indicate the number—has received permission from the Prime Minister's Office to study the potential of a trade agreement between Canada and the Turks and Caicos Islands.

I have always been intrigued by the tourist potential that exists, particularly between the maritime provinces and that part of the world as well as the whole of Canada. I wonder if the Leader of the Government in the Senate would not agree that it takes more than permission from the Prime Minister's Office to make a study of the intricacies involved in that. Would the leader not favour a joint committee of the House of Commons and the Senate studying the pros and cons of a trade agreement between the two countries?

The person in the Prime Minister's Office who gave that permission may not be in the Prime Minister's Office today. The article does not state that. This is not political by any stretch of the imagination, but I wonder if the leader would not favour the study of such an association by a joint committee of the House of Commons and the Senate.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the study to which my honourable friend refers is a study by a committee of the Progressive Conservative caucus.

[Senator McElman.]

In this place, as a result of speeches made recently by Senators Argue and Macquarrie, the question of our relationship with those islands has been referred to the Standing Senate Committee on Foreign Affairs. I would suggest that the honourable senator speak to the leader of his party or to the whip and attempt to become a member of that committee, or, in any case, attend those meetings, as all honourable senators are free to do.

## DELAYED ANSWER TO ORAL QUESTION
## THE CONSTITUTION

INTRODUCTION OF AMENDMENT TO IMPLEMENT CONCURRENT JURISDICTION OVER PROVINCIAL RESOURCES—GOVERNMENT ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on March 19 last by the Honourable Senator Olson regarding The Constitution—Introduction of Amendment to Implement Concurrent Jurisdiction Over Provincial Resources—Government Action.

Should I read it?

**Hon. Royce Frith (Deputy Leader of the Opposition):** No.

(*The answer follows:*)

> A constitutional amendment respecting jurisdiction over the fisheries would require the consent of Parliament and of at least two-thirds of the provincial legislatures representing at least fifty per cent of the population.
>
> That is to say that only an amendment proposal that had been developed in consultation with the provinces and had broad provincial support would be a likely candidate for proclamation. No intergovernmental discussions on such a constitutional amendment are now under way.
>
> The Premiers agreed unanimously at their annual conference in Edmonton last August that bringing Quebec back into the constitutional fold was their top constitutional priority. Premiers also indicated that once the Quebec round had been completed, other questions, such as Senate Reform, the fisheries and entrenched property rights, could be pursued.

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[*Translation*]

## RADIO ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator David, for the second reading of the Bill C-3, An Act to amend the Radio Act.—(*Honourable senator Thériault*).

**Hon. L. Norbert Thériault:** Honourable senators, my comments on this bill will be brief, since it contains only one paragraph. I must say I have the impression that where we

happen to be, the time of the year and our political vicissitudes seem to affect our perception.

When I was a member of the Legislature of New Brunswick, at the same time as Senator Simard, if the government at the time which in Ottawa was practically always a Liberal government, had dared to suggest that we levy a tax on the people of New Brunswick, I can imagine how shocked Senator Simard would have been and how enthusiastically he would have defended the people of New Brunswick.

However, I understand the situation. In fact, I have on occasion been in the same predicament Senator Simard was in last week and still is today. He has my sympathy.

Honourable senators, I must say I find it unacceptable that for financial reasons, the Government of Canada feels it has to pass on its deficit to the provinces, and especially when it is the province of New Brunswick.

To summarize what Senator Simard told us last week, this measure would bring $10 million into the treasury of this country. He forgot to say that the CRTC is already recovering more than its operating costs and that there is no immediate need to increase taxes or levy new ones on the provinces to balance CRTC spending and revenue.

I want to take this opportunity to say that as a senator from the province of New Brunswick, I formally object to a practice that apparently is becoming increasingly widespread at the federal level and which consists in making people pay directly for the services they receive.

When I was a member of the New Brunswick Legislature, I remember certain measures that gave us the impression the federal Government was moving in this direction, especially in connection with the cost of marine, rail or highway transportation of goods.

Since the Conservative government came to power, we have seen that increasingly this government's philosophy is to make people pay up front for the services they receive from their government.

[*English*]

As a senator from New Brunswick, I must say that I am totally opposed to a philosophy that looks to charge user fees. If this sort of philosophy were to be accepted totally, then there would really be no need for government. I believe that the government has a duty to provide services and spread the costs of those services equally among the people of the nation. That has been done in the areas of medicare and education. Although the public as a whole has not yet accepted the idea, I believe that communications is one other area in which this should be done.

I want to say briefly that I think the best argument I could use to support my view is that used by the New Brunswick Minister of Transport, Mr. Bob McCready, when he appeared before the Standing Senate Committee on Transport and Communications on its study of the subject matter of Bill C-3. Mr. McCready—who at one time sat in the same legislative assembly as I did—said, in part:

> The proposal by the Department of Communications to charge the provinces for radio licence fees has serious implications for the Province of New Brunswick and its citizens. I do not believe that the implications of the proposed changes have been fully considered.

Honourable senators, I agree with him. I do not believe that the elected representatives of the Atlantic provinces have really examined this problem seriously. If they had, I think we would have seen our colleagues from all parties rise in their places to object to this sort of legislation.

I realize that the amount of money required of the province of New Brunswick is only $250,000. But this government is proposing to collect an extra $10 million in taxes so as to provide services that are already provided to the people of Canada by the CRTC. As was indicated by officials from the department and by the parliamentary secretary to the minister when they appeared before the committee, the CRTC is already collecting more than its costs to operate, yet the government wants an extra $10 million. Of that $10 million, $3 million will come from federal agencies and $7 million will come from the coffers of provincial governments and provincial agencies. In my view, this government has accepted a policy such as this in order to try to keep the cost of its budget down, even if it means imposing more taxes on the provinces and transferring the problem of the deficit—which is really a national responsibility—to the backs of the provinces.

Honourable senators, right now the province of New Brunswick has the second highest rate of taxation in the country, with a sales tax of 11 per cent, and has the second highest income tax in the country, while the average income of the people of that province stands at about 70 per cent of the national average, as it did 20 years ago. In spite of those facts, the federal government has decided to impose $7 million in new taxes because it needs to reduce the deficit. Honourable senators, I think that is wrong. I feel that this has not been taken into consideration by the members of the House of Commons who belong to the party which forms the Government of Canada.

I can tell my colleagues, Senator Simard, Senator Robertson, and my other colleagues from New Brunswick of the same persuasion, that when this comes back for judgment to the people of New Brunswick, their party will pay dearly for it.

● (1520)

**Some Hon. Senators:** Hear, hear!

[*Translation*]

**Hon. Eymard G. Corbin:** Honourable senators, I have no intention of unduly delaying the progress of this bill. I might say at the outset that I fully endorse the remarks of my colleague Senator Thériault who followed closely—more so that I had the opportunity to do—the proceedings of the Transport Committee when it considered the subject matter of this legislation.

Still I was pleased to take part in the proceedings when New Brunswick Minister McCready appeared before the committee. For all practical purposes, he urged the federal govern-

ment not to impose user fees in the Province of New Brunswick. Perhaps this is what alerted me, and I too suggest it is an overly strong measure. The other day when I asked Senator Simard whether he would agree to refer the bill to committee for further study, it was because Senator Simard had pointed out that a few western provinces have indicated their opposition to the bill by simply sending a telex to convey their opposition.

After due consideration, I have the impression that nobody would win even if those provinces were to send representatives to appear before the Transport Committee and give us more details concerning their reasons for being opposed to the measure recommended to us.

Rightfully, I think, Senator Simard drew our attention to the fact that certain public utilities companies, like Alberta Government Telephone, Ontario Hydro and probably New Brunswick Hydro, are exempt from fees generally paid by private sector users. I have no quarrel with that. I believe we are often in business to make money, to compete against the private sector. It seems obvious to me that we ought to be subject to the legislative provisions like everybody else. Senator Thériault may not fully endorse what I am saying now, but we do see eye to eye when it comes to imposing fees on the provincial government as a supplier of public services.

Considering that municipal governments will now be exempted from paying user fees, I think we should go one step further and exempt provincial departments that provide a service that is not only useful but often essential to the general public. I know for a fact that in New Brunswick, especially during the summer season, more people using our highways come from outside the province. A large part of New Brunswick's income is derived from the tourist industry. Whenever the Department of Highways uses its radio-telephone to communicate with its units, it is not doing so to make a buck. It is doing this to provide a useful and often essential service, just like the provincial police. Some people say that in New Brunswick, the provincial police is an indirect source of income. In any case, when you travel in New Brunswick, you hardly ever see police cars that are idle. More often than not, the red light on the roof of the car is flashing while the police officer is busy giving warnings or writing speeding tickets.

However one may perceive the role of the provincial police, I am referring generally to what I call a public service, including the Highway Department, ambulances, game wardens and the rest, otherwise the list would get too long. We are talking about essential services that the people of New Brunswick have already paid for through their provincial taxes, even though these are collected by the federal government for the province. So why come back and impose a tax again? In the case of public services, I consider this an indirect tax. Why not set a limit that would exempt all provincial services that provide public and essential services? Why not set a general limit of $100,000 or $150,000, and develop a formula that would recognize what is essentially useful and necessary and beneficial, as the telephone companies, hydro and the rest? I

[Senator Corbin.]

was a little shocked to discover how reluctant the government was to accept this proposal.

Senator Simard informed us that collecting these fees would help pay for the administration of the licence issuing system. It is more than that. It becomes a source of revenue, when we are talking about $10.4 million. We know perfectly well it does not cost $10.4 million to administer an office that issues licences for use of the radio spectrum. It costs a lot less. I would qualify this fee as an indirect tax. There is no other word for it.

Senator Simard also said that the Minister of Finance had agreed to a new formula for equalization payments for the poorest provinces, which would be upgraded and based on the declining income of the people of those provinces. However, the question still is: If the Minister of Finance can upgrade equalization payments, why is he increasing the administrative costs of provincial governments, as Senator Thériault pointed out, costs that represent a particularly heavy burden for less wealthy provinces? Believe me, a dollar in New Brunswick is worth a lot more than a dollar in Quebec or Ontario.

It is a hard-earned dollar for the provincial administration, what with its deficit and its likely sources of revenue.

● (1530)

The sources of revenue in New Brunswick are not unlimited, quite the contrary. It has been some time now since the threshold of common sense was crossed in terms of personal and corporate taxes in New Brunswick. This is why we duly appreciate the equalization payments we receive, through the central government, from the other provinces which are richer than we are.

I would not want to call it a mean gesture, but there is a basic lack of justice in imposing fees on all radio licences, whatever they may be used for.

That is what I wanted to say, honourable senators. I will not let this bill pass with a big smile on my face. On the contrary, this bill makes me sad because, whether we are talking about $1 or $240,000, each additional dollar grabbed from New Brunswick is just one more dollar which the province will have to get from the pockets of the taxpayers who are already overburdened as it is, as Senator Thériault pointed out. I think that if it has not yet been crossed, we will soon reach the threshold of critical pain as far as New Brunswick taxpayers are concerned.

In my opinion, we could have managed without imposing this kind of fees on provincial ministries which provide essential services not only for their citizens but also for the many other Canadians who happen to be visitors.

Honourable senators, I thank you for your attention. It is with some sadness that I will see this bill adopted on second reading today.

**The Hon. the Speaker** *pro tempore:* Honourable senators, I must advise the Senate that if Senator Simard speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Hon. Jean-Maurice Simard:** Honourable senators, I thank my colleagues who preceded me. As can usually be expected of

all New Brunswick senators, the debates take place in an atmosphere of joviality, with a little bit of teasing of course, but always in a very orderly manner. I thank them for that. I would have been surprised if they had taken a different approach.

Before clarifying a few points and commenting on the remarks we have just heard, perhaps I should now bring honourable senators up to date with respect to a question put to me last week by Senator Gigantès, to whom I have already relayed the information. The question was as follows: What services or salaries would the CBC have to cut if the federal government were to recoup $132,000? This is the amount involved when we are talking about the costs the CBC will have to pay under this bill.

Obviously, I am repeating what I said last week. It is not up to me to advise the CBC to make certain cuts. It will be up to Mr. Juneau and his associates. Last week, I pointed out that $132,000 was a very modest amount, considering the CBC's total budget. I said that this figure was probably closer to $1 billion than the $600 million mentioned by Senator Gigantès.

I checked the CBC's budget for this year. It will be $1.92 billion, of which $848 million will come from the federal government, so we are talking about one hundreth of 1 per cent of the CBC's budget. I don't think the CBC will have to work that hard to make up for its loss of income.

To get back to Senator Thériault, he said that he sympathized with my very delicate position, and that he had perhaps been in an identical situation. I am not interested in Senator Thériault's sympathy but in his support, a support he has often given us in the past.

I don't think my position is that difficult, since with a number of other colleagues, including Senator Robertson, I had an opportunity to speak publicly and privately with Minister Wilson. I think that in a modest way, I was able to make him change his policy somewhat and persuade him to enter into some arrangements that will be very satisfactory, not just for the Government of New Brunswick but also for the people, as a result of decisions announced by his department last week in connection with the equalization program. We were talking of amounts up to $20 million. Of course, there have been other issues with which I am identified.

[*English*]

I guess you win some and you lose some.

[*Translation*]

In this case, the amount of $132,000, is not that significant although, as Senator Corbin stated, each dollar taken away from New Brunswick counts and we must take that into account and evaluate the consequences.

But in view of the arguments I raised last week, I must conclude again today that the proposal was inevitable. In view of the government's wish and of its policy to recoup as much as possible the costs directly from the users, I think Minister Wilson found a good compromise.

Senator Thériault stated he was opposed to any system for recovering the cost from the users. He compared the recovery of $10 million to the medicare system. He also stated he was against cost recovery in the area of education. I agree with him as far as those two programs are concerned. I would remind him that it took a Conservative government in New Brunswick to establish medicare. Others had promised it, but we put it in place.

Still, the comparison does not hold in my view. In the case of medicare, the costs for everyone are paid out of general revenues. Similarly, education costs are paid for by the government from a general tax. Those services are offered free to everyone, while in the case of the legislation now before us, I stated that some people paid and others did not. Private enterprise pays user fees, while provincial and federal agencies do not. This is why the comparison with medicare and education is not quite accurate.

The alternative apparently favoured by Senator Thériault would be for those $10 million to be paid out of general revenues. If this were to be done, some of the users would be paying twice. Those who already pay the fees would pay a second time by way of taxes, because their taxes would have to be increased if we are eventually to cover the deficit.

I do not find it pleasant to go about and recover costs from people who did not have to pay until today. But it is my view that in the name of fairness, as I said, this may be the best way to go about it.

Senator Thériault suggested the CRTC had stated that the fees already paid by the private sector covered all the costs. I have no problem taking his word, but I have been informed that the costs incurred by the federal and provincial sectors were not recouped, and indeed it was stated that those costs were quite significant. We could perhaps undertake further research. I hope however that this question mark will not prevent us from adopting this bill on second reading. It is indeed my wish, although some senators do not support it wholeheartedly. Thank you, honourable senators.

Motion agreed to and bill read second time, on division.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when will the bill be read the third time?

On motion of Senator Simard, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*English*]

## BORROWING AUTHORITY BILL, 1986-87 (No. 2)

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Macquarrie, for the second reading of the Bill C-40, An Act to provide borrowing authority.—(*Honourable Senator Stewart* (*Antigonish-Guysborough*)).

**Hon. John B. Stewart:** Honourable senators—

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I wonder if the honourable senator will allow me to answer two questions asked by Senator

Frith. I have no intention of closing the debate. I simply want to get on the record the answers to two questions asked by Senator Frith when the bill was introduced for second reading a few days ago.

Senator Frith asked the extent to which section 39 had been used since February 18, and to what extent it might be used between now and April 1.

Section 39 was used to cover a $600 million increment at the treasury bill auction on March 5 and will be used again, if necessary, to cover the increment at the auction on March 26, depending on the timing of the passage of Bill C-40. The exact amount has not yet been determined.

Senator Frith understood me to say that there was already unused borrowing authority available amounting to $2 billion. He asked me if that was correct and I replied, "Yes", even though I noted at the time that I did not have my notes because they had been turned over to the *Hansard* reporters. In any event, the correct answer is no, there is no borrowing authority remaining in 1986-87 from the amount originally granted. The increase in financial requirements announced in the budget and the substantial purchase of foreign exchange thus far this calendar year have necessitated a much larger domestic borrowing program that exhausted all available borrowing authority, including the $2 billion reserve carried forward from 1984-85 in early March.

**Senator Frith:** Thank you.

**Senator Marshall:** Are you satisfied?

**Senator Frith:** Yes. They are the answers to my questions.

**Senator Stewart:** Honourable senators, this bill will provide the government with the borrowing authority needed to meet its financial requirements in 1987-88. In addition, it will provide authority to borrow to replace money borrowed in the current year under section 39 of the Financial Administration Act.

The government has shown no sense of urgency in seeking this new borrowing authority. The bill was introduced in the House of Commons on February 18. It was not until March 9 that the second reading motion was moved in that house. The bill passed the House of Commons on March 12.

There are several aspects of the government's borrowing program with which Senator Doody did not deal when moving second reading in the Senate on March 17; I believe it is worth noting some of them now that we are debating his motion for second reading.

I wish first to draw the attention of honourable senators to the form of the bill, because it is symptomatic of the way in which the government—whether that means the minister or those who run him—are mismanaging their requests to Parliament for borrowing authority. It is not the first time they have demonstrated their underestimation of Parliament's concern that the constitutional rules be followed with regard to borrowing authority.

When Bill C-40 becomes law, it will be called "an Act to provide borrowing authority." The bill is divided into two parts

[Senator Doody.]

and, lo and behold, the act to provide borrowing authority will contain two acts. Part I is to be cited as the "Borrowing Authority Act, 1986-87 (No. 2)," and Part II is to be a distinct act called the "Borrowing Authority Act, 1987-88."

**An Hon. Senator:** No. 1.

**Senator Stewart:** No, there is no "No. 1." If one looks up recent borrowing authority acts in the indices of the House of Commons, one will never find a Borrowing Authority Act (No. 1). Only "Borrowing Authority Act (No. 2)" is listed. The truth of the matter is that one bill produces one act which is really two acts—and therein lies the fundamental problem which the Department of Finance is creating for itself when it approaches Parliament for borrowing authority. It is tacking two quite distinct requests together.

We know what happened two years ago. If at that time the department had approached Parliament in an orderly way, asking for the borrowing authority that it needed urgently, I believe Parliament would have granted that authority immediately. Similarly, when it came to ask for borrowing authority for the following fiscal year, 1985-86, that borrowing authority would have been granted with all reasonable speed. But, of course, they did not understand how they should proceed. This is a formal point, but I wanted to mention it because it lays the ground for some of the other points which I want to make.

The first of those is raised by the following question: Why did not the government seek the additional borrowing authority needed for 1986-87 earlier? According to both the Honourable Tom Hockin speaking in the other place and Senator Doody speaking here, the amount sought in Part I of the bill is equal to the amount of borrowing authority used to acquire U.S. dollar reserves between April 1, 1986 and January 31, 1987.

● (1550)

In the House of Commons on March 9, 1987, Mr. Hockin said that Part I was for $3.6 billion. He further stated:

> This amount is equal to the amount of borrowing authority that has already been used to acquire U.S. dollar reserves during the period from April 1, 1986, to January 31, 1987—

In the next paragraph he says:

> The government therefore is seeking to borrow an additional amount of $3.6 billion to replenish the $2 billion reserve and have the operating margin required to react on the exchange market when further interventions become necessary between now and the end of this fiscal year.

Again, he says:

> —Thus the Bill provides for borrowing authority to the extent it equals money borrowed under Section 39 in 1986-87 to be carried forward into 1987-88 to roll over the maturing debt issued to build up cash balances in the current fiscal year.

In other words, at the end of January 1987, the government knew that it would have to come to Parliament for $3.6 billion

of borrowing authority. It could have done so at that time. However, it decided to rely on section 39 of the Financial Administration Act to get authority for short-term borrowing.

Honourable senators will remember all too well the great debate over Bill C-11 two years ago. The government at that time made the mistake of tacking its request for borrowing authority for 1985-86—for which there was no urgency—on to its request for additional borrowing authority for 1984-85. When the Senate insisted upon the constitutional principle that money should not be made available to the Crown before supply had been requested by the Crown, the Minister of Finance depicted the consequences that would flow from the Senate's action in the most lurid terms. He said that the government would have to resort to borrowing under section 39 of the Financial Administration Act.

**Senator Frith:** Horrors!

**Senator Stewart:** Horrors!

I have here the testimony of the Minister of Finance before the Standing Senate Committee on National Finance on February 18, 1985, where he was urging the committee to report the bill. He said:

> There is cost involved in the delay. We no longer have any unused borrowing authority. Any borrowing currently must be under section 39 of the Financial Administration Act. As you know, that is a most unusual occurrence.

Of course, that was in 1985. What was horrendous in 1985 is dull routine two years later.

What has happened? I do not ask Senator Doody to explain this—I am sure it is beyond any senator to explain. The minister, I am sure, will explain what has happened so that a procedure which was a most unusual occurrence in 1985 is something which is done in quite a routine way by 1987. Surely there must be some momentous explanation for that change!

Now I come to my second point, perhaps the most important point I want to put before honourable senators this afternoon. This bill proposes to deviate from the established way in which Parliament gives authority to the Crown to increase the national debt.

Under the present law, ordinarily this is done only when Parliament passes a borrowing authority bill. It can be done, as we know, under section 39 of the Financial Administration Act. Under that section, the government can borrow temporarily. The increase in the borrowing authority is valid for only six months. If that increase in borrowing is to remain in place, parliamentary action is required; the government must come to Parliament for parliamentary action.

What is contemplated in the present bill? Clearly, when this bill was drawn, it was intended that the government would use section 39. Senator Doody has told us this afternoon that it used that provision earlier this month and contemplated using it later, toward the end of the month. What is more, if this bill passes, the increase in borrowing authority effected under section 39 will become permanent without any subsequent parliamentary action.

Notice what clause 2(2) of the bill provides. It states:

> All borrowing authority conferred by subsection (1) that remains unused and in respect of which no action has been taken by the Governor in Council prior to April 1, 1987 pursuant to section 37 of the Financial Administration Act shall expire on March 31, 1987 to the extent that the unused authority exceeds the amount authorized between February 18, 1987 and April 1, 1987, by the Governor in Council, to be borrowed pursuant to Section 39 of the Financial Administration Act.

What that means is that that borrowing authority will not lapse; it carries on. If the government were to borrow $3.6 billion under section 39, then the total borrowing authority conferred by Parliament on the Crown would have been increased permanently by $3.6 billion. That is the technique being used here. Parliament is being asked in advance to make permanent the increase in the borrowing authority, which would come about by reason of borrowings under section 39.

This is quite a change in the financial administration of the country. Unless we protest seriously, this government, and subsequent governments, will do this again and again. They will proceed to borrow regularly under section 39 of the Financial Administration Act. They will bring in a bill which will say that when borrowing takes place under section 39 of the Financial Administration Act, the borrowing authority authorized by Parliament will increase permanently by the amount of that borrowing.

• (1600)

**Senator Frith:** It destroys the section.

**Senator Stewart:** In effect, it wipes out the protection in the Financial Administration Act where the Crown must come back to Parliament after having used its emergency power. In effect, we are saying that the emergency power of section 39 will now become part of the normal financial administration of the country. I wonder whether the minister understands what he has been asked to put before Parliament in these clauses. It is certainly a major change.

The third point which I want to bring to the attention of honourable senators relates to the amount of the authority. I was talking about the technique, the procedure, and now I want to talk for a moment about the amount of the authority. Under Part II of the bill, the government will be given authority to borrow $24.3 billion for the coming fiscal year. Under Part I, the government is being given authority to borrow, as I have said, $3.6 billion. The government insists—and we have had it from Mr. Hockin in the other place and from Senator Doody here—that $3.6 billion is needed because of purchases of U.S. dollars. I do not question the validity of that assertion. However, we must recognize that the government might decide, for one reason or another, that it no longer wishes to hold that amount in U.S. dollars. It might decide that it wants the value of the Canadian dollar to float free or to fall on international money markets. If the government decided to sell U.S. dollars, to the extent that it did so it would free up borrowing authority, and this borrowing authority

would then be available to the government for use in its domestic borrowing program. To the extent that the government reduced its foreign reserves it would increase the borrowing authority available to the Crown for its domestic debt operations in 1987-88.

Under Part II, the government is asking, as I said, for $24.3 billion, but this could increase to $27.9 billion if the authority asked for in Part I for the exchange fund account were to become available for domestic debt operations. In effect, we may well be giving the government, by the back door, something like $3.6 billion, which it can use for its domestic debt operations.

**Senator Frith:** You mean $3 billion in borrowing authority?

**Senator Stewart:** Yes, $3 billion in borrowing authority. The government could raise $3 billion not by taxation but by borrowing, which it could use for various things such as, I suppose, the grain program, that $700 million program dealt with in Supplementary Estimates (A). I think that there is something less than candour here on the part of somebody. I do not say the minister. So far we have not been told candidly that we are putting an extra $3 billion or so at the disposal of the Crown in the coming fiscal year. The actual amount will depend on the extent to which section 39 is used.

There is another point which is interesting. It is a small point, but I think it is important to note it. Part II of the bill provides for a non-lapsing balance of $3 billion which may be carried forward into fiscal 1988-89. The main borrowing authority bill for fiscal 1986-87 provided for $2 billion that might be carried forward, but, as Senator Doody has said this afternoon, that $2 billion has already been used. It is quite possible that the government will use the whole of the $24.3 billion for fiscal 1987-88, together with whatever money that comes from the flow-over from Part I. However, assuming that they do not use that flow-over, Parliament will have provided the government, speculatively, with $3 billion of non-lapsing borrowing authority with which to start off fiscal 1988-89. How things change! A few years ago the Minister of Finance was pale in the face at the thought that Parliament would vote borrowing authority to the Crown for a fiscal year for which no estimates and no budget had been presented. The government of the day tried to explain; it tried to find a good explanation for this "non-lapsing bridgehead" into the new fiscal year, but it never convinced the present Minister of Finance. Today he is back. He not only acknowledges indirectly that he was wrong in opposing a non-lapsing provision but now he is saying, "$2 billion really isn't enough; I need $3 billion." It would be interesting to know what revelation caused him to change his mind.

Honourable senators, there are other questions which need to be asked and answered. I will not raise those now. I propose to raise them when the bill is before the National Finance Committee. I assume that the government will have good answers to these questions and that, when they are answered, the Senate will look with some favour on the bill. At the moment I think we have to say that the ball is in the government's court, that we are looking for answers to explain what is really a very important bill.

**Senator Doody:** Honourable senators—

**The Hon. the Speaker:** Honourable senators, I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Doody:** Honourable senators, I have very little to add to what I said at the opening of this debate. Senator Stewart is absolutely correct when he says that these questions are too technical and require an expertise that I do not possess. Obviously, it is in the best interests of everybody that we try to get this bill into the Standing Senate Committee on National Finance at the earliest possible moment. I would suggest that since this evening seems to be impossible, perhaps it might be convenient to get the committee to examine this bill in detail tomorrow morning. If that is acceptable to honourable senators, I would be most pleased to move at the appropriate time that this bill be not read the third time now but that it be referred to committee.

• (1610)

**Senator Stewart:** Honourable senators, responding to the proposal that the committee meet at the earliest possible opportunity after this evening, does that mean tomorrow morning?

**Senator Doody:** It is my hope that the committee might meet tomorrow morning as early as is necessary, and that the minister appear before the committee so that these questions that are of such importance may be aired and answered.

**Senator Stewart:** Honourable senators, on the one hand, I have no desire to erect a barrier to the orderly transaction of the government's debt operation. That inclination makes me feel that Senator Doody's suggestion is one that should be considered with favour. On the other hand, Senator Doody has been placed in a very undesirable position. The government knew at the end of January that it was going to need borrowing authority to finish out this year. Well, that is not quite accurate. The government anticipated that it possibly would not be given borrowing authority by the end of the year, and that is why the government wrote the bill as it did, so that the authority it takes under section 39 will automatically be made permanent under clause 2(2) of Part I of the bill.

They dallied. They held up Part I of the bill until the Minister of Finance had brought down his budget on February 18. That was the appropriate action with regard to Part II of the bill; it was not the appropriate action with regard to Part I of the bill. Then, having brought in Part I of the bill late, the government did not move first reading of the bill until March 9.

If, as I implied at the beginning, the people who manage this kind of business knew what they were doing, they would have brought in two bills to eventuate in two acts rather than one bill to eventuate in two acts.

**Hon. Efstathios William Barootes:** Honourable senators, on a point of order, I thought that questions had ceased when Senator Doody had spoken for the last time.

**Senator Frith:** No.

**Senator Stewart:** If honourable senators do not want the committee to meet tomorrow morning, if Senator Barootes is deciding this matter, I suppose I have nothing further to say.

**Senator Doody:** Honourable senators, my impression was that Senator Stewart rose to ask a question why it was necessary for the committee to meet tomorrow morning. I think Senator Stewart was getting around to framing his question when Senator Barootes asked for some clarification.

**Senator Stewart:** Honourable senators, I am of two minds. On the one hand, there is no intention—at least on my part; I do not know about Senator Barootes—to obstruct government business. On the other hand, the government has not displayed any great alacrity in promoting its business in this instance. I think Senator Doody is put in an invidious position when he has to argue for urgency when the government, by all of its actions—although perhaps not its words—has given convincing evidence that it feels no sense of urgency at all.

Perhaps Senator Doody can resolve my problem and we can get on with the business.

**Senator Doody:** Honourable senators, I cannot resolve the problem Senator Stewart might have with the business of the government in the other place. That is certainly a question that can be asked of the minister when he appears before the committee. I do know that there is considerable urgency attached to this particular bill at this time, and I think that it would serve us well as a legislative chamber to try to move the legislation through to its conclusion.

I have brought to the attention of honourable senators opposite the intention of the Government of Canada to attempt a bond issue this week. I notice that it has been advertised—-

**Senator Haidasz:** Already!

**Senator Doody:** There is a press release dated March 19 that says:

> Tenders will be received on Thursday, March 26, 1987 for $4,500,000,000 of Government of Canada Treasury Bills to be dated and issued on March 27, 1987. Of this total amount $2,550,000,000 will be 91-day bills, $1,450,-000,000 will be 182-day bills and $500,000,000 will be 364-day bills.

Obviously this entire issue cannot be covered with six-month treasury bills. I might say that there is a caveat to the statement. It states:

> $3,150,000,000 of outstanding Treasury Bills will mature on March 27, 1987. The net increase in the amount to be issued is contingent upon Royal Assent being given to Bill C-40, an Act to provide supplementary borrowing authority for fiscal 1986/87 and borrowing authority for fiscal 1987/88.

Honourable senators, I am saying that if this bill is not given Royal Assent before the dates indicated, then this particular issue will not go ahead. The issue will have to be withdrawn. Obviously, I will not elaborate on that particular point, but it is one that honourable senators might take up with the minister if they see fit to meet tomorrow morning.

As I said, I would have been prepared and happy to have met last week if we could have referred the bill to committee. However, events transpired in such a way as to make that impossible. It is also impossible for the committee to meet this evening. The only time that I can see that fits the schedule of the department and the schedule of the Senate would be tomorrow morning.

So, I ask honourable senators to consider supporting a motion that this bill be referred to the committee tomorrow morning so that we can get on with passage of the bill and give it Royal Assent in time to accommodate the department's borrowing program.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, in accordance with what I said earlier, I move that the bill be referred to the Standing Senate Committee on National Finance.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, on this particular motion to refer the bill to committee, a motion which I understand is debatable, it would be helpful if the committee examined why it is that Parliament is put under the gun in this way by the Department of Finance.

It is clear from statements Senator Stewart has made, and from following the progress of the bill in the House of Commons, that the exhortation by the deputy leader would be unnecessary if the borrowing program and the legislative program of the Department of Finance were properly managed.

Why is it that the officials in the department and the minister did not bring in the bills in a timely way so that they could be passed by the House of Commons and by the Senate without the necessity of being told today by the Deputy Leader of the Government that, unless the Senate moves today and tomorrow, the borrowing program of the government will be disturbed and displaced? That is what we have been told. Today the *Globe and Mail* carries an advertisement about the borrowing program that is to take place later in the month. The government, the department, the advertisers are all assuming the consent of Parliament and have run this ad taking the view, "What difference does it make? We can count on the Senate buckling under because, if it doesn't, we will accuse the senators of causing additional expense."

• (1620)

**Senator Haidasz:** That is intimidation! That is not fair!

**Senator MacEachen:** That is what we heard last time.

**Senator Haidasz:** That is awful! That is intolerable! C'est intolérable, ça!

**Senator MacEachen:** I think it's about time we were told why it is that on this occasion the legislative program has been distorted and deformed by the government and by the Department of Finance in such a way that the borrowing program cannot be met.

Senator Stewart has raised problems with certain features of the bill.

**Senator Flynn:** Which he could have raised last week.

**Senator MacEachen:** I am raising a totally different problem.

**Senator Flynn:** Yes, but what he raised today he could have raised last week.

**Senator MacEachen:** Honourable senators, I think I should reply to the comment made by Senator Flynn. The bill saw the light of day in the Senate on Tuesday.

**Senator Flynn:** Yes, sure.

**Senator MacEachen:** If we had insisted on strict application of the rules of the Senate, the Deputy Leader of the Government could not have moved second reading of the bill until Thursday.

**Senator Flynn:** We always knew that.

**Senator MacEachen:** If he had moved second reading of the bill on Thursday, Senator Stewart could not have spoken, because he was attending the consecration of the new Bishop of Antigonish. He is one of the most diligent senators in attendance here.

**Senator Flynn:** Someone else could have spoken.

**Senator MacEachen:** Because we waived the rules of the Senate in order to accommodate the government and to permit the deputy leader to make his speech on Tuesday, Senator Flynn now has the unmitigated nerve to criticize us for dilatory tactics. That is quite unacceptable.

**Senator Flynn:** On a point of order, honourable senators, I did not say, "dilatory tactics." I said that what Senator Stewart said today he could have said last week. That is all I said. Senator MacEachen can describe it the way he wants to, but the way he did describe it is unfair.

**Senator MacEachen:** When Senator Flynn raised the question of fairness, he might have mentioned that Senator Stewart could not have said what he intended to say last Thursday, because he could not be here for other reasons—

**Senator Flynn:** He was here last Tuesday.

**Senator MacEachen:** —and he might have added that this side of the house waived the rules in order to permit the Deputy Leader of the Government to make his statement on Tuesday. That would have been fair. If he had followed that fairness, I would have accepted his views. But to say now what Senator Flynn seems to be saying—that although we waived the rules to let the Deputy Leader of the Government make his speech, Senator Stewart should have jumped up to deliver his speech, we should have sent the bill to committee, received the report of the committee and given the bill Royal Assent by Wednesday, because that is what the government had in mind—is unacceptable to any self-respecting Parliament. If this Parliament is held in little regard, as is sometimes alleged, that is one of the reasons for it.



**Senator Flynn:** That is unfair.

**Senator MacEachen:** The Department of Finance is aware that whatever it does by way of mismanagement, it will be sanctioned by Parliament, and by the Senate in particular. When the bill goes to committee, can we find out why there is such mismanagement in the legislative and borrowing program of the government? Is that not a reasonable question? Will the committee report to us and give us some reasonable explanations for this? Will there be a statement made by the minister and his officials indicating that they will correct their ways so that we can pass the bill and accommodate the borrowing program of the government?

If I may make a further point—

**Senator Flynn:** You can try.

**Senator MacEachen:** —it is not this chamber that has the responsibility to organize and manage the borrowing program of the government. It is not this chamber that has the responsibility to manage and organize the legislative program of the government. It is the responsibility of the minister and his officials. It is clear to us that something is wrong when we see that we were expected last week to pass the bill in a day or so. Now, because it has been a week since the bill was introduced and only one sitting day since it was legitimately before the house, some complaint is being voiced by Senator Flynn.

**Senator Flynn:** No!

**Senator MacEachen:** Well, too bad.

**Senator Flynn:** I am merely citing facts.

**Senator MacEachen:** He has no complaint, then.

**Senator Flynn:** That does not mean that I am arguing against any senator.

**Senator MacEachen:** I wish Senator Flynn would stand up like a parliamentarian to address the chamber, instead of addressing it from his seat, in a totally uncivil way most of the time. Let me say that I am fed up with him and fed up with this government, as are most of the people of Canada.

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** I am simply fed up with Senator Flynn. He will not show the respect due to this house by getting up and making a speech. He just natters from his seat.

**Senator Flynn:** I do not mind saying that what Senator MacEachen has said is merely noise and that what Senator Stewart said today he could have said last week. If it had been the intention of the majority in this chamber to have full discussion of this bill, we could have sat Friday and yesterday

and the bill could have gone to committee today. Senator MacEachen knows that very well. He was arguing just for the sake of arguing, as Senator Stewart has done today. That is all very well, but do not take us for a vase that can be filled with water, purely and simply.

**Senator MacEachen:** Honourable senators, just a moment. If the government wished to call the Senate to sit last Friday and yesterday, it could have done so, and we would have been here.

**Senator Flynn:** We know that.

**Senator Frith:** But you act like we are supposed to convene the Senate. Talk about hot air!

**Senator MacEachen:** This is another illustration of the irresponsibility of Senator Flynn. It is not up to us to organize either the borrowing program or the legislative program, nor is it up to us to decide that the Senate ought to have been sitting last Friday or Monday. If the government had said so, we would have been here.

**Some Hon. Senators:** Hear, hear!

**Senator Flynn:** Senator Fairbairn can applaud; she is as new to this place as Senator MacEachen. There are customs and usages here, and honourable senators should have understood that. We adjourned on Thursday to come back Tuesday simply to accommodate the members of the Senate. Honourable senators know very well that if there is some real urgency on the part of the opposition, then the opposition can say, "We are going to sit on Friday," or, "We are going to sit on Monday."

**Senator Frith:** Talk about customs!

**Senator Flynn:** Senator Frith has been here long enough to know how I behaved when I was Leader of the Opposition. I never came out with the kind of blarney that we heard from the Leader of the Opposition today.

**Senator Frith:** Let the record show that I do not agree.

**Senator Flynn:** Yes, let the record show that.

• (1630)

**Senator MacEachen:** Let the record show that what Senator Flynn has said is that if there is urgency for government business, he expects the opposition to insist that the Senate sits while the government itself neglects its responsibility!

**Senator Flynn:** That is unfair.

Motion agreed to and bill referred to Standing Senate Committee on National Finance.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

ELEVENTH REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Eleventh Report of the Standing Committee on Internal Economy, Budgets and Administration (Dental Care Plan) presented in the Senate on 19th March, 1987.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, last week I suggested that you might want to look at the booklet that describes the plan. Although I strongly support the report of the committee, I thought everyone would want to have a look at the booklet. It was our intention to distribute it on either Friday or Monday. However, because the department was moving, it was purely by accident that we were unable to get the copies.

It is my understanding that copies were distributed today, so they should be on your desks by now. Therefore, tomorrow I will ask that we deal with the matter, and we will be asking the Senate to adopt the report. I wanted to remind honourable senators to examine the details of the plan before we vote on the report.

**Hon. Jack Marshall:** Is there any deadline after which we will not be able to take advantage of this dental plan? It is my understanding that it is retroactive to March 1. Do we have to come to a decision before the end of March?

**Senator Frith:** Originally we were given a deadline of March 1, but when we passed that date and pointed out that we had not had time to consider it, we were informed that it would be retroactive to March 1, but that they would like a decision as soon as possible. I do not think another deadline has been fixed, although a deadline may be set if we drag our heels too long.

Order stands.

[*Translation*]

## AGRICULTURE AND FORESTRY

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

On the Order:

Resuming the debate on the motion of the Honourable Senator Hays, seconded by the Honourable Senator Marchand, P.C.:

That the Standing Senate Committe on Agriculture and Forestry have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.—(*Honourable Senator Flynn, P.C.*).

**Hon. Jacques Flynn:** Honourable senators, I have examined the Rules of the Senate and I think that the interpretation given by Senator Frith was valid in the sense that, in principle, a standing committee can be authorized to incur expenses and have its budget approved later. The text is not crystal clear, but it must be interpreted the way Senator Frith suggested the other day. As far as I am concerned, I have no objection to the adoption of this motion.

Motion agreed to.

## STANDING RULES AND ORDERS

COMMITTEE AUTHORIZED TO RE-EXAMINE APPENDIX III OF SENATE RULES

**Hon. Royce Frith (Deputy Leader of the Opposition):** May I have leave to revert to notices of motions, please, to present a motion on the subject dealt with by Senator Flynn and myself last week?

*Leave having been granted to revert to Notices of Motions:*

**Senator Frith:** As Senator Flynn said, we agree that in this situation it is clear that the motion we have just adopted falls under the first item, standing committees. But during the debate last week it was suggested that we might reconsider the rules in the light of comments. For this reason, although the committee itself can propose or undertake a study without leave of the Senate, I move, notwithstanding rule 45(1)(*e*), that the Standing Committee on Standing Rules and Orders be authorized to re-examine Appendix III of the Senate rules entitled: "Procedural guidelines for the financial operation of Senate committees".

I must add that I discussed this motion with the committee chairman.

**Hon. Gildas L. Molgat:** Does Senator Frith intend to speak to the motion?

If there are no comments, I simply would like to say that the committee will of course be delighted to consider this matter once more. Again, I would like to point out that we gave careful consideration to the question and that the final result was not something I made up but the outcome of full discussion by all committee members. Looking at the various stages indicated in Appendix III, it is clear that we made a distinction between the regular business of standing committees of the Senate and the business of special committees. In separating the two, I think we were following the instructions we were given by the Senate. The Senate wished to reserve final authority, but the Committee on Internal Economy, Budgets and Administration was to be responsible for financial details.

Our problem was that according to some senators, the Senate had given too much power to the Committee on Internal Economy, Budgets and Administration. In fact, the committee, through its acceptance or refusal, could decide whether or not a committee could do its work. That was the problem, but we certainly intend to consider the matter again, if the Senate so requests.

Motion agreed to.

[*English*]

## THE ESTIMATES, 1987-88

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) ADOPTED

The Senate proceeded to consideration of the Fifth Report of the Standing Senate Committee on National Finance (Supplementary Estimates (A) 1987-88) presented in the Senate on March 19, 1987.

**Hon. William M. Kelly:** Honourable senators, I move the adoption of this report.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, we will agree to this motion as long as it is understood that we are not giving anything away on the appropriation bill which will eventually come to us. We will simply agree to the report being adopted.

**Senator Doody:** It is like a borrowing bill.

**Senator Frith:** It is nothing of importance.

**Hon. Senators:** Oh, oh!

**Senator Kelly:** I was considerably intimidated by what had gone before.

**Senator Frith:** That was part of the idea.

Motion agreed to and report adopted.

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

CONSIDERATION IN COMMITTEE OF THE WHOLE CONTINUED

On the Order:

> The Senate again in Committee of the Whole on the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada-France.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the agreement, the Honourable Senator Rhéal Bélisle in the Chair.

Pursuant to Order adopted on February 11, 1987, Mr. Michael Belliveau and Mr. Herb Nash were escorted to seats in the Senate Chamber.

**Senator Doody:** Honourable senators, may I take this opportunity of welcoming Mr. Michael Belliveau, the Acting Executive Secretary of the Maritime Fishermen's Union, and his associate, Mr. Herb Nash, the Secretary-Treasurer of Local 6 of the Cape Breton Local of the Maritime Fishermen's Union. I would like to thank you gentlemen for coming here today, and we look forward to hearing from you.

**Senator Frith:** Gentlemen, we should perhaps explain that there are a number of committees sitting, which might explain why there are not more senators here in the chamber to hear you. However, they will read the transcript of your statement.

**The Chairman:** Honourable senators, might I be permitted to say to our witnesses that we welcome them in our midst and we are very pleased that they have accepted our invitation to attend.

Witnesses, you are here not in a court of law and you are not under oath. You are in the Senate of Canada. The Senate has a long-standing tradition of being very factual. Of course, every word, either in English or French, is recorded, and you are at liberty to use either one of the two official languages of our country.

We want you to feel at ease and relaxed. We will give you all the time you need to answer questions properly. You may consult your assistants or companions at any time. We would like you to please keep your preamble brief. In other words, when answering any question, we would ask that you not make a speech. My honourable colleagues have the reputation of being fair and cooperative.

Therefore, honourable senators, I am pleased to call upon Mr. Michael Belliveau, Acting Executive Secretary of the Martime Fishermen's Union.

**Mr. Michael Belliveau, Acting Executive Secretary, Maritime Fishermen's Union:** Honourable senators, at the outset I should stress that, as was mentioned in the introduction, I am the Acting Secretary. Our Executive Secretary recently left the organization. He was actually the person who attended the negotiations between Canada and France, and therefore we are working under something of a handicap in making this presentation. However, we welcome the opportunity to do this, and I have a short statement that I will begin with.

Honourable senators, we would like to comment on the recent Fisheries Agreement between Canada and France, both on the substance and on the process. Our union represents fishermen in the three maritime provinces who fish in vessels under 50 feet in length, otherwise known as the inshore fishermen. We have a few members who fish in the disputed zone and many members based in the Gulf and Cape Breton who are directly affected by the agreement. There are many other members of our union, especially in Nova Scotia, who are indirectly affected by what is transpiring.

What has only recently been publicly acknowledged, I believe, and verified by the French is the extent of the overfishing on the cod stock in the 3Ps area. That is the Saint Pierre Bank. The estimated overfishing in 1986 by France's metropolitan fleet was of the order of some 20,000 tonnes. Depending on who measures it and if it is measured by the inshore fishery, in 1986 this represented a landed value of somewhere in the area of $20 million and would have a value of perhaps as much as $60 million to the fishing industry as a whole.

Mr. Chairman, you are probably aware that the Canadian resource management regime for the groundfish sector develops one Atlantic management plan each year. It is a complicated plan involving all Atlantic provinces and all fleets. Invariably, decisions regarding quotas and fishing effort in one area and one fleet impact on the whole fishery. For example, last year, when inshore fishermen along the northeast coast of Newfoundland precipitated a re-evaluation of offshore effort on the northern cod stocks and gained some concessions that restricted, amongst others, Nova Scotia's National Sea vessels, the impact was felt amongst Nova Scotia's inshore fleet, who were looking for more favourable quota splits between inshore and offshore on the Scotian shelf. Naturally, if National Sea's fleet is to be contained with respect to northern cod stocks, they are less likely to agree to concessions that we might ask for off the Nova Scotia coast.

Likewise, French overfishing in 3Ps not only impacts on local vessels in Newfoundland, it also creates a kind of a "black hole" in the management plan and provokes more fishing effort on other stocks. It also brings into serious question the credibility of the plan itself.

Let me cite an example that my colleague, Herb Nash, who is on my left, who is a fisherman from Glace Bay, knows very well. In 1984 one of our fishermen based in Port Morien, which is very close to Glace Bay and Cape Breton, ventured across the Laurentian Channel in a 40-foot longliner, some 125 miles out into the Atlantic to fish the Saint Pierre Bank. The Department of Fisheries and Oceans apprehended him in the 3Ps zone, which is the disputed zone, and escorted him back to North Sydney where his catch was confiscated and charges were laid against him for fishing illegally. The reason was that in 1982 the Department of Fisheries and Oceans had arbitrarily restricted Nova Scotia-based inshore vessels from fishing in "Newfoundland waters" under their new sector management regime. As a union, we had requested not the total removal of this sector management policy but a limited reciprocal agreement whereby Cape Breton-based inshore longline vessels would be permitted to fish 500 tonnes in the 3Ps zone and similar types of vessels from Newfoundland would have the same arrangement in the so-called Cape Breton areas.

However, the DFO would have nothing to do with this request at that time, and, in essence, we feel that they turned their guns on the inshore fishermen; on small boat fishermen like the one we are talking about and others who were in our organization.

You can appreciate the feelings of this particular fisherman and others, especially in Cape Breton, when it was revealed that our Canadian negotiators had signed a deal in January of this year with the French that overlooks the overfishing question in the same 3Ps waters and, in fact, sweetens the French quota pot for a nebulous commitment to continue to negotiate.

**Senator Frith:** This incident you describe, did that happen to Mr. Nash himself?

**Mr. Belliveau:** It did not happen to Mr. Nash himself. It happened to one of his fishing colleagues. It might have happened to him, and he may wish to comment on that.

As you might surmise, we view the unfettered French fishing presence in 3Ps for the next four years as the nub of the question and the essence of the scandal, if you wish. While we appreciate the energy that Mr. Peckford has put into protesting against the deal, we question why he has made the northern cod stock his focus. We cannot help but conclude that it has more to do with his long-standing interest in gaining provincial jurisdiction in the fishery.

● (1650)

Our union has long since accepted the concept of quota management as an appropriate general strategy for fish stocks that can be depleted. In our estimation, the level of overfishing by the French, if it is allowed for another four years, will result in removals that otherwise would be available to the Canadian industry at some point—removals that represent, according to

our calculations, a loss to our industry of perhaps as much as a quarter of a billion dollars.

Further, we are very conscious of the effects which overfishing in one zone has on others. Our Cape Breton fishermen, for example, virtually felt invaded by midshore vessels from southwest Nova Scotia last year as a result of a resource depletion in that area on Georges Bank. So we know the problems that are caused when there is overfishing in one zone. The fleets move. The same would apply to our herring fishery in the Gulf.

In short, the deal appears to us to be so contrary to the interests of the Atlantic fishery that we conclude that the French were playing very hard ball, indeed, enough for the Canadian government to sacrifice fishing interests to some other as yet unspecified objective—unspecified at least to us. It is generally understood that in December the Department of External Affairs gained ascendancy over the Department of Fisheries and Oceans in the negotiations, which resulted first in the exclusion of the industry negotiators for key sessions, and then to the secret deal without consultation, where concessions were given that went beyond any industry bottom line.

What precisely compelled External Affairs to short-circuit the consultation process and undermine the Department of Fisheries' own relations with the industry? Some have suggested or implied—including, I believe, the Premier of Nova Scotia—that the French were sabre rattling. We are not privy to exactly what compelled External Affairs, but we are not convinced that fishing interests have been served in this instance. We do note that very little has been questioned publicly as to why Canada felt the necessity to consummate a hasty deal with the French government, a government which itself, as we understand it, is on fairly shaky grounds with its own public, which many people see as having a life expectancy of perhaps one year, and which has already overextended itself in international disputes in foreign lands.

Mr. Chairman, in December the French requested to meet with the Canadian negotiators, without the four industry delegates being present. The industry had agreed on the understanding that nothing would be negotiated. As you know, the rest is history. This is not the first time that we have seen the consultation process undermined, but it simply fuels fishermen's suspicions regarding consultation. Again, it leaves us wondering what exactly consultation is being used for. Do we spend our time and energies to be sounding boards for the decision-makers to gauge what they can get away with? Without proper consultation, the DFO's ability to manage the fishery is not possible; yet each time there is a breach of trust—and we can cite many examples, if you wish—the process is weakened and the likelihood of conflict, anarchy and authoritarianism within the management of the fishery increases.

The Maritime Fishermen's Union acknowledges that the negotiations with the French regarding fisheries' rights and boundaries is complicated. We accept that going to international arbitration is necessary. We also believe that Saint Pierre and Miquelon fishermen have a right to fish. But we cannot accept a flagrant disregard of scientific advice, and we can only accept the idea of French allocations outside of the disputed zone if they are directly tied to a fishing plan within the zone.

Our fishermen in the Sydney Bight area have experienced declining catches and quotas since 1983, while the French metropolitan fleet continued to fish in the same area at the same or increasing levels since 1980. We looked forward to the disappearance of that fleet in 1986 when the 15-year aspect of the agreement expired, but, instead, we find that another 1,300 tonnes in 4VN have been allocated to the French when our own Canadian fishermen, inshore and midshore, have experienced a serious reduction in quotas this year in that same area—I believe 25 per cent. This particular allocation was not an industry recommendation. It was put on the table, as we understand it, when the industry was excluded from the meetings. It is not central to the bad deal but it is representative, and it seriously weakens our confidence in the negotiations still to come. As a matter of fact, I believe they are negotiating today.

Again, in closing, we wish to say that the central issue is present French overfishing in 3Ps—pure and simple. That is how we see the issue. We do not know the exact means which Canada has available to bring France's metropolitan fleet into line, but we think that getting the French to submit to international arbitration some years down the road is hollow indeed if there is not a binding fishing agreement in the interim that is based on scientific advice.

Finally, we wish to draw your attention to the Canadian management regime itself. We have been told on several occasions that in relation to Georges Bank, and now in relation to Saint Pierre Bank, we as inshore fishermen have to restrain ourselves, even if the other side does not do so, because it will strengthen our Canadian case. Generally, we agree with this policy, but in our estimation it has also been used to smooth over inequalities within the Canadian management regime itself. We feel that inshore fishermen in the groundfish sector are losing ground to midshore and offshore fishing power within Canada.

For example, our small-boat fishermen are denied access to Newfoundland waters, which historically they have relied on, and our small-boat fishermen have been forced yearly into quota transfers to the midshore while being subject to local closures, which have resulted from stronger fleets catching the quota before our vessels have a reasonable crack at it. That is a mouthful, but you may or may not know what I am referring to.

**Senator Frith:** Would you repeat that?

**Mr. Belliveau:** I said that, for example, our small-boat fishermen are denied access to Newfoundland waters, which historically they have relied on—that is what they call that sector management policy—and our small-boat fishermen have been forced yearly into quota transfers to the midshore fleet while being subject to local closures, which have resulted from the stronger fleets catching the quota before our vessels

have a reasonable crack at it. In other words, off Cape Breton waters last year, Mr. Nash, among others, was closed out from fishing in a particular zone in September, after having had only three months' fishing in those waters, because another stronger midshore fleet from another part of the maritimes had moved in and caught the quota ahead of the local-based boats.

We have proposed strategies that would counter this trend, but we have been constantly blocked at the highest levels of the Department of Fisheries and Oceans, which actually have used our "delicate international negotiations" as an argument against some of our strategies. We can elaborate on that if you wish. For now we simply want to emphasize that what is good for the industry as a whole is not holus-bolus good for inshore fishermen if the end result is a further erosion of our own fishing access by more powerful Canadian interests.

So, while we agree that Canadian restraint in disputed zones is a desirable strategy, it can also be used to block legitimate demands of the smaller fishermen. We are aware of some countries—for example, Norway—which are efficiently sophisticated in their management plans to protect their inshore fleets, acknowledging that the same controls and containment required for the more powerful fleets need not always apply to the inshore fleet. We should not be made to feel that somehow we are damaging Canadian interests if we request different management strategies from those applied to the offshore. I have no idea of how to gauge your interest in this subject, but I will explain this last point.

• (1700)

We feel that there are certain smaller-boat fishermen—as in the example that I just talked about—off Cape Breton, who were closed out of the fishery early last year, who fish using a method that is selective or conservationist. It is what we call longlining and is a passive form of fishing. You cannot really get on to a stock of fish and deplete it. The fish have a certain choice in the matter as well when you are longlining with bait. We feel that there is no point in imposing a quota system on small inshore boats. We feel that it is not working. If you look closely at the inshore fleet on Cape Breton, it has not caught its quotas each year and has been forced to transfer its quotas to other fleets. These fleets end up catching and depleting the stocks that Cape Breton fishermen normally depend on. If you put them on what we call an allowance system, they fish against the target, but they do not close it out. If they go over one year, they will go under it the next.

The point here is that we have heard it said from the Department of Fisheries that "You cannot exempt inshore fishermen from this kind of quota management system because it will weaken our case internationally." We want it put on record that we do not believe that it should or will weaken any case internationally, and that there are other countries in the world who do have different management strategies for their inshore and offshore fleet.

That, generally, is what we wanted to say this afternoon.

**The Chairman:** Honourable senators, is it your wish to hear the two witnesses at the same time, and then you can question the two of them?

**Senator Frith:** Yes. If Mr. Nash has something to add, let us hear it.

**The Chairman:** Mr. Nash, Secretary Treasurer of Local 6 of Cape Breton, you have the floor.

**Senator Marshall:** Mr. Chairman, before you go to Mr. Nash, I wish to ask something. When the witness referred to the inshore fishermen being cut off at the Cape Breton zone, could he signify that zone from the map that he has there?

**Mr. Belliveau:** Yes.

**Senator Marshall:** Is that 4Vn?

**Mr. Belliveau:** The Laurentian Channel runs from Cape Breton and Newfoundland. Once you are on the Newfoundland side of that 4Vn line, you are in a different sector. The only inshore based vessels in Nova Scotia that can fish there are those that had historical rights at the time that that policy was introduced.

We were talking about this before we came here. We think that there are only five inshore vessels—vessels under 65 feet—that actually qualify to fish in Newfoundland waters.

**Senator Graham:** When was that policy introduced?

**Mr. Belliveau:** In 1982.

**Senator Graham:** Thank you.

**The Chairman:** Mr. Nash, do you wish to make your statement now? The questions will be started by the Leader of the Opposition, Senator MacEachen, P.C., followed by Senator Marshall, Senator Frith, and any others who signal that they want to be heard.

**Mr. Herb Nash, Secretary Treasurer Local 6, Cape Breton Local of the Maritime Fishermens' Union:** All I have to say concerning the Saint Pierre Bank is that if it will take four more years, and if the French overfish it for four more years, I know what it will do to the fishing industry. I have been at it some twenty years myself. When you look at Nova Scotia, you can see what is going on. There is too much effort in it in Nova Scotia and the catches are going down. Last year we had 69 longliners come into 4Vs on Banquereau Bank to catch fish where we were. We started fishing on June 1, because we could not get out there before that, and by September 1 we ran out of our quota. We asked for a couple of thousand more tonnes, but we could not get it. They told us that we could have 3,300 pounds a day instead of 20,000 pounds a week, so we had to give up fishing. We cannot go out that far. We are going out 150 and 170 miles in a 40-foot boat, and it does not pay for only 3,300 pounds, whereas 20,000 pounds would have given us some kind of small pay. The same thing will happen on the Saint Pierre Bank. When we go down to the Saint Pierre Bank, we are not allowed down there. We get chased out of there for catching 25,000 or 30,000 pounds, yet the French metropolitan fleet is talking about catching 20,000

tonnes next year. It does not make sense that the government is letting them get away with it.

**The Chairman:** Is that the end of your statement?

**Mr. Nash:** As far as I am concerned, yes.

**Senator Frith:** That is pretty good.

**The Chairman:** The Leader of the Opposition will start the questioning, followed by Senator Marshall, Senator Frith, and any other senator who signals that he would like to take part in asking questions.

**Senator MacEachen:** I would like to thank the two witnesses for their appearance. Maybe it is true to say that Mr. Nash is the first bona fide fisherman who ever appeared within the walls of the Senate.

**Senator Frith:** Hear, hear!

**Senator MacEachen:** I do not know of any active fisherman who was ever a member of the Senate, but maybe that has happened without my knowledge. There were probably some Newfoundland senators like Senator Marshall.

Quite apart from that point, we are pleased to have representatives of the inshore fishermen to discuss with us the implications of the recent agreement entered into by Canada with France on boundaries and quotas.

As you know, we have been hearing evidence from the Minister of Fisheries, Premier Peckford, and others. We believe that the evidence will be more broad based in hearing from actual fishermen.

Mr. Belliveau, you said that your disappointment with the agreement stems basically from the fact that there is no provision in the agreement to deal with overfishing and to negotiate the overfishing in the upcoming negotiations. It is true that the French authorities may voluntarily consent to negotiate overfishing, but I think it most unlikely that they will give that voluntary consent since there is no obligation in the agreement, as I see it, to conduct those negotiations. To that extent, I personally agree with your disappointment that that has not been achieved.

However, it would be helpful to me if you could elaborate a bit more on how and why the overfishing in 3Ps has such an impact on the inshore fishermen in Cape Breton.

• (1710)

**Mr. Nash:** The fish in 3Ps comes over to 4Vn, to 4Vs and 4W, and there is overfishing. Let us forget about 3Ps and think about what the French have done to 4Vn and 4T, or what the government is doing to 4Vn. The French set a quota of 7,000 tonnes in 4Vn, which was supposed to expire last year. All of a sudden they were given 1,250 tonnes for this year, so a total of 5,750 tonnes was taken away. Instead of that allocation going to 4Vn, it went up to 4T, to the Gulf. Here we are, we were able to get rid of the French taking some of the fish out of 4Vn, when we thought we were going to be rid of them altogether for this year. They still ended up with 1,250 tonnes, and we will not get the fish that is left because it is going up to the Gulf, to the Gulf-based vessels. We in Cape Breton are on the losing end of the stick.

[Mr. Nash.]

**Senator MacEachen:** But that arises from the decisions of the Department of Fisheries and Oceans in allocating those fish. The fact is that the French take has been reduced to 1,250 tonnes. The gain has not been enjoyed by the Cape Breton fishermen but has gone to the Gulf vessels, as you say. Do you object to that allocation of 1,250 tonnes in 4Vn? Will it not be picked up by the Saint Pierre fleet?

**Mr. Belliveau:** We object only on the basis that we mentioned earlier, that there is no provision to control overfishing in 3Ps. We are not against allocations going to either Saint Pierre and Miquelon, or to the metropolitan French fleet in Canadian waters, if it is tied to something.

**Senator Frith:** Like what?

**Mr. Belliveau:** We are not clear that it is tied to constraints within 3Ps. To answer your question from another angle, first, we have a direct feeling about this question, because we spent many long hours trying to get the sector management plans altered sufficiently that there would be some flexibility in them for some of the Cape Breton fishermen whom we represent so that they could fish off the Saint Pierre Bank in the summertime, which is the only time of year that they can get over there in the size of vessels that they have. There has never been any movement by the Department of Fisheries and Oceans on this question. At the same time, it is revealed that while we are trying to get this 500 tonnes for our fishermen, the French fleet is fishing some 20,000 to 25,000 tonnes over its so-called allocation. We feel very strongly about this.

Perhaps the larger answer to your question is that we are finding more and more in any meeting on quota allocations we go to, whether it be in Northeast New Brunswick, Southwest Nova Scotia, Pictou County, Cheticamp, or wherever, we are really dealing with one Atlantic fishery or one Atlantic management plan. This is one of the things we were trying to get across in our presentation. As you know, the fleets are quite well organized under large companies. The two most powerful fleets in Atlantic Canada are organized under two companies. Then there is the midshore fleet, which has a wide range of mobility.

**Senator Frith:** Is the midshore fleet all Canadian?

**Mr Belliveau:** Yes. Port au Choix, Newfoundland, has a set of midshore draggers. They cannot go down and fish the Saint Pierre Bank, partly because of this question with the French. As an example off the top of my head, if they were allowed to go down to fish there, we would not have to contend with them the way we do in Sidney Bight and off the shores of Cheticamp in the spring and fall. So, there would be no opportunity for our vessels to catch their quotas, or even, for all we know, to expand fleets to develop the inshore and midshore fisheries in Cape Breton. We now find that wherever there is a "black hole" in terms of overfishing, or wherever there is an injustice in terms of allocation, it impacts right through the whole system.

**Senator MacEachen:** May I ask about your view on the boundary settlement? We had evidence in this committee that the French, when allocated quotas in Canadian waters, respect those quotas. I read out a quotation, when Premier Peckford was here, from Mr. Applebaum, who testified before this committee, to the effect that in Canadian waters the French respected the allocations. In other words, there was no overfishing. Presumably it led the government to say, "Well, the best way we can control the overfishing is to get a settlement to the boundary question and, hopefully, bring a vast area of the 3Ps under Canadian jursidiction and, accordingly, into Canadian waters." Do you regard that as a desirable objective?

**Mr. Belliveau:** I think that it is a desirable objective, but, at the same time, there must be a fisheries treaty. In that way, even if the French fleet is contained within a much smaller zone, they cannot put their fleets on to the stocks. Our scientists have advised us that that stock is 3Ps stock, and that at any given time of any given year it may well be completely within the new French delineated boundaries. If there is no fisheries agreement as distinct from a boundaries agreement now or in the future, you will potentially still have the overfishing problem.

We face a problem of a similar nature on a smaller scale in the Georges Bank right now. It is not a major problem, because we have the lucrative stocks which are not mobile. However, there is a problem with regard to haddock, cod and pollock, which move across the line and have no respect for boundaries. So, even if we got a good ruling on the boundary question, we could have a similar problem. If it were left to France and there was no agreement on how much it could fish within its own zone, we would have the same problem we have now on the Georges Bank, the nose of the Bank, Flemish Cap, and so on, this huge overfishing question by other countries.

**Senator MacEachen:** Do you see any way whereby even Canada would agree to permit another country to decide what it ought to fish in Canadian waters? That is what you are implying, that ultimately there will be an arbitration and a portion of 3Ps will be French and, therefore, they will continue to overfish in "French waters" and impair the whole stock.

**Mr. Belliveau:** It is my understanding that what you describe is a conceivable projection. I do not know. This is something that you could ask of the negotiators who, I am sure, have a better understanding of the boundaries. I have not been briefed on what Canada's position is on the boundary dispute or on what the French position is and what is expected if the matter is referred to international arbitration.

● (1720)

I would like to answer the other part of the question, if I could.

I think it was the deputy minister, Dr. Meyboom, who was quoted in the press on this matter of the French respecting quotas in the other zones.

**Senator MacEachen:** In Canadian waters.

**Mr. Belliveau:** I am not in a position to comment on that, but my colleague might be able to comment on the fact that the French fleet was in the area of Sydney Bight, which is in the 4Vn area. That area is a key winter nursery for the entire cod stocks in the Gulf of St. Lawrence. If a weak management plan is in effect in 4Vn during the winter, that effectively impacts on virtually all of the fishermen of the southern Gulf of St. Lawrence.

Apparently the French fleet has always respected the quota, but there are fishermen who do not feel that way.

Perhaps Mr. Nash would like to comment on that, since he is one of those fishermen.

**Mr. Nash:** It was not too bad this winter, but every winter before this past one has been. I can take you down to Cape Breton and you can ask every dragger fisherman around my territory what they think of the French. They will tell you that they use stern drags and are plowing the bottom right out of it and are loading up and leaving. They have been overfishing over the past few years. This year there was not too much trouble with that, I suppose because they were down in 3Ps, I do not know. I am not the only one saying that; everyone down there will tell you that they have overfished, and I am a fisherman telling you that, not someone sitting in an office.

**Senator Marshall:** Mr. Chairman, I would like to welcome Mr. Belliveau and Mr. Nash. I am in a peculiar position in that I was born in Glace Bay and moved to Newfoundland.

Mr. Belliveau, I am interested in your comments on the inshore fishery and how those fishermen are suffering. The same situation occurs in Newfoundland.

Did I hear you say that Nova Scotia was not represented at the various negotiation meetings?

**Mr. Belliveau:** No.

**Senator Marshall:** So, at the March 4 and March 5 meeting in London—

**Mr. Belliveau:** Yes, we did say in the presentation that the French had requested meetings with the Canadian negotiators that excluded the industry representatives. For example, Max Short from the Newfoundland Fishermen's Union sits on the negotiating team on behalf of the industry, and he was excluded.

**Senator Marshall:** So, when they say that representatives of the Government of Newfoundland and the Government of Nova Scotia participated as members of the Canadian delegation, it was restricted, and no one represented the industry or the unions.

**Mr. Belliveau:** I was briefed on this particular question by our former executive secretary, who was close to the negotiations for some years. I was given to understand that the industry representatives, four of them, were asked to not take part in certain meetings either in late November or early December. They agreed only on the condition that nothing new was to be negotiated. Obviously, nothing new was to be put on the table.

That meeting took place, and a second meeting took place in January, again without the industry people being involved or consulted. That is what my reference was to.

**Senator Marshall:** What about the meeting scheduled to start in Ottawa earlier today? I noticed that the Seafood Producers' Association of Nova Scotia are mentioned and that the representative is Mr. Roger Sterling. Is your organization going to be represented at that meeting?

**Mr. Belliveau:** Our organization is not represented this year because we agreed that Gaston Gaudin of PPA of northeastern New Brunwsick would be a suitable replacement for Gilles Thériault, who has stepped down. We feel that between Mr. Gaudin and Mr. Short the fishermen's point of view will be aired.

**Senator Marshall:** Mr. Belliveau, you bring a new perspective to this in that you highlight the difficulties your fishermen are having in the zones that you have referred to.

National Sea Products has factory freezer trawlers, and FPI will soon have them. Are the inshore fishermen affected by the capacity of those factory freezer trawlers?

**Mr. Belliveau:** Yes. We believe strongly that they do affect us.

**Senator Marshall:** Where do they fish, on the nose and tail of the bank, or farther north?

**Mr. Belliveau:** That is a good question; that is exactly what I was trying to get at earlier. Most of our fishermen will not see the factory freezer trawler fishing in other waters, but from what we understand that introduced new fishing power into the Atlantic fleet.

If you look closely at the licences National Sea Products retired in order to get that one licence for the factory freezer trawler, and if you look at the quotas that were allocated to that factory freezer trawler, you will see that much of that quota was not being caught by National Sea Products. It was company quota but it was not being caught.

The sum and total effect in our estimation is that the fishing capacity in Atlantic Canada has been increased, when every study and every sector of the industry agreed and admitted that there is more capacity than required right now to catch the quotas available under our Canadian management system. So, yes, we feel the impact, but we do not see the boat every day.

**Senator Marshall:** Premier Buchanan said on January 28 that the deal giving extra fish to France would cost the people of his province $200 million. Can you break that down for us?

**Mr. Belliveau:** You made reference to the negotiations that are going on today at External Affairs. We had a brief discussion with a couple of people involved in those negotiations and they told us that it does not look like they will get too far today, but that there will be another meeting in September, and there was no big problem. We feel there is going to be a problem if this overfishing continues for four more years. The landed value of 20,000 tonnes of codfish now, if caught by an inshore fisherman—at 70 cents a pound—comes to over $20 million. If one multiplies that in terms of processing, and so forth—I think they use 2.5 to 1—the premier is right on. I agree that $200 million over four years is perhaps understating just the overfishing question.



**Senator Marshall:** Would you agree that the action taken recently by the Minister of Fisheries and Oceans to close the harbours and to fine the French for overfishing and threatening them is a move in the right direction?

Has not the government, in its implementation of the Coastal Fisheries Protection Act, taken the right steps to stop this overfishing by not only the French but many other foreign nations who are sneaking in and out of the 200-mile limit? That fish comes into our zones and is being caught by our midshore and inshore fishermen.

• (1730)

Premier Peckford seemed to be satisfied that the steps taken now by the minister are steps in the right direction. What is your view?

**Mr. Nash:** Where I come from, the fishermen like the idea, and I like the idea as long as the weather is not bad. If the weather is reasonable, I agree that they should be kept out of the harbours. If there is a danger that lives may be lost due to bad weather, I would not agree with it. I would not want to endanger 40 or 50 men just because there is a policy to keep the boats out of the harbours.

**Senator Marshall:** Therefore, the announcement of the closure of the French quota in 3Ps and the instruction to the federal fisheries vessels to apply full enforcement against any French vessel fishing in the Burgeo Bank—which would probably extend to zone 4Vn, which you are more concerned about—are steps in the right direction that might correct the situation, which is in such vital danger at the present time. Do you agree with that?

**Mr. Belliveau:** My understanding of the terms relating to the Burgeo Bank is that they are more symbolic in nature. Symbolically, I think it is the right action to take. I think that the government should continue to search for means by which to make the French government sit up and take notice. If I may venture to speculate on French politics, I sometimes question what the Canadian negotiators are really doing in terms of assessing the French situation. I am not so sure that a little toughness on Canada's part will result in any kind of retaliation on the part of the French.

**Senator Marshall:** It is tougher than it was, but we do not want to start a war.

**Mr. Belliveau:** We are not proposing that at all.

I was in France when the negotiations took place. I was not aware that this deal was being negotiated, but I was in the country at the time. I really question why we would be striking such a deal with this particular French government, anyway. I do not think it will be around long.

**Senator Frith:** As a landlubber and for the record, I wish to have some more detail as to whom you represent. Many of my colleagues are quite aware of this, but some of us are not. You

represent the Maritime Fishermen's Union, do you not, and its members are the owners of those vessels less than 50 feet long?

**Mr. Belliveau:** Our membership includes the owners of the vessels as well as the crew members.

**Senator Frith:** Most of the vessels are independently owned, are they?

**Mr. Belliveau:** Yes, all of them are.

**Senator Frith:** Would any one fisherman own three or four vessels?

**Mr. Belliveau:** No, not as a rule.

**Senator Frith:** The members of your union, then, are the individual fishermen and their crews. How many in number are the crews?

**Mr. Belliveau:** That will vary with the fishery. I believe that there are usually five crew members in Mr. Nash's fishery.

**Mr. Nash:** Yes, five or sometimes six.

**Senator Frith:** There is no employer-employee relationship in terms of membership in the union, then. The owners of the boats and the crew members are all members of the MFU?

**Mr. Nash:** Yes.

**Senator Frith:** Is your membership made up of fishermen from the Cape Breton region, for the most part, or do they hail from all over Newfoundland?

**Mr. Belliveau:** The Newfoundland inshore fishermen are all members of the Newfoundland Fishermen's Union, but we are strictly an inshore fishermen's union, the only one of its kind in Canada. Our membership does not include offshore crew members or plant workers within our organization, nor does it have an affiliation with another union.

**Senator Frith:** But you are somewhat territorial in the sense that you have made reference to quotas in the Gulf and so on. In looking at this map, I see that in the wintertime, for the most part, you fish inshore in that bay in 4Vn.

**Mr. Belliveau:** Briefly, looking at the map of New Brunswick and Nova Scotia, the concentration of our membership fishes along the Northumberland or Gulf shore in New Brunswick, off Pictou and Antigonish up to the Strait of Canso in the Northumberland Strait, in the Sydney Bight area of Cape Breton, and southwest Nova Scotia, where our membership is expanding and developing.

**Senator Frith:** That would include the inshore of the 4T zone, would it?

**Mr. Belliveau:** Yes. That would include 4Vs and 4W.

**Senator Stewart (Antigonish-Guysborough):** I think it might be helpful to senators if the witnesses would tell us which species are fished by the members of their unions.

**Mr. Belliveau:** We represent, in theory, all inshore fishermen, although they are not all members of our union. We cover all of the different species. I would say that about 80 per cent of our membership holds, first, a lobster licence, then a groundfish and a herring licence. It does happen, however, that specific fleets in Cape Breton and southwest Nova Scotia are completely dependent on the cod stocks or cod and haddock, if you wish. They do not really hold other licences. They are inshore fishermen dependent basically upon the one species.

**Senator Stewart (Antigonish-Guysborough):** The discussion so far relating to the agreement with France relates particularly to the groundfish portion of your union's activity, then.

**Mr. Belliveau:** Yes.

**Senator Stewart (Antigonish-Guysborough):** Is a heavy tonnage of groundfish caught by your union members off what you call the Acadian shore?

**Mr. Belliveau:** No, the Acadian shore actually does not see a lot of groundfish any more.

**Senator Stewart (Antigonish-Guysborough):** Is there a lot of groundfish caught in the Northumberland Strait?

**Mr. Belliveau:** Yes, but the midshore fleet does have a good deal of mobility throughout the Gulf and catches a lot of its fish off Cape Breton. In the Gulf itself, our membership, for the most part, is not dependent upon groundfish. I cannot think of any member who would hold only a groundfish licence in the Gulf. Once we move into the 4Vn zone or Sydney Bight and along the Atlantic coast, our members do hold only groundfish licences.

**Senator Stewart (Antigonish-Guysborough):** Therefore, the groundfish aspect of the fisheries is much more important to those of your members in the Sydney Bight and the 4Vn zones than to those within the Gulf.

**Mr. Belliveau:** Yes.

**Senator Stewart (Antigonish-Guysborough):** You emphasized in your presentation what you called the flow-through. If the French are overfishing in the 3Ps zone, this affects, for example, National Sea's catch there. They then look to the 4Vn zone, do they not?

**Mr. Belliveau:** The 4Vn, 4W, 4X and 5Y, or the entire Nova Scotian shelf, is under terrific pressure from the inshore, midshore and offshore fleets. Every year at every meeting we are in constant conflict or negotiation with the other fleets to obtain transfers to the inshore, or the midshore is attempting to get transfer from the offshore. Therefore, if, for example, National Sea is cut back in its quota off Newfoundland, be it in northern cod stocks or on the Grand Banks, obviously they are less disposed to talk to us about transferring any quota on the Scotian shelf.

• (1740)

**Senator Stewart (Antigonish-Guysborough):** You mentioned the impact of the National Sea freezer trawler licence a little while ago. From what you have said in respect of that vessel, can I generalize a conclusion that you think that the Department of Fisheries and Oceans is more susceptible to the requests and arguments of the large fish companies than it is to the interests of the inshore fishermen?

**Mr. Belliveau:** On a daily level, we feel that. However, I would say that you must make a distinction between inshore and midshore. When I say, "midshore," I am talking about vessels in the 60 to 65 feet range, usually draggers. Those boats have a lot of fishing power. They also have a lot of political power.

**Senator Frith:** They have a lot of political drag!

**Mr. Belliveau:** That is right, and they are almost invariably tied into mid-size plants. There is no question that those operations in Nova Scotia carry a lot of clout.

On the question of the factory freezer trawler, I think that most of the fishermen in the industry were dead set against it, but it still came in. It does seem to be a little questionable when you think in terms of right now we are faced with the situation where, in January, the Department of Fisheries and Oceans decided to take 250 licences away from us in southwest Nova Scotia because they say that there is over-capacity. From our perspective, we found that most galling in light of the fact that approximately two years ago they approved the introduction of a factory freezer trawler that catches 15,000 tonnes of fish per year, which is the equivalent, really, of the stocks available to the midshore and inshore fleet in southwest Nova Scotia.

**Senator Frith:** Do you mean combined?

**Mr. Belliveau:** Yes. Senator, I am talking about 15,000 tonnes, and I have to think for a moment. Perhaps I am getting carried away with my own hyperbole. I think actually the inshore and midshore fleet in southwest Nova Scotia would have approximately 30,000 to 40,000 tonnes available to it in total. However, in contrast, we are talking about one boat.

**Senator Stewart (Antigonish-Guysborough):** In order that I can understand the kind of fishermen you represent, do you have any members in a place such as Bickerton or Port Bickerton in Nova Scotia?

**Mr. Belliveau:** Senator, that is on the eastern shore. To begin with, it is difficult to get from Halifax to Canso, and the answer to your question is no. We did have a local operating out of Canso in the 1970s. We did not have the resources to continue to service that local at the level of membership that was there.

**Senator Stewart (Antigonish-Guysborough):** Thank you. I think that covers that point.

I have another type of question, Mr. Chairman. Mr. Belliveau, you mentioned earlier that the spawning in 4Vn was very important to the maintenance of the groundfish stocks in the Gulf so that there is migration from 4Vn into 4R, S&T. Is there any migration across from the Saint Pierre Bank—in other words from zone 3Ps—into 4Vn, the Sydney Bight?

**Mr. Belliveau:** Yes. Mr. Nash is telling me that the fishermen say there is. The scientists say that there is not; that they are a discrete stock and that there is no significant crossing of the Laurentian Channel. However, all the old fishermen say that there is.

**Senator Stewart (Antigonish-Guysborough):** My own inclination over the years has been to trust the fishermen, but you have to have some evidence. You do not know these fish personally. How does a fishermen form the opinion that the fish actually move from 3Ps into 4Vn?

**Mr. Nash:** From 3Ps where I fish—where I am not supposed to fish—to 4Vn is only about 45 or 50 miles, and, according to the fishermen who have fished around home for 35, 40, 45 years, they fished down there up until the last ten years or so, and they claim the fish did cross. I am inclined to believe them, because I know the fish come right to the border of 3Ps and they come right to the border of 4Vn.

**Senator Stewart (Antigonish-Guysborough):** You mean they do not respect that line on the map?

**Mr. Nash:** They don't even see it!

**Senator Stewart (Antigonish-Guysborough):** That, I think, is a pretty important answer. If the French are to be allowed to grossly overfish in 3Ps, your answer is very important for all fishermen in 4Vn, and, indeed, for fishermen in the Gulf, because there will be a flow-through. If you are depleting stock in 3Ps, which has an effect upon the stock in 4Vn and, subsequently, by reason of spawning, on the Gulf stock, then that overfishing around Saint Pierre and Miquelon affects groundfishermen along the Acadian shore and that mid-size fleet right out into the Gulf, does it not? That is the implication.

**Mr. Belliveau:** Mr. Chairman, I accept what Mr. Nash has said, and, as a fishermen's organization, we find it most productive and fruitful to listen to the fishermen in terms of what is going on out there. However, I think it might be stretching it a little bit to say that the intense overfishing in 3Ps will actually affect the winter stock in 4Vn, which is actually the summer Gulf stock. I would not want to hinge our case on that alone, but I still would refer back to what I have already said. Anyone who is close to the consultation meetings and who is struggling for quota in the Atlantic fishery knows that it is now one fishery, and if there is a problem with quota in one area, it impacts immediately on our ability to achieve quota in another.

**Senator Stewart (Antigonish-Guysborough):** Therefore, it is not so much the migration of the fish; it is the migration of the fishermen.

**Mr. Belliveau:** Exactly.

**The Chairman:** Honourable senators, under rule 12, I must inform the Senate that it is now 6 o'clock. Do you wish me to ignore the clock?

**Senator Frith:** I move that we ignore the clock and continue our deliberations.

**Hon. Senators:** Agreed.

**Senator Graham:** Mr. Chairman, I will be very brief. I do want to add words of welcome to both witnesses, and especially to Mr. Nash, if I may, because he comes from my home area.

The late Don Jamieson used to tell how the Newfoundland fishermen differentiated Newfoundland fish from Cape Breton fish. He said the Newfoundlanders knew when they caught Cape Breton fish because they were the ones with the big mouths, and they threw them back. Conversely, the Cape Breton fishermen told the same stories about Newfoundland.

• (1800)

Mr. Belliveau, you said that industry representatives had been excluded from certain important meetings. Was it at those meetings to which you have alluded that the major decisions were taken?

**Mr. Belliveau:** That is my understanding, that there was a first meeting in France. You people probably know better than I. The first meeting led to the second meeting, which is where they struck the deal.

**Senator Graham:** How did you learn of the deal? Was it through the media, or were you told officially?

**Mr. Belliveau:** That's where we learned it.

**Senator Graham:** Were the industry representatives given any reason for their exclusion from the meetings?

**Mr. Belliveau:** Some of the other industry reps may have. As I say, I am relying in this particular case on Gilles Thériault, who was our executive director in part of all of this, and he never had any explanation—although we have heard some things as explanations which I do not really wish to repeat.

**Senator Graham:** You mentioned that the value of the 20,000 tonnes overfishing by the French fleet was of the order of $20 million. What period of time does that cover?

**Mr. Belliveau:** We have to be careful, because if the company catches that fish, they put one price on it, which is not the landed value but is what they pay their fishermen as crewmen. But if an inshore fisherman landed that fish in 1986—Herb, for example—he would average roughly 50 cents per pound for cod. So if the French overfished last year by 20,000 to 25,000 tonnes, then they took $20 million worth of Canadian fish, which, so far as we are concerned, did not belong to them.

**Senator Graham:** How many tonnes would you estimate they overfished in, say, 1985?

**Mr. Belliveau:** That is what I said, 29,000 tonnes.

**Senator Graham:** And in 1984?

**Mr. Belliveau:** Again, from 20,000 tonnes to 25,000 tonnes. As a matter of fact, an official told us that today. Herb says it was 23,000 tonnes.

**Senator Graham:** You mentioned that catches for Cape Breton fishermen had declined since 1983. Am I correct that you also said that the catch for the French fleet had not declined?

**Mr. Belliveau:** Yes.

**Senator Graham:** Has it remained steady?

**Mr. Belliveau:** The actual allocations to the French fleet remained steady through that period, whereas the allocations to our own fleets were decreasing.

**Senator Graham:** Mr. Nash, how much would you normally catch during the run of the year?

**Mr. Nash:** Anywhere from 400,000 pounds to 500,000 pounds.

**Senator MacEachen:** At 50 cents per pound.

**Senator Graham:** That, for instance, is for 1986?

**Mr. Nash:** For 1985, 1986 and 1984.

**Senator Graham:** How does that compare, for instance, with 1983-84?

**Mr. Nash:** Nineteen eighty-three and down were not that good. Nineteen eighty-one was good. There was a lot of fish around home in 4VN. Nineteen eighty-two and 1983 were bad. In 1984 it started getting better. We started going farther from home. Nineteen eighty-five and 1986 were good because we had a 40-foot boat. At one time they would go 30 miles and talk about how far they went, and now they go 170 miles or 177 miles from home.

**Senator Graham:** In the past year the value of the catch obviously has gone up.

**Mr. Nash:** Yes.

**Senator Graham:** By what percentage?

**Mr. Nash:** Last spring when we started off, it was 25 cents for scrod, 35 cents for market and 45 cents for steak. When we quit in December, it was 53 cents for scrod, 63 cents for market and 68 cents for steak.

**Senator Graham:** What is the outlook for 1987-88?

**Mr. Nash:** I was told yesterday by one of the people from National Sea that it will be at least 77 cents per pound, that it will not go under 70 cents; and someone else told me that he was planning on paying up to $1, that he was going to stay at least 10 cents or 15 cents above the rest of them. He was going to try to get some boats, and he was prepared to pay $1 per pound for the inshore boats for codfish.

**The Chairman:** Mr. Belliveau and Mr. Nash, on behalf of honourable senators, I would like to thank you for your presentation here today.

**Hon. Senators:** Hear, hear!

**Senator Frith:** Honourable senators, I move that the committee rise, that the chairman report progress and request leave to sit again.

**The Chairman:** It is moved by the Honourable Senator Frith that the committee rise, report progress, and request leave to sit again. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

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**The Hon. the Speaker** *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

**Hon. Rhéal Bélisle:** Honourable senators, the Committee of the Whole, to which the Canada-France Fisheries and Territorial Boundaries Agreement had been referred, reports having made some progress and asks for leave to sit again.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I move that the committee have leave to sit again at the next sitting of the Senate.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, that the committee have leave to sit again at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 695*)

## STANDING SENATE COMMITTEE ON NATIONAL FINANCE

### SIXTH REPORT

REPORT ON SUPPLEMENTARY ESTIMATES (C) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1987

TUESDAY, March 24, 1987

The Standing Senate Committee on National Finance has the honour to present its

### SIXTH REPORT

Your Committee, to which Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1987, were referred, in obedience to the Order of Reference of March 12, 1987 submits its report as follows:

The Committee heard evidence from the following witnesses:

*From the Treasury Board:*

Mr. Gérard Veilleux, Secretary;
Mr. A.J. Darling, Deputy Secretary, Program Branch.

The appendix to this report contains some material prepared by Treasury Board at the request of the Committee; this material is classified under the following five section headings:

1. Highlights of Supplementary Estimates (C), 1986-87;
2. Summary of Expenditure Framework and Estimates for 1986-87;
3. Statutory Items Included in Supplementary Estimates (C), 1986-87;
4. Summary of Voted Items (greater than $5 million) Included in Supplementary Estimates (C), 1986-87; and
5. List of One-dollar Votes Included in Supplementary Estimates (C), 1986- 87 and Additional Explanations.

Supplementary Estimates (C), totalling $596.3 million is the third and final supplementary estimate for the 1986-87 year. Of the total $596.3 million, $13.8 million is required for statutory purposes, while the remaining $582.6 million is being requested as new spending authority. The twenty-six items which make up the $13.8 million for statutory programs are briefly described in section 3 of the appendix. Regarding the items to be voted, each of those having a value of greater than $5 million is described in section 4. The Committee was informed that there are thirty-five one-dollar votes included in these estimates; eighteen authorize the transfer of funds from one vote to another; nine authorize the payment of grants; and eight are miscellaneous votes.

These supplementary estimates bring the total estimates for the year to $108.7 billion, of which $108.5 is for budgetary purposes. Viewed another way, these Estimates bring the total statutory estimates for the year to $69.7 billion or 69.2% of the total and the voted estimates to $38.9 billion, or 35.8%. A summary of the main and supplementary estimates for 1985-86 showing cumulative totals is shown in section 2 of the appendix.

The remainder of this report focuses on aspects of the way in which these estimates are displayed and reported.

#### The Form of the Estimates

The Committee focused upon a problem generic with all vote transfers that are requested in any supplementary estimates. When vote transfers are requested, the amounts are not shown in the summary tables at the beginning of the estimates nor in the tables for each department. The amounts are brought to light only by examining the detailed wording describing the vote transfer and in the explanation of requirements for each departmental request. Two examples will illustrate the problem.

Indian Affairs and Northern Development (p.64) seeks authority to transfer $1.092 million from vote 35 to vote 40c and to provide an additional $547 thousand to vote 40c. In total, if this request is authorized, vote 40c will increase by $1.639 million, yet the tables illustrating the request show an increase of only $547 thousand, the amount of new money required.

National Health and Welfare (p.98) seeks authority to transfer $250 thousand from vote 80 to vote 75c. If this request is authorized, vote 75c will increase from $3.384 million to $3.634 million, yet the request by Health and Welfare shows an increase of one dollar only.

While the Committee is aware that vote transfers do not increase the expenditures of a department as a whole, they do reflect a divergence in the way money has been appropriated to that department. The Committee concluded that information on vote transfers, showing the amount of increase and decrease for each vote should be displayed clearly in the table for each department and in the summary tables. Treasury Board officials concurred that the form of the supplementary estimates was not conducive to an easy understanding of vote transfers,

and indicated that they will be reviewing the entire way these estimates are presented. The Committee indicated its interest in this and requested that any proposed format changes be sent to its members before they were finalized; this was agreed to by Treasury Board officials.

**General Accounting Practices of the Government of Canada**

Senators asked a number of questions regarding general accounting principles of the Government of Canada. These ranged from the definition of non-budgetary expenditures and the consistency in allocating expenditures as budgetary or non-budgetary items, to whether accounts receivables should be included as part of the assets of the Government of Canada. While no specific conclusions were reached, the Committee reminded Treasury Board officials of its long-standing interest in this area and the possibility of it conducting a more detailed examination of the matter at a later date.

Respectfully submitted,

WILLIAM M. KELLY,
*Deputy Chairman.*

## APPENDIX TO THE REPORT

**Section 1**

### HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES (C) 1986-87

These Supplementary Estimates, totalling $596.3 million are the Final Supplementary Estimates for 1986-87. They bring to $108.5 billion the total *budgetary* Estimates tabled for 1986-87. This is well within the expenditure framework for 1986-87 confirmed by the Minister of Finance in the February 1987 Budget.

Major items included in these Estimates are:

— $275 million statutory expenditures for public debt charges, bringing total Estimates of public debt payments for 1986-87 to $27,275 million.

— $202.7 million for reimbursement to the Canadian Wheat Board for the 1985-86 barley, wheat and oats pool accounts deficits.

— $111 million *statutory* payments for the forecast operating deficit of Canada Post.

— $103 million for Canada Post for capital and deferred charges.

— $99 million for Canada Post for special purposes.

— $53 million increase in CEIC for *statutory* contributions to the UI Account.

— $65 million reduction in forecast of *statutory* expenditures for Guaranteed Income Supplement.

— $113 million reduction in forecast of *statutory* expenditures for Spouse's Allowance.

— $116 million reduction in forecast of *statutory* expenditures for post- secondary education payments.

— $184 million reduction in forecast of *statutory* expenditures for health insurance contributions.

We have provided detailed listings of all statutory items included in these Estimates as well as major (greater than $5M) voted items.

There are three additional points that might be of interest:

a) These Supplementary Estimates contain, thirty-five one dollar Votes of which twenty-seven are entirely financial in nature in that they seek authority to transfer funds between Votes or to establish or adjust grants within a Vote. In each of these cases an explanation of the new requirement and an indication of the source of funds is provided in the Supplementary Estimates. The remaining Votes seek specific authorities, consistent with enabling legislation and the Speaker's rulings on legislating in the Estimates. A detailed listing of these Votes along with additional explanations has been provided to members.

b) Supplementary Estimates have traditionally informed Parliament of the person-year requirements associated with the items included. These Supplementary Estimates contain 43 person-years for 1986-87. The Treasury Board will ensure that person-years included in Supplementary Estimates throughout this year are offset by a lapse of person-year authorities elsewhere in government. These additional person-years will not jeopardize the government's plans to reduce the size of the public service. As previously announced, the total Treasury Board controlled person-years as set out each year in the Main Estimates were reduced by approximately two percent in 1986-87, and 1.3 percent in 1987-88 (as identified in the 1987-88 Main Estimates). Further reductions of slightly less than one percent a year for the next three years will bring the total person-year reductions to 15,000 by 1990-91.

c) Committee members have expressed interest in items in Supplementary Estimates which materially differ from information provided in the Part III of the Estimates. In past appearances we have identified such items for the Committee. Our review of Supplementary Estimates (C) 1986-87 revealed no such situations.

**Section 2**

### SUMMARY OF EXPENDITURE FRAMEWORK AND ESTIMATES FOR 1986-87

Expenditure Framework at time of Main Estimates

| | |
|---|---|
| Budgetary Main Estimates | $107.0 billion |
| Projected Total Budgetary Estimates | $110.0 billion |
| Projected Budgetary Expenditures (includes consolidation of accounts) | $116.7 billion |

**Estimates Tabled to Date for 1986-87**

| | To be Voted | (Statutory (in thousands of dollars) | Total |
|---|---|---|---|
| **Main Estimates** | | | |
| Budgetary | 37,470,050 | 69,537,798 | 107,007,848 |
| Non-Budgetary | 80,124 | 344,933 | 425,057 |
| | 37,550,174 | 69,882,731 | 107,432,905 |
| **Supplementary Estimates (A)** | | | |
| Budgetary | 484,955 | 95,285 | 580,240 |
| Non-Budgetary | 22,018 | (263,000) | (240,982) |
| | 506,973 | (167,715) | 339,258 |
| **Supplementary Estimates (B)** | | | |
| Budgetary | 300,000 | — | 300,000 |
| Non-Budgetary | — | — | — |
| | 300,000 | — | 300,000 |
| **Supplementary Estimates (C)** | | | |
| Budgetary | 582,327 | 41,763 | 624,090 |
| Non-Budgetary | 259 | (28,000) | (27,741) |
| | 582,586 | 13,763 | 596,349 |
| **TOTAL ESTIMATES TABLED** | | | |
| Budgetary | 38,837,333* | 69,674,846 | 108,512,179 |
| Non-Budgetary | 102,401 | 53,933 | 156,334 |
| | 38,939,734 | 69,728,779 | 108,668,513* |

* Details do not add to totals due to rounding.

Present Expenditure Framework

| | |
|---|---|
| Total Budgetary Estimates | $108.5 billion |
| Projected Budgetary Expenditures (includes consolidation of accounts) | $116.6 billion |

**Section 3**

**STATUTORY ITEMS INCLUDED IN SUPPLEMENTARY ESTIMATES (C) 1986-87**

Increases (to previous projections)

| | | |
|---|---|---|
| — $275M | (Finance) | for public debt charges, bringing total Estimates of public debt payments for 1986-87 to $27,275 million |
| — $111M | (Canada Post) | for forecast operating deficit costs |

| | | |
|---|---|---|
| — $53M | (CEIC) | for contributions to the UI Account |
| — $43M | (Sec. State) | for payments under the Canada Student Loans act |
| — $28M | (DRIE) | for payments to Federal Business Development Bank |
| — $25M | (NHW) | for Old Age Security Payments |
| — $17M | (DRIE) | for CDIC loans |
| — $11M | (Fin) | net increase in payments under the Fiscal transfer payments program |
| — $7.9M | (Transport) | for payments under the Atlantic Freight Assistance Act |
| — $5.6M | (Labour) | for Labour Adjustment Benefits |
| — $5.3M | (PCO) | for election expenses by the Chief Electoral Officer |
| — $5M | (NHW) | for Family Assistance Payments |
| — $5M | (CEIC) | for loans pursuant to the Immigration Act |
| — $4.6M | (Justice) | for judges' salaries |
| — $4.5M | (Transport) | payments under the Railway Act |
| — $4M | (Agr) | payments under the Prairie Grain Advance Payments Act |
| — $2.3M | | advances to CMHC |

Decreased (from previous projections)

| | | |
|---|---|---|
| — $184M | (NHW) | health insurance contributions |
| — $116M | (Sec. State) | post-secondary education payments |
| — $113M | (NHW) | Spouse's Allowance |
| — $65M | (NHW) | Guaranteed Income Supplement |
| — $50M | (DEA) | Canada account disbursement forecast for EDC |
| — $33.9M | (Transport) | CTC payments to railway companies under the Western Grain Transportation Act |
| — $13M | (Agr) | Western Grain Stabilization Act payments |
| — $10.5M | (DRIE) | liabilities under the Small Business Loans Act |
| — $8M | (CEIC) | contributions in respect of fishermen's benefits |

**Section 4**

**SUMMARY OF VOTED ITEMS (GREATER THAN $5M) INCLUDED IN SUPPLEMENTARY ESTIMATES (C) 1986-87**

| Dept. | Item | Offset | Increased Appropriation Requested |
|---|---|---|---|
| AGR | — $202.7 million for reimbursement to the Canadian Wheat Board for the 1985-86 barley, wheat and oats pool accounts deficits | $7.4M | $195.3M |
| | — $5 million payments to FCC to offset loan losses | — | $5.M |
| Canada Post | — $99 million for special purposes | — | $99.M |
| | — $103 million for capital and deferred charges | — | $103.M |

| | | | |
|---|---|---|---|
| CEIC | — $25.9 million for Canadian Job Strategy Grants | $25.9M | — |
| DEA | — $16.2 million for currency changes | $16.2M | — |
| DFO | — $12.7 million for additional operating costs | $1.5M | $12.2M |
| DIAND | — $14.8 million for deletion of debts | | |
| | — $22.6 million for education/social development | $21.4M | $25.6M |
| | — $9.6 million for Implementation of an Act amend the Indian Act | | |
| | — $17.9 million for settlement of specific land claims claims | — | $17.9M |
| Justice | — $9.8 million for legal aid cost sharing agreements with the provinces | — | $9.8M |
| NHW | — $13.5 million for Vocational Rehabilitation of Disabled Persons | — | $13.5M |
| | — $13.2 million for non-insured health services to registered Indian & Inuit | — | $13.2M |
| DPW | — $19.3 million for debt deletions | $19.3M | — |
| DND | — $32 million for NATO contributions | $39.8M | — |
| | — $7.8 million contributions to assist in costs arising from natural disasters | | |
| DRIE | — $10 million increased grants and contributions | — | $10M |
| | — $6.6 million payments to Cape Breton Development for capital | — | $6.6M |
| NSERC | — $7.3 million for increased grants | $0.8M | $6.5M |
| MOT | — $36.2 million for increased operating costs | | |
| | — $13.2 million for St. Lawrence Seaway Welland Canal rehabilitation | $90.1M | — |
| | — $14 million for CN Marine for acquisition of a dockyard | | |
| | — $26.7 million for payments to VIA Rail | | |
| | — $8.6 million for the Grain Transportation Agency for contributions under the system improvement reserve fund | — | $8.6M |
| DVA | — $12 million for the increased costs of purchased health care services | $12.M | — |

## LIST OF ONE DOLLAR VOTES INCLUDED IN SUPPLEMENTARY ESTIMATES(C), 1986-87

The 35 One Dollar Votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I, according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "*".

A. Eighteen votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

B. Nine votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

C. Eight miscellaneous votes (Additional explanations are provided in Appendix II):

— one to report actual excess operating and income charges over revenues for the Canada Post Corporation;

— two to write-off certain debts due Her Majesty in Right of Canada - Employment and Immigration and Public Works;

— one to extend authority to make payments and issue guarantees - External Affairs;

— one seeking authority to increase the issue of notes to development fund accounts of International Financial Institutions - Canadian International Development Agency;

— three Votes in the Department of Transport of which one rescinds the statutory authority of the Stores Revolving Fund, one vote amends a previous Appropriation Act to increase a guarantee in respect of loans by Ridley Terminals Inc. and one extends an existing vote which authorizes the acquisition of a Canadian National Dockyard.

**Estimates Division**
**March 11, 1987**

**Section 5**

**Part I**

**List of one Dollar Votes in Supplementary Estimates (C), 1986-87**

| Page | Department/Agency | Vote | Categories A | B | C |
|---|---|---|---|---|---|
| 14 | Communications | 1c | X | | |
| 18 | Consumer and Corporate Affairs — Canada Post Corporation | 12c | | | X |
| 24 | Employment and Immigration | 15c | | X | |
| 26 | Employment and Immigration | 20c | X | | |
| 26 | Employment and Immigration | 21c | * | | X |
| 26 | Employment and Immigration | 25c | * | X | |
| 30 | Environment | 15c | X | | |
| 34 | External Affairs | 10c | | X | |
| 34 | External Affairs | L18c | | | X |
| 40 | Canadian International Development Agency | L45c | | | X |
| 62 | Indian Affairs and Northern Development | 30c | | X | |
| 70 | Justice—Commissioner for Federal Judicial Affairs | 15c | | X | |
| 78 | National Defence | 10c | X | * | |
| 84 | National Health and Welfare | 10c | X | | |
| 90 | National Health and Welfare | 35c | X | | |
| 98 | National Health and Welfare—Medical Research Council | 75c | X | | |
| 112 | Public Works | 25c | X | * | |
| 114 | Public Works | 51c | | | X |
| 124 | Science and Technology | 5c | | X | |
| 138 | Secretary of State—Social Sciences and Humanities Research Council | 25c | * | X | |
| 140 | Solicitor General | 5c | | X | |
| 146 | Transport | 1c | X | | |
| 146 | Transport | 2c | | | X |
| 146 | Transport | 10c | | X | |
| 146 | Transport | 20c | X | | |
| 146 | Transport | 25c | X | | |
| 146 | Transport | 26c | X | | |
| 146 | Transport | 31c | | | X |
| 146 | Transport | 36c | X | | |
| 146 | Transport | 38c | X | | |
| 146 | Transport | 40c | * | | X |
| 146 | Transport | 42c | X | | |
| 148 | Transport | 45c | X | | |
| 162 | Veterans Affairs | 1c | X | | |
| 164 | Veterans Affairs | 30c | X | | |

**Part II**

**Additional Explanation**

**Category C - Miscellaneous $1.00 Votes:**

**Consumer and Corporate Affairs - Canada Post Corporation**

**Vote 12c**—To report the actual excess of operating and income charges over revenues for the Canada Post Corporation in the amount of $184,284,000 for the 12 month period ending March 31, 1986 in accordance with subsection 29(3) of the Canada Post Corporation Act.

**Explanation**—In accordance with section 29(1) of the Canada Post Corporation Act (CPC Act), the Minister of Finance during 1985-86 placed at the disposal of the Corporation sufficient monies to enable the Corporation to meet all its operating and income charges during the year. Section 29(3) of the CPC Act requires that the amount placed at the disposal of the Corporation is to be included, in the form of a deficit appropriation item, in the next Estimates laid before Parliament thereafter. Since the amount placed at the disposal of the Corporation has already been reported as expenditures of the government in the 1985-86 fiscal year, it cannot be voted as an expenditure in 1986-87. Accord-

ingly, in order to conform with the intent of the Act, a $1 voted item has been included in these Supplementaries to inform Parliament of the actual amount of the Corporation's deficit for 1985-86. The actual 1986-87 deficit will be reported as a $1 item in 1987-88 Supplementary Estimates, again in accordance with Section 29(3) of the Act.

**Employment and Immigration**

**Vote 21c**—Pursuant to Section 18 of the Financial Administration Act to write off from the Accounts of Canada 14 debts due and claims by Her Majesty in right of Canada amounting in the aggregate to $37,482.96 in regards to transportation loans issued under Section 121 of the Immigration Act.

**Explanation**—This involved the deletion of uncollectable loans due the Crown in the amount of $37,482.96 which are to be recorded in the government's Statement of Assets and Liabilities of Canada. This action is consistent with the government's new debt write-off regulations approved March 1985 (SOR/85-257). Funds are being transferred, via a $1 Vote transfer, from EIC Vote 10, Employment and Insurance to this new Vote 21c.

**External Affairs**

**Vote L18c**—To extend the authority to make payments and issue guarantees under the International Natural Rubber Agreement.

**Explanation**—The original vote wording for payments under the International Natural Rubber Agreement (INRA), which was approved in Appropriation Act No. 3 of 1980-81, allowed payments from 1980-81 to 1985-86. The INRA had a provision to extend the agreement for an additional two years beyond its original 5 year term. This extension was approved by the participating countries through a resolution approved in June 1985. The $1 vote is required to extend the previous vote wording to allow payments in 1986-87 and 1987- 88.

**External Affairs - Canadian International Development Agency**

**Vote L45c**—To seek increased authority to issue notes to development fund accounts of international Financial Institutions not to exceed $280,600,000.

**Explanation**—The enabling legislation is the International Development (Financial Institution) Continuing Assistance Act which requires that the Secretary of State for External Affairs seek authority to issue non-interest bearing, non-negotiable demand notes.

Authority may be sought to issue notes to other institutions which may be added as approved by the Governor in Council. The Fund under consideration, namely the Asian Development Fund is included in the original legislation.

Authority must be sought through an Appropriation from Parliament in the year for which these notes are required.

Subsequent encashment of these notes in future years are reported to Parliament as statutory expenditures. The funds for these costs are contained in the overall Official Development Assistance allocation as shown in the Budget tabled in the House each year by the Minister of Finance.

The issuance of notes allows these organizations to make commitments to developing countries for the financing of projects and programs designed to assist in their economic and social development.

**Public Works**

**Vote 51c**—Pursuant to subsection 18(2) of the Financial Administration Act, to write-off from the accounts of Canada loans in the amount of $19,311,904 made jointly and severally to the Provincial Refining Company Limited and the Newfoundland Refining Company Limited.

**Explanation**—In the early 1970's the Crown loaned $20M to the Companies for the construction of a wharf in Come-by-Chance. The wharf was completed in 1975; the two companies became insolvent in the same year. Three payments had been made and the $19,311,904 was outstanding. The Government took possession of the wharf upon the default of the companies but has subsequently transferred it to the Province of Newfoundland.

The action to delete the loan due the Crown in the amount of $19,311,904 is consistent with the Debt Write-Off Regulations (SOR/85-257). Funds are being transferred, via a $1 vote, from Vote 5 ($1,311,903), from Vote 15 ($9,100,000), from Vote 50 ($850,000) and from Vote 60 ($8,050,000), to this new Vote 51c.

**Transport**

**Vote 2c**—to terminate the Stores Revolving Fund in accordance with Section 33 of the Adjustment of Accounts Act, to repeal Section 30 of the Act as of March 31, 1987.

**Explanation**—TC had been financing its stores operations through a Revolving Fund which was established under authority of Section 30 of the Adjustment of Accounts Act in 1980. TC management has decided to terminate the non- lapsing authority provided by the Revolving Fund and to funds its future stores and materiel requirements through regular appropriations.

TB gave its approval to the termination of the Stores Revolving Fund in January 1987 and the statutory authority is being cancelled in accordance with Section 33 of the Adjustment of Accounts Act through Final Supplementary Estimates.

**Transport**

**Vote 31c**—To increase from $205,000,000 to $230,000,000 the amount the Minister may guarantee in respect of Loans and other financial arrangements to be entered into by Ridley Terminals Inc.

**Explanation**—This item amends vote 30(c) of Appropriation Act No. 4 1983- 84 to replace the sum of $205,000,000 referred therein by the sum of $230,000,000. RTI's construction debt of approximately $200 million is financed by means of short term banker's acceptances. Management have concluded that the risk of exposure to fluctuating interest rates is unacceptable, given that interest charges make up 60% of RTI's operating costs. Management proposes to refinance the project by means of a bond issue which will require an amended guarantee authority because interest on the bond will be paid yearly. While the amended guarantee apparently increases Canada's risk of loss, the resultant lower interest costs improve the prospects for survival of RTI, thereby lessening the chance that the guarantee will be invoked.

**Transport**

**Vote 40c**—To extend the purposes of Transport Vote 40 to authorize the acquisition from Canadian National Railway Company of all the issued share capital of a corporation to which assets related to the St. John's Dockyard will have been transferred by Canadian National Railway Company.

**Explanation**—This item enables Marine Atlantic Inc. to purchase the assets of the St. John's Dockyard from CN for up to $26.4M. CN will return $14M of the proceeds to the government as repayment of a non-interest bearing advance which has been outstanding since the 1920s. The remaining proceeds will be retained by CN to partially offset the long-term debt it has incurred for the dockyard operations.

# THE SENATE

**Wednesday, March 25, 1987**

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

Prayers.

[*Translation*]

## GREECE

ONE HUNDRED AND SIXTY-SIXTH ANNIVERSARY OF COMMENCEMENT OF WAR OF INDEPENDENCE

**Hon. Philippe Deane Gigantès:** Honourable senators, I would like to draw your attention to the fact that today is the One Hundred and Sixty-Sixth Anniversary of the commencement of the Greek War of independence. In 1821, Greece was a Turkish province where Greek Christians were referred to as slaves.

It was a very sad time for the Greeks, who had known such a glorious history. Gibbon, describing the city of Athens under Turkish occupation, said he could hardly believe that the people he saw around him were the Greeks who built the monuments whose ruins he saw on the Acropolis.

[*English*]

They rose up for only one principle. There was no ideology involved other than this one, that they wanted to be free. They wanted to live in a regime in which all people would be equal, as Solon had proclaimed in 594 B.C.

The Greeks today have not regained the central position intellectually that they had then. Circumstances have changed. However, they aspire to being free and to being members of the great western democratic society. They have more troops *per capita* in NATO than any other country. They have been faithful allies of the west in two world wars and in Korea. They treat Canada with love and respect, and Canadians of Greek descent, much as they love Greece, have found a country here that they consider better.

I for one certainly do. One of the reasons why I consider Canada the best country there is is because we can come here and be Canadians first, last and always, and no one tries to pull us up by our roots to sanitize them. We are allowed to develop fully as Canadians, and if we wish to retain our Greek characteristics, we are allowed to do so.

Our children do well in this country. I have the honour and pleasure of having here in this chamber a colleague, Senator Barootes, whose parents came from Greece and who is an example of what Greeks can do in this country.

Greece will remain an ally and a friend of Canada; Greece will remain a defender of democracy and of freedom.

[*Translation*]

## POST-SECONDARY EDUCATION

REPORT OF NATIONAL FINANCE COMMITTEE TABLED

**Hon. Fernand-E. Leblanc:** Honourable senators, the Standing Senate Committee on National Finance has the honour of tabling its Seventh Report, concerning its study of the Government's funding of post-secondary education and occupational training.

With leave of the Senate and notwithstanding rule 45(1)(*f*), I would like permission to say a few words now.

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

**Hon. Senators:** Agreed.

**Senator Leblanc (Saurel):** Honourable senators, I rise today to open the debate on the National Finance Committee's report on Federal Policy on Post-Secondary Education.

As many of you know, we began hearings on the study in the fall of 1985.

Preceding that, I spent the summer with the research staff preparing background material and a witness list so that the committee could proceed expeditiously. We completed our hearings last May and sent a first draft to the committee in time for the fall reconvening of Parliament. Since that time, we have spent considerable time, *in camera*, discussing what in my mind is a very controversial but timely report on federal involvement in post-secondary education.

I should now like to express my thanks and appreciation to the entire committee for their considerable efforts in producing this report. I know that there were times that differences of opinion seemed insurmountable, but in the end, the wisdom and good sense of the members prevailed and we have a report of which we can all be proud.

I would also like to express my appreciation to the clerk of the committee, John Desmarais for scheduling the hearings and getting the report out on time. And I would like to thank our research staff from the Parliamentary Centre, in particular Jeff Greenberg, who under committee direction gave form and substance to this report. As some of you know, the topics in the report cover many areas; they range from the general transfers to the provinces for post-secondary education under the Established Programs Financing legislation, to accountability to Parliament for these expenditures; from accessibility to all who can profit from post-secondary education to the deterioration in research; and from the place of foreign students in Canada to the need for a renewal of faculty.

I would like to spend the next few minutes focussing on the general fiscal transfers to the provinces for post-secondary education.

The Established Programs Financing legislation I have referred to has been in effect since 1977 and has gone through a number of changes. But none of these changes has altered the basic principle; it is a statute which is of an omnibus nature; it tries to achieve too many things for too many people. It is supposed to provide stability of financing to the provinces and it does; it is supposed to ensure equal transfers on a per capita basis to the provinces and it does; it is supposed to be in respect of post-secondary education and if it is, no one would know because it is completely unconditional. It is a program designed by finance ministers for financial purposes with little or no regard for post-secondary education.

We have proposed in our report that the post-secondary portion of EPF must be terminated. In this respect, our report offers little new over what has been proposed before.

But all these past reports assume that there is a federal role or responsibility for the general report of post-secondary education. The usual argument is that when the Fathers of Confederation made education a provincial responsibility under section 93 of the 1867 Constitution Act, they really never considered post-secondary education to be anything more than a private or a religious function. But those who believe this are wrong. George Brown, one of the Fathers of Confederation, indicated in 1865 that while he believed that post-secondary education was of a national character, it was explicitly given to the provinces because of its impact on cultural and social issues particularly in Quebec.

But as Senator Hicks has so often reminded us, the federal-provincial wrangling in this area has little to do with the Constitution and a great deal to do with politics—there is a lack of will to cooperate. This post-secondary area is typical of the unique situation in Canada where the federal government has the spending power while the provinces have the constitutional responsibility. In such a situation, both the Rowell-Sirois Commission of 1940 and the recent Macdonald Commission are instructive. They indicate that three alternatives to this dilemma are possible.

The first such alternative calls for shared-cost arrangements such as we had for post-secondary education prior to 1977. Many of us remember the difficulties in that program. For example, provincial spending determined the level of federal spending; auditing the program took many years to solve disputes; and federal fifty-cent dollars meant that provincial objectives were being distorted. Most recent proposals to amend EPF such as found in the Johnson report have added nothing new. Mr. Johnson's suggestions call for increases in federal contributions for post-secondary education to match the increase in provincial contributions. But determining the base from which these increases will start, and ensuring that provinces will not inflate the increase in their contributions, will require constant auditing. While Johnson calls this matching grants rather than shared costs, it contains all the problems of the old shared-cost program—constant auditing, loss of federal financial control over the transfers and distorted 50 cent dollars for the provinces. In other words, shared-cost by another name.

The second alternative of the Rowell-Sirois Commission and the Macdonald Commission calls for a transfer of the constitutional responsibility to the level of government with the spending power; in other words, transfer to the federal government the responsibility for post-secondary education. Theoretically, this is possible, but it would require amending section 93 of the 1982 Constitution Act. This means that consent would be required from the House and Senate, and consent of two-thirds of the provinces with at least 50 per cent of the population. But while this seems difficult to achieve, it is still more complex. Section 38(3) allows any province to dissent from such an amendment and section 40 would require that in the area of education, the dissenting provinces be given "reasonable" compensation.

What this says, is that this second alternative of amending the constitution is possible in theory, but for all practical purposes is impossible under the current Constitution.

That leaves us with the third alternative—transfer the spending power to that level of government with the constitutional responsibility. And that is what we proposed. Our suggestion is that we terminate the post-secondary portion of EPF and transfer to the provinces the appropriate taxing authority to collect reasonably similar amounts to what they now receive through the tax and cash transfers of EPF.

At this point in the committee deliberations there were many senators who questioned the practicality of this. Some were concerned about the adequacy of such an idea for the 'have not' provinces. They were concerned that even if these tax transfers were equalized, the rich provinces still would be better off than the poorer provinces. I will not comment any further about this issue, but leave it to my colleagues on the committee to raise and debate.

There were others on the committee who felt that by giving up on the federal responsibility for the general support of post-secondary education, we would be conceding a responsibility to the provinces which they so far have shown no will or commitment to act upon in the national interest. I must confess that I have a great deal of sympathy with this view, but then I consider the alternative. What has the federal government done?

● (1410)

It has transferred a great deal of money and of this there is no doubt. But has it contributed any more to post-secondary education than if the provinces had the authority to collect and spend? I don't think so. Mediocrity reigns in Canadian universities, teaching standards are declining; and research facilities are deteriorating.

Some of you are probably saying that if we had true accountability, this would not be the case. But there can be no true accountability without constitutional authority over our colleges and universities, or agreement to share equally in the funding and responsibility. This, the provinces will never con-

cede. Furthermore from my experience in politics, I doubt that there ever will be a time when the provinces will be prepared to concede a direct say in the general operations and administration of our universities. I should also point out that with regard to the colleges in Canada, there is not even a shred of doubt in my mind that everyone agrees that they are provincial organizations.

Maybe it is high time to stop the constant bickering with the provinces over who is providing what amounts, whether it is being spent and what is happening to our colleges and universities. Is there anything wrong with agreeing with the provinces that the federal government does not have a specific role to play in the general support of the universities and colleges of Canada; and that it does have a definite role to play in some specific areas? Let me give some examples:

First, university research as supported by the granting councils and by procurement of government departments;

Second, accessibility as supported by student aid, and by general support for disadvantaged groups in society;

Third, manpower training ranging from retraining of our youth all the way to ensuring an adequate supply of qualified scholars and scientists to fill the expected vacancies in our universities in the 1990s and 21st century.

In these kinds of issues, and the responsibility for them, there is no squabble; the provinces and the federal government jointly agree that there is a federal role to play.

This is the essence and the message of the report. I will not go any further into these areas at this time.

The report, however, contains considerable analysis, conclusions and recommendations about these. I know that as the debate on this report proceeds many of my colleagues on the committee will wish to speak to them and to the other issues I have raised.

In conclusion, I would only like to repeat my thanks to my colleagues for their cooperation in producing, what in my mind is one of the most important reports ever produced by a committee of this chamber.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I would like to congratulate the chairman and members of the Standing Committee on their good work. Conclusions and recommendations in this report will certainly be a significant contribution for the forum on post-secondary education announced in the Speech from the Throne last fall.

On motion of Senator Simard, debate adjourned.

## CANADA SHIPPING ACT

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Léopold Langlois:** Honourable senators, I have the honour to present the Fourth Report of the Standing Committee on Transport and Communications. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

[Senator Leblanc (Saurel).]

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "A", p. 754.*)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Are the comments very long?

**An Hon. Senator:** Four pages, Senator Frith.

**Senator Frith:** Could the report be distributed to honourable senators before we—

**Senator Flynn:** It will be an appendix to today's *Debates of the Senate.*

**Senator Frith:** Honourable senators, normally after the report is tabled, Senator Macdonald as sponsor of the bill will move third reading. We should have an opportunity to read the report before third reading is moved. Thank you.

**The Hon. the Speaker:** So, honourable senators, when shall this bill be read the third time?

On motion of Senator MacDonald (Halifax), bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

• (1420)

[*English*]

## BORROWING AUTHORITY BILL, 1986-87 (No. 2)

REPORT OF COMMITTEE

**Hon. William Kelly:** Honourable senators, I have the honour to present the Eighth Report of the Standing Senate Committee on National Finance.

**A Clerk at the Table:**

Wednesday, March 25, 1987

The Standing Senate Committee on National Finance has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred Bill C-40, An Act to provide borrowing authority, has, in obedience to the Order of Reference of Tuesday, March 24, 1987, examined the said Bill and now reports the same without amendment but with the following comments:—

**Hon. Senators:** Dispense!

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Hon. C. William Doody (Deputy Leader of the Government):** Later this day.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I should like to have heard the comments of the committee.

**Senator Flynn:** Perhaps they could be read.

**Senator Frith:** Perhaps Senator Kelly could read them.

**Senator Kelly:** Honourable senators, the comments, which follow the reporting of the bill without amendment, are as follows:

> Various procedural matters were raised with the Minister. The Minister suggested that he would be prepared to meet with interested members of Parliament to consider the logistics related to these procedural matters and to determine whether they could be improved.

That referred to the recurring argument on what from time to time is described as the haste in which these matters are brought before the chamber, and the minister volunteered the suggestion that it might be helpful between now and the next time that a similar situation develops to meet with interested members of the Senate and of the other place to discuss logistics and to see whether the procedure cannot be improved.

**Senator MacEachen:** Honourable senators, yesterday, when the matter about the borrowing authority bill arose, I made the following comments with respect to the consideration of the borrowing authority bill before the committee:

> When the bill goes to committee, can we find out why there is such mismanagement in the legislative and borrowing program of the government? Is that not a reasonable question? Will the committee report to us and give us some reasonable explanations for this? Will there be a statement made by the minister and his officials indicating that they will correct their ways so that we can pass the bill and accommodate the borrowing program of the government?

I have attempted to inform myself as to what happened in the committee. I have asked for a transcript of the evidence given by the minister in order to satisfy myself about the questions I asked yesterday. I received the transcript about ten minutes ago. I have as yet not had the opportunity to read it to satisfy myself as to whether any of those requests have been met by the minister. I do not know what is meant in the committee's report by "logistics". Perhaps Senator Kelly will tell me what is meant by "logistics". I do not think it is a question of logistics. I want to know what members of the Senate do now when they are asked to give leave to move to third reading on the borrowing bill, considering that they have not been able to read any of the evidence given by the minister before the committee, and that the report of the committee uses expressions like "logistics", which are not on their face clear as to their meaning. I must ask Senator Kelly as chairman of the committee: Can he throw more light on this matter? What is meant by "logistics"? I understood that "logistics" had to do with the movement of troops. I have never heard the word used in the parliamentary context, and I would like to know what it is intended to convey.

**Senator Kelly:** Honourable senators, if I may try to respond in this way: The Leader of the Opposition in the chamber yesterday did indeed ask the questions in the fashion he described. He quoted from *Hansard*. Speaking for myself as, by the way, deputy chairman of the committee, not chairman, I make no apology for the fact that I did not lead questioning in the direction of mismanagement, because I do not see mismanagement there. However, Senator Stewart and Senator Sinclair were present, and it was my impression that their line of questioning related to the information that the Leader of the Opposition felt was necessary to draw from the minister at the meeting this morning. So we had every reason to believe that those questions were brought forward and answered on the record.

What we tried to describe in the report—and perhaps we summarized it too briefly—was the current difference of opinion between the ministry and some senators and between the ministry and some members of the other place, and perhaps a better way of ironing these things out. I have been here only four years, but I have seen this argument raised in each of those years at borrowing authority time. For example, there was the question on Bill C-11 as to whether or not it should be split. To me and to other members at the meeting, these matters are logistics, the process by which something gets accomplished. In the case raised by the Leader of the Opposition, yes, "logistics" refers to the movement of troops. The moving of borrowing authority bills through Parliament comes under the heading of "logistics". At least it does in my opinion, in the opinion of my colleagues at the meeting this morning, and, I think, in the opinion of other colleagues in this chamber. However, I do not believe that the Leader of the Opposition is simply trying to wrestle with the definition of a word. I think we do understand that the word could be applied in the situation with which we are presently confronted.

The committee was encouraged by the fact that we heard the minister say—and this perhaps is an echo of Bill C-11—instead of taking a hard firm position that this way is the only way that it can be done, in effect, "You have given me some things to think about, and I think it would be appropriate for us to sit together and examine this thing once again before we come to the next borrowing authority bill." If the committee erred in not reporting all of that detail, it was because it felt that the record supplied answers to most of the matters raised by the Leader of the Opposition, and we were trying to summarize the positive matters we felt came out of the discussion.

• (1430)

**Senator MacEachen:** Honourable senators, Senator Kelly has referred to the record, but the record is not available to us, and therefore we must rely on the chairman of the committee to advise us as to what happened, if leave is to be given. I must say that to be invited now to look at the record, after the bill has been passed, is not much of a solution.

I would like to have read the record before we were asked to give leave to proceed to third reading, but that is one of the "logistics", apparently, that is to be corrected. I wonder if it is now a question of logistics that senators will be asked to pass a bill without having an opportunity of reading the pertinent evidence given by a minister before they are asked to pass that bill. That is the principle that is now, apparently, a matter of logistics. I think it is an important parliamentary principle that

we all ought to adhere to, but I am quite prepared to let that drop.

However, what I want to know is whether the deputy chairman is prepared to tell us that the Minister of Finance, or his surrogate, will meet with members of the Standing Senate Committee on National Finance, wrestle with this problem, and then report back to the Senate. Also, is there some indication that this situation that we are facing today will be corrected?

**Senator Kelly:** There is every indication that this situation will be carefully reviewed and, where indicated, corrected.

**Senator MacEachen:** I thank the honourable deputy chairman for his undertaking, which helps to some extent. However, we are now taking another leap of faith, as we will be doing later on with respect to the trade question. We are taking a leap of faith in that we are now unable to read the record. However, the undertaking of the minister has been summarized by the deputy chairman, and perhaps that is stronger than faith; let us say it is trust, which we will accept, from Senator Kelly whom we admire for his integrity.

However, honourable senators, leave has now been asked, and I see on the order paper that there is Royal Assent slated for later today. Therefore, if leave is given to proceed to third reading today, and if third reading is then given to this bill, presumably we would move to Royal Assent today. However, I want to ask: Why is it necessary for leave to be granted today? Why can we not proceed in the normal way and have third reading tomorrow? I make a point of this because last week—carelessly, as we later learned, in the minds of supporters of the government—we waived the rules and gave leave on Tuesday last. Later we were reproached for doing so. Therefore, I want to know why we should grant leave today rather than having third reading tomorrow in the normal way.

**Senator Doody:** Honourable senators, I explained yesterday the reasons why I felt it would be appropriate to attempt to have this bill passed and to have Royal Assent today. The simple truth of the matter is that, as was stated this morning in committee, there is a treasury bill auction scheduled for tomorrow, Thursday, March 26, for $4.5 billion worth of Canada treasury bills. If Royal Assent is not given today to this bill, this offer will have to be withdrawn. The offer has been made contingent on Royal Assent being given to Bill C-40, to provide supplementary borrowing authority for fiscal 1986-87 and borrowing authority for fiscal 1987-88.

Obviously, it is completely within the purview of this chamber to grant leave and to pass this bill this afternoon. I simply ask that the government's borrowing program be accommodated in this regard. I really do not think it is too big an inconvenience to ask that the bill be passed this afternoon rather than tomorrow. However, obviously the decision rests in the hands of honourable senators, and we will have to live with whatever that decision is.

**Senator MacEachen:** I think the Deputy Leader of the Government has put his finger on the difficulty that we are hoping will be corrected, and that is that the borrowing program has been laid out so that important bids are to be terminated or dealt with tomorrow, and that if Royal Assent were not given the borrowing program of the government would be disturbed and, presumably, damaged. Honourable senators, we are confronted with the responsibility of having that happen if we do not waive the rules of the Senate, and I personally will not refuse leave in those circumstances.

However, honourable senators, the question is: Why have we been put in this position? Why have we been put in the situation of having to pass the borrowing bill when the evidence that has been given by the minister this morning is not available to any one of us, except those who attended that meeting. Other senators had other responsibilities this morning, therefore, we have not read the evidence. Some of it has been given to us by Senator Kelly and some other bits of evidence have been given to us by the Deputy Leader of the Government. We trust that what they say is accurate. However, why have we been put in this situation when, if the government had organized itself properly, the bill would be passed and given Royal Assent, and we would not be faced with an option tomorrow? That is the problem. I do not think it is a political problem, and it is not a problem of "logistics", if I may say so.

Honourable senators, I simply put my case. It is a pretty sad situation, but we will give leave because it is the responsible thing to do. However, I do it biting my tongue and holding my nose.

**Hon. Jacques Flynn:** Perhaps I could suggest that the Leader of the Opposition consult his colleague, Senator Sinclair. He is the one who insisted on using the word "logistics". Perhaps Senator MacEachen did not have time to read the transcript of the evidence this morning. However, if he thought his question was so important, he could have consulted with Senator Sinclair and Senator Stewart, who were both at the meeting, and that would have been very useful, I suggest, if the honourable senator himself was unable to attend the committee meeting.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, it seems that the point that was made by Senator MacEachen has escaped Senator Flynn. Perhaps if he had been paying attention, Senator Flynn would have noted that Senator MacEachen dealt with the question of logistics, left that aside as far as the word is concerned, and pointed out that we have been put in the frustrating situation where someone says, "You have to do this, because we manoeuvred you into the position of having to do it." That is the point. The department were the ones who called for the bids; they were the ones who managed the program the way they did, and it was all contingent upon this bill being passed today with leave, and that is the position that we are objecting to. What we are saying is we hope we will not be asked to do it again, and that the assurances given by Senator Kelly will be fulfilled; that this sort of situation will not recur because they will examine the logistics, or whatever word you wish to use.

**Senator Flynn:** That is a different story.

**Senator Frith:** That is exactly what Senator MacEachen said.

**Senator MacEachen:** Honourable senators, I rise on the point raised by Senator Flynn. I think that Senator Flynn is again overlooking a very important point, namely, that every senator is surely entitled to read the evidence of Mr. Hockin given this morning before being asked to pronounce on this bill. It is not a question of the rights of Senator MacEachen; it is a question of the rights of every senator, and that is my point.

The fact is that before we came into this chamber today I did discuss the committee proceedings with both Senator Stewart and Senator Sinclair. However, I did not have a transcript of the committee proceedings, and I wanted to read for myself what the minister had to say to find out what he had undertaken. I could not.

• (1440)

It seems to me that it is a bit cheap, or unfair, to suggest that we ought to overlook the fact that we are being asked to pass an important bill when no senator has been able to read the transcript of the evidence upon which we base our decision. The decision to waive the normal notice that must be given is based upon the evidence given by the deputy leader—conveyed second hand—that unless Royal Assent is given to this bill today, the borrowing program of the government will be deranged. That is what we were told.

Is it unreasonable for a member of the Senate to make these points?

**Senator Flynn:** No.

**Senator MacEachen:** I am glad that Senator Flynn has said it is not unreasonable. I think it is totally reasonable to make these points as we give leave, with the understanding that there is an undertaking that there will be a serious consultation with the minister and the committee. Then, we will hear from the committee as to what steps will be taken to remove this unpleasant situation for all of us.

**Senator Flynn:** That is a problem that has been with us for years, even when the honourable the Leader of the Opposition was Minister of Finance.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Doody:** With leave, later this day.

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

**Hon. Senators:** Agreed.

On motion of Senator Doody, bill placed on the Orders of the Day for third reading later this day.

## APPROPRIATION BILL No. 5, 1986-87

FIRST READING

## APPROPRIATION BILL No. 1, 1987-88

FIRST READING

## APPROPRIATION BILL No. 2, 1987-88

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-47, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. C. William Doody (Deputy Leader of the Government):** With leave, later this day.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Could the deputy leader explain why we should waive the rules and allow this bill to be given second reading later this day?

**Senator Doody:** I had hoped the Senate would give leave to commence second reading of these three supply bills today in anticipation of getting them passed by the Senate before March 31, which is next Tuesday.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Do the same considerations apply to all three bills, and, if so, would the deputy leader like all three bills to be introduced and then make his comments on all three bills, or is there a different reason for each bill? In other words, is one bill more urgent than the others?

**Senator Doody:** No. I should like to have all three introduced now, honourable senators. I will try to explain why I am requesting leave for second reading of all three bills later this day.

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-48, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1988.

Bill read first time.

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-49, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1988.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall these three bills be read the second time?

**Senator Doody:** Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(*f*), that these three bills be placed on the Orders of the Day for second reading later this day.

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

**Senator MacEachen:** Leave is not granted, unless the deputy leader can give us a good reason for treating these bills in this manner.

I take it for granted that the bills will be eligible for second reading tomorrow and for third reading on Tuesday next, which is March 31. Why accelerate the process?

Perhaps the deputy leader has a reason for requesting leave for second reading of the bill relating to the financial year 1986-87, and, if so, I would immediately yield, but I do not know why we ought to give leave to commence second reading later this day for the two bills respecting the financial year 1988.

The point I am raising is a fundamental one, judging by what has come to the fore, and that is the question as to whether leave is to be taken for granted, whether leave is given to waive the rules systematically, or whether there should be a good reason to waive the rules.

We just waived an important rule a few moments ago because there was a good reason given, so do not say we are being unreasonable. If the deputy leader has a good reason, we will waive the rules, as we have done in the past, but I ask why we cannot let these bills go through in the normal way—will anything suffer?

**Senator Doody:** I would hope that nothing would suffer. It has been fairly well accepted in the Senate that the supply bills at the end of the fiscal year go through with minimum involvement by the Senate. Bill C-47 relates to Supplementary Estimates (C) ending March 31, 1987. Bill C-48 is an interim supply bill and deals with supply for the first three months; that is, three-twelfths of the supply. We are not asking for the main estimates for 1988, just the interim supply bill, which has been standard procedure since I have been here.

Bill C-49 relates to Supplementary Estimates (A), granting authority to spend $700 million on the grain supplements for the western provinces. Of that amount, $300 million has already been authorized by Parliament, and this $700 million will bring that up to the billion dollar commitment. We have been told that that must be made available to the department so that it can start processing the cheques and getting them out to the recipients.

There is some disagreement as to whether or not Supplementary Estimates (A) should have been issued for the entire amount or whether the amount should have been included in the main estimates. The Department of Finance feels that this is the correct way to proceed, but others disagree.

Can this bill wait until March 31? I suppose it can. Can these three bills wait until Tuesday next? I suppose they can. But I personally think—and I believe other honourable senators will agree—that it would be far better to introduce these bills today, commence second reading, and hope that they will be passed tomorrow.

• (1450)

We had thought that we might be sitting on Friday to deal with another bill; it appears at this point that we will not be getting that bill, although I will not know that for certain until tomorrow. In that event, I suppose that we could look forward to getting the supply bills granted to the government on Friday.

Once again, if the Senate decides that it does not want to do that, and it wants to bring us right to the wire on March 31 and pass the bills and get Royal Assent on Tuesday next, then so be it. That is all we can do; we are in the hands of the Senate. However, I must say that in my experience here the historical precedent for this has been established, namely, that when the supply bills, which are really the concern of the other place, are presented, they are passed fairly quickly by the Senate.

**Senator MacEachen:** Honourable senators, I agree with that statement of "fairly quickly"; there's no problem with that. When my friend talks about "going to the wire" on March 31, 1987, I will bend that far and say, "Waive that rule," but I do not see any reason why we should waive the rules on the other two where the wire is March 31, 1988.

**Senator Doody:** The bill that we hope to introduce today for second reading is not the main supply bill for 1988, it is simply an interim supply bill for the first three months to allow the government to carry on its business in an orderly procession. There is not one single departmental estimate that requests funding for the full year.

**Senator MacEachen:** Well, of course.

**Senator Doody:** They are all just proportions of the year. Why that should be any different from Supplementary Estimates (C)s or Supplementary Estimates (A)s—although the Supplementary Estimates (A) bill is perhaps the one that the senator was referring to here—is beyond me.

In any event, as I said, we are entirely at the disposal of the Senate. If the Senate does not want to pass the supply bills or give us leave to introduce them for second reading today, then so be it.

**Senator MacEachen:** The Deputy Leader of the Government is making it a bit difficult by saying that we do not want to pass them. That is not the question. Concerning Bill C-47

which appears for the fiscal year ending March 31, 1987, I said that if you want to introduce second reading, that is fine. I just want some reason why, for interim supply next year, it makes any difference whether we follow the ordinary rule and deal with them next Tuesday—or whatever day—or deal with them today. Perhaps the Deputy Leader of the Government can give us a reason that would convince us.

In any event, I tell the Deputy Leader of the Government: Why not go to second reading on the first bill? If he can convince us, we will accommodate him tomorrow.

**Senator Doody:** The purpose of having the introductory remarks on all three bills before the Senate today for study by senators might be of some advantage to senators. They may want to examine the detail of the supply bills, the amounts involved, the headings, and so on, and I would be in a position to table the documents attached today if senators allowed us leave to introduce the bills. But if Supplementary Estimates (C) are the only estimates that the Senate wants to deal with today, then obviously that is the only that will be dealt with.

**Senator Frith:** Honourable senators, since we are still dealing en bloc, that would still leave the question of the other two and whether you would want to move next sitting on the other two. Normally, of course, they would require two days' notice.

Do I take it that we are now asking leave to deal with Bill C-47 later this day? We have the report from the committee, and it seems logical to do it after the report. Will the Deputy Leader of the Government then be asking for second reading at the next sitting on the other two, Bill C-48 and Bill C-49?

**Senator Doody:** The same procedure will have to be followed. If they are not dealt with on second reading today, leave will have to be given for second reading to be moved tomorrow.

**Senator Frith:** That's right.

**Senator Doody:** Other than that, if the Senate wants to go by the rules, we can sit on Friday to examine them. I do not know the purpose of all of this. Perhaps honourable senators could explain why "tomorrow with leave" is so very different from "today with leave". I do not pretend to have the parliamentary background that some honourable gentlemen and ladies in this place do, but I fail to see the difference between introducing these bills for second reading today with leave, or allowing one to be introduced today with leave, and allowing the other two to be introduced tomorrow with leave; or does the Senate want to have them all introduced strictly in accordance with the rules of the Senate, which would mean that they would be introduced Friday?

I cannot introduce a motion unless I know exactly what it is the Senate wants to do. I have already introduced one motion and I do not think the Senate agrees with it, so I need some guidance.

**Senator Frith:** For one thing, there is a more persuasive reason for abridging the rules on Bill C-47, and that has already been covered.

Yesterday Senator Kelly's report from the Standing Senate Committee on National Finance on Supplementary Estimates (C) was tabled. I have had a chance to read that report, which I received yesterday. The report on Supplementary Estimates (A) was approved yesterday. Frankly, I have not had a chance to read it. The reason for doing one today—perhaps other senators have other reasons—and doing the other ones tomorrow is simply that: I would like to have a chance to read them. The approach that I have always taken with regard to appropriation bills—whether I was on that side or on this side—is that the bill itself ends up being a consecration of the study by the National Finance Committee of the estimates concerned. It is important to take the opportunity to read about the work that the committee did because, once you are satisfied with that, the rest is usually almost automatic.

**Senator Doody:** I do not think there is any doubt about that, but the main estimates for 1988 will not be finished until June. We have from now until June to examine, debate, talk about and look at every department and agency.

**Senator Frith:** That is right.

**Senator Doody:** To say that we want to read the report that was tabled yesterday is a reason, but it certainly does not mean that these estimates will disappear and be finished with and nobody will have a chance to look at them again.

**The Hon. the Speaker:** Honourable senators, is leave granted for all three bills, or just Bill C-47?

**Senator Frith:** Let us start with Bill C-47.

On motion of Senator Doody, Bill C-47 placed on the Orders of the Day for second reading later this day.

**The Hon. the Speaker:** Honourable senators, is leave granted for Bill C-48 and Bill C-49?

**Senator Frith:** For tomorrow, yes.

**The Hon. the Speaker:** For tomorrow?

**Senator MacEachen:** Yes.

**Senator Frith:** But not today.

**Senator Flynn:** If you want Friday, that is all right too.

**Senator Doody:** Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that Bill C-48 and Bill C-49 be placed on the Orders of the Day for second reading tomorrow.

**The Hon. the Speaker:** Honourable senators, is leave granted?

**Hon. Senators:** Agreed.

Motion agreed to and Bill C-48 and Bill C-49 placed on the Orders of the Day for second reading tomorrow.

## ENERGY AND NATURAL RESOURCES

### NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY PRODUCTION AND USE OF COAL IN CANADA

**Hon. Earl A. Hastings:** Honourable senators, I give notice that tomorrow, Thursday, March 26, 1987, I will move:

That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the production and use of coal in Canada, or any matter relating thereto; and

That the Committee present its report no later than the 31st March, 1988.

• (1500)

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY PRODUCTION AND USE OF NATURAL GAS IN CANADA

**Hon. Earl A. Hastings:** Honourable senators, I also give notice that tomorrow, Thursday, March 26, 1987, I will move:

That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the production and use of natural gas in Canada with particular reference to natural gas deregulation, or any matter relating thereto; and

That the committee present its report no later than 31st March, 1988.

## FINANCIAL INSTITUTIONS AND DEPOSIT INSURANCE SYSTEM

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-42

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-42, An Act respecting financial institutions and the deposit insurance system, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

## BANKING, TRADE AND COMMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

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

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at three o'clock in the afternoon today, even though the Senate may then be sitting and that rule 76(4) be suspended in relation thereto.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Might we be told what the committee will be studying? Why is the committee required to sit at three o'clock? I am not arguing that it should not, but what work will the committee be doing?

[Senator Hastings.]

**Hon. Ian Sinclair:** The committee is working on the softwood lumber bill. We are also working on our report in regard to Bill C-38, the Teleglobe Canada Reorganization and Divestiture Act. We are dealing with two matters, and we have five witnesses to hear this afternoon.

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

**Hon. Senators:** Agreed.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## CANADA-UNITED STATES RELATIONS

FREE TRADE NEGOTIATIONS—U.S. PROTECTIONIST MEASURES—GOVERNMENT ACTION

**Hon. Jerahmiel S. Grafstein:** Clearly, honourable senators, it appears that the government's initiative respecting the current negotiations with the United States on a comprehensive free trade agreement is flawed in three respects: timing, conception and execution. Rather than modifying protectionist sentiments in the American Congress, Congress has accelerated protectionist measures.

The linchpin to the government's negotiations was the strong support expected from President Reagan against the Congress, but now President Reagan appears to be a lame-duck president, further weakened by the so-called "Irangate" issue which is swirling through Congress.

Yesterday Congress appeared to take up a protectionist rampage. There are two reports in the *Globe and Mail*, one emanating from the House of Representatives which indicates that a foreign affairs committee has approved legislation that would restrict exports of U.S. crude oil and refined oil products to Canada. This is contrary to the President's undertaking given to the Government of Canada in June, 1985, to lift these restrictions on the U.S. in order to allow crude exports to Canada.

Meanwhile, there is another report which suggests that the United States Senate is ignoring the rules of GATT as they apply to Canadian corn products. The report tells us that U.S. politicians are ignoring international trade rules that they say Canada violated with a countervailing duty on U.S. corn. A statement was made by a Mr. Clifford Leach, President of the Ontario Corn Producers Association, to the effect that there is no excuse for the American Senate to "ignore international procedures negotiated under the GATT and to put Canada on trial under American laws which themselves are of questionable GATT . . . conformity."

I would ask the Leader of the Government what steps the government is taking with respect to these two matters.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable

senators, I must say that it is a flagrant abuse of the oral Question Period for an honourable senator to rise here and make a speech in the guise of a question. If he wants to debate these matters, I have told him before—as I have told other senators—that he is free to put forward a Notice of Inquiry and I will undertake to either debate the matter personally on behalf of the government or have one of my colleagues here do so.

With regard to the generality of his preamble, I simply state that Canada will always be subject to protectionist trends and campaigns in the United States Congress. We will always be subject to changes in the politics of that country and in the membership of the Congress so long as we do not have the secure access to that market that a trade treaty will give us. That is what the government is trying to negotiate, a trade treaty with the United States that will take us into the next century.

I would remind my friend that there is on the order paper now a Notice of Inquiry by our colleague, Senator Everett, calling the attention of the Senate to the free trade negotiations with the United States. I would welcome an early start to that debate.

With regard to the oil export matter, I can simply tell the honourable senator that we have expressed our concern to several members of the Congress through our embassy in Washington, pointing out that the bill would disrupt a sizeable and growing two-way trade in oil and oil products between Canada and the United States. It would put at risk over $500 million per year in U.S. refined products exports and $200 million in U.S. crude oil exports to Canada.

As the honourable senator has pointed out, it is a fact that the bill would run counter to President Reagan's June, 1985, decision to lift restrictions on U.S. crude oil exports to Canada. But, as I say, the bill is now before the U.S. Congress. It has not been passed, and there is some time to go before such a bill will become law. The honourable senator, I know, is familiar with the legislative process in the United States.

**Senator Grafstein:** It appears that senators in the United States are unalterably opposed to any notion of a bilateral dispute mechanism. Some commentators are suggesting that this could, itself, cause the negotiations to fail.

Has the government given any consideration to joining the European Economic Community as an alternative strategy to these flawed free trade negotiations?

**Senator Murray:** Honourable senators, I have read the same reports as has the honourable senator about the views of various members of the United States Congress.

As for his suggestion that Canada should join the European Economic Community, I think that would be rather difficult under the present terms of the Treaty of Rome.

## INDUSTRY

### SYDNEY STEEL CORPORATION—MODERNIZATION PLAN—STATUS

**Hon. B. Alasdair Graham:** Honourable senators, I regret having to raise the question of the Sydney Steel Corporation again but I am sure honourable senators will appreciate the reasons behind my asking questions of the Leader of the Government in the Senate.

The Leader of the Government himself will recall the questions that were raised over a period of several weeks and, indeed, months; the announcements that were made dating back to well over a year ago with respect to the agreements that had been signed between the Government of Canada and the Government of Nova Scotia with respect to the Phase 2 modernization of Sysco; and the agreement that $157 million would be spent in Phase 2, 70 per cent by the Government of Canada and 30 per cent by the Government of Nova Scotia. The Leader of the Government will appreciate that there has been a great deal of speculation as to the status of the business plan Phase 2. I am just giving the Leader of the Government an opportunity to review his notes on this point while I continue to speak and refresh his memory. Can he bring us up to date with respect to the status of Phase 2?

● (1510)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am afraid that I cannot add much—in fact, I do not think I can add anything—to what the honourable senator already knows from press reports; that is to say, a committee of ministers headed by the Deputy Prime Minister is now studying the implications of the $157 million modernization program. I hope that that study will be concluded before long.

**Senator Graham:** Can the minister confirm whether or not the $157 million for Phase 2 has been approved by Treasury Board?

**Senator Murray:** I regret that I do not have that information.

**Senator Graham:** Could the government leader, then, tell us whether or not the Phase 2 business plan that has been discussed has been received by the government?

**Senator Murray:** Honourable senators, I am under the impression that the document in question is a supplement to a business plan that is already in existence. As a matter of fact, I think I am indebted to the honourable senator for having given me that information on an earlier occasion. I will have to check to see what the status of that document is. My last information, and it is a bit old, is that the government had not received the document.

**Senator Graham:** If I may, I will ask one further question. The Leader of the Government has made reference to a committee which has also been alluded to in the press. It is my understanding that the committee will have as chairman the Deputy Prime Minister, and that the Minister of National Revenue, the President of the Treasury Board, the Minister of

Regional Industrial Expansion and the Solicitor General will also be members. Can the Leader of the Government tell us something about the terms of reference of this committee? Will the expenditure of $157 million on Phase 2 hinge upon the deliberations of that committee?

**Senator Murray:** I would not say that, honourable senators. The final decision will be taken by the government as a whole. I assume that there will be a recommendation or an analysis of some kind made by the group of ministers that is studying the implications of this expenditure, but the decision, at the end of the day, will be taken by the cabinet.

**Senator Graham:** As honourable senators know, and as we discussed prior to the opening of the Canada Winter Games in Cape Breton, announcements were made to the effect that the whole situation had been resolved. We understood that the commitment of the Government of Canada had been confirmed, or reconfirmed, prior to the Prime Minister's visit to Cape Breton to open the Canada Games. Can the minister give us an indication of the time frame that may be involved before we finally receive complete confirmation and a green light for the go-ahead on Phase 2?

**Senator Murray:** I will try to get an answer to that question in the next 24 hours.

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## RADIO ACT

BILL TO AMEND—THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government),** for Hon. Jean-Maurice Simard, moved the third reading of Bill C-3, to amend the Radio Act.

[*Translation*]

**Hon. Eymard G. Corbin:** Yesterday, honourable senators, Bill C-3 entitled "An Act to amend the Radio Act" was given second reading in this house. However this measure did not have the unanimous support of the Senate, and it will not go through the penultimate stage of its genesis without the same kind of opposition today. It will have to be adopted by the majority.

In fact, if the provincial administrations that are all opposed to the aim of this bill had, like the New Brunswick Minister of Transport did, shown more vigour in speaking against this measure which taxes them and their citizens, today the Senate would be in a very good position to say no to the government, or at least to urge it to curb its appetite.

However, with the exception of New Brunswick, the provinces which often suggest that the Senate be reformed so that, they claim, they might more easily achieve their political goals did not even bother to appear before a committee of this house to defend their interests. Can we take these provinces seriously when they do not even use the means now at their disposal to fight against federal encroachment? We will talk about this some day. For the time being I will get back to Bill C-3.



I repeat the testimony given before the committee. All provinces are opposed to the imposition of fees to issue radio licences from which they had been exempted to this day—the provinces, their ministries and their agencies—from which they are exempted, as I said, at this very moment as I speak.

It has been claimed by the Department of Communications of the federal government that the costs of managing this program must be recouped. One of the aims of the bill is to increase revenues to that end, undoubtedly to expand the bureaucratic empire. The committee was also told that another objective, this one more subtle, was to delouse the network of users of those who use it badly, too little, or not enough. On this point—

**Senator Tremblay:** Parasites!

**Senator Corbin:** Parasites indeed, as Senator Tremblay says. On this point, I consider that we could have taken a different approach. If indeed there are individuals, groups, societies, or provincial government ministries or agencies that make abusive use of the airwaves, we ought to take steps other than the imposition of fees on services which the provincial administrations deem essential. I am not convinced that the end sought through this bill will be reached by the general imposition of fees. I think I can predict that frequencies will not necessarily be vacated just on that account.

Someone also claimed before the committee that the fees were not prohibitive. Yet the provinces did react. Judging from what we were told in committee, all provinces did react negatively. New Brunswick even thought the matter was important enough to delegate its Minister of Transport to make us aware of the impact this measure will have on the finances of the province and, in fact, on the taxpayers of New Brunswick who will have to pick up the tab for these new costs.

The committee members were misled before Christmas when they were told the bill had to be urgently reported by December 19, 1986 at the latest. Such remarks were made before the Transport Committee. We had our backs against the wall, we had to deliver the bill by December 19. It was described as a matter of utmost urgency. We were led to believe it was a top government priority.

Well, the legislative committee of the House of Commons did not conclude their study and report the bill before February 16, 1987.

Who is telling the truth? Was the Senate again victim of some form of blackmail? Still the proof is there and we have every reason to wonder. Just how much longer should the Senate be subjected to this kind of affront? Why should we always be pressed for time when more often than not we must wait for the Lower House to complete its detailed examination, which is par for the course in the other place? Far be it from me to blame or accuse members of the other place by saying that they do a bad job in this respect. Is there really anybody in control? Are we to rubberstamp legislation without any concern for quality? Are we going to accept being rushed all the time like this?

It is not acceptable that the Senate be rushed in that way without justification. From now on, we should be more careful about this and demand reasons, motives and explanations.

It was said in the Transport Committee that licence fees could not be considered a tax. But many senators think it is just that, a tax with a different name. One level of government levies a tax on a lower level, the provincial level. Her Majesty in the right of Canada will levy fees on Her Majesty in the right of Canadian provinces and territories. That cannot be. Her Majesty cannot do that, and that is why this tax is called a fee.

That is what the Minister from New Brunswick said:

> —the province of New Brunswick thinks it is an unacceptable burden transferred to the provinces.

The same spokesman said:

> Imposing a fee is similar to an unacceptable transfer of federal tax to the provinces.

If that is not a tax, I wonder what it is. The same Minister from New Brunswick said, and I quote:

> All Maritime Provinces will suffer from this new tax.

We should even say it is a predatory practice.

We yet have to receive an explanation of the weakest argument given in committee in support of this bill.

Apparently, this bill is before us because of the Auditor General of Canada. He is the real culprit. Our government, through the Minister of Finance simply obeyed the instructions of the Auditor General, who is a servant of the Parliament of Canada and for whom I admit a degree of respect.

Since when do we have to go by the orders of the Auditor General of Canada? I thought only the legislators in both Houses of Parliament could decide the tax burden imposed periodically on Canadian voters and taxpayers.

It was a falsehood to say that we could not ignore the comments of the Auditor General. It was decided by the government of the day to impose fees to provincial and federal users. The government is entitled to ask this of Parliament, but parliamentarians are also entitled to say no. There is therefore no reason to hide behind the Auditor General, who would in fact have been going beyond his terms of reference by making such a request.

What we are now being told by the government is this: It is true that we are digging into the coffers of the provinces and their agencies to find some $7.2 million, but we have been good, or we shall be in the future; we are not really hurting the have-not provinces too badly; we shall think about them when we negotiate the equalization payments and we might be more generous in return at that time.

Honourable senators, why take all the trouble to legislate if such conflicts can be settled on such friendly terms? The government might as well be saying: We shall now cut off your heads, but you will then be free to do as you please. Thank you, honourable senators.

• (1520)

[*English*]

**Hon. Ann Elizabeth Bell:** Honourable senators, before this bill is read the third time, I should like to propose a delay. Having read the testimony before the Standing Senate Committee on Transport and Communications, I feel very uneasy about the bill. After listening to Senator Corbin and Senator Thériault yesterday, who share some of my doubts, I feel that we could perhaps sum it up in this way: That the provincial governments are not happy with the switch in fee, which they see as being a switch in tax. I know that fees and taxes are different. However, in my opinion, the minister responsible for communications in Alberta summed it up very well with the following short sentence:

> —we feel that an important distinction can and should be made between cost recovery from commercial users of spectrum and those who use the radio frequency spectrum to provide essential public services for non-commercial purposes.

This is an excellent bill for capturing revenue-raising commercial services—fees for use—and I believe that we are all in favour of that. I include in that Petro-Canada, because it is competing with the other oil companies and should have to pay a fee for service for this.

This is proposed as a deficit reduction type of exercise because of a fee for service being charged to and collected from the provincial governments. In other words, the Queen in right of Canada will now collect from the Queen in right of the province, which is a very strange way of raising revenue.

Another aspect of this is that the federal government is bringing forth a new policy in taxation. We are looking forward to tax reform. If this is a switch in emphasis—user pay, and so on, for non-revenue-productive emergency services, ambulance, air-sea rescue—those things which in my province of British Columbia are very expensive, but must be provided for the general public—and a switch in philosophy regarding taxation, which we will hear about in connection with tax reform, could we not delay this bill—which, in my opinion, is a quite unusual way of raising revenue—until we have the government's thinking on tax reform and the paper that will be coming very shortly?

For those two reasons in particular, plus the fact that deficit reduction will not be served—there will simply be a shift in moneys collected to the provinces, but no net reduction in the total deficit of the country—could we not move that this bill be not now read a third time but six months hence? I would so move.

• (1530)

**Senator Doody:** Honourable senators, I must go on record as saying that this is a most unusual move by an honourable senator at this time. This bill has been before the other place, examined in committee in the other place, debated in the other place, and passed by the other place. The policy directive of the government in this particular regard has been quite clearly placed and clearly stated, and has been voted on by the

majority of the people in the other place. Prior to the bill coming here, it was referred to the Transport and Communications Committee for pre-study and has been before that committee for quite a long while. Representatives from all the provinces were invited to attend. I think representatives from one of the provinces did attend. All provinces have expressed reservations about the bill, to put it mildly. To be more accurate, many of them have expressed grave displeasure with the bill.

The government is aware of all these objections, but, nevertheless, it feels that this is the appropriate way to go at this time. Senator Corbin and Senator Thériault have expressed very eloquently, I think, the concerns of the particular province they represent and, indeed, the concerns of many provinces. The government today has decided that, despite all these objections to the bill, it is the appropriate way to go, and that is the way that they are intending to go. If the Senate wants to frustrate the wishes of the government and the House of Commons in this particular regard, obviously it has every right to do so. I simply point out what I think would be the folly of this particular move at this particular time.

The wishes of the majority of the elected in this country have been very clearly expressed. The Senate has been given ample opportunity to examine this bill. The Transport and Communications Committee has very diligently examined the bill and has invited witnesses from the provinces, the private sector, and other parts of the country to appear. All these things have been done. The form has been established. If the Senate decides that it wants to wait for tax reform, which is a completely separate issue and which will be dealt with by the government in another way at another time, then, obviously, as I said earlier, that is what the Senate can do. I suggest that if the Senate does so, it will be making a terrible mistake at this point.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I do not want to thwart Senator Bell. Having listened to Senator Corbin, I must say that I have some sympathy for Senator Bell's motion.

**Senator Doody:** Absolutely.

**Senator Frith:** However, I am not sure that the motion is in order at third reading. I thought the motion for a six-month hoist was in order at second reading, but I may be wrong. Perhaps we should have a ruling on the matter.

**Hon. Jacques Flynn:** If the motion is in order, the Chair can put the motion for the six-month's hoist. But if no recorded vote is requested, the motion will probably be defeated in the same way as a motion for third reading is adopted, on division. I would say that it is another way of opposing third reading.

**The Hon. the Speaker** *pro tempore:* I have been told that it is in order to put this motion at third reading.

**Senator Frith:** Then it goes against *Beauchesne's*.

**The Hon. the Speaker** *pro tempore:* Does any honourable senator wish to speak to the motion itself?

[Senator Doody.]

**Senator Corbin:** Honourable senators, my parliamentary experience tells me that this is the ultimate motion a member of Parliament can present to delay or stop the passage of a bill. Beyond this motion there is nothing else but adoption or defeat of a bill.

**Senator Frith:** On second reading.

**Senator Corbin:** That is the practice in the other place, and I presume that we are under the same regime here. I believe that the Chair is quite right in assuming that such a motion would be in order at this time, if there is a wish to put it.

**Senator Frith:** At third reading?

**Senator Corbin:** Yes.

**Senator Frith:** And you have known this procedure to be followed at third reading?

**Senator Corbin:** I do not have *Beauchesne's* with me, but if I did I could cite it to you chapter and verse.

**The Hon. the Speaker** *pro tempore:* Honourable senators, I must reverse my earlier opinion. I refer honourable senators to *Beauchesne's* at page 225 under the heading "Six Months' Hoist Amendment":

> A traditional way of opposing the second reading of a bill is to move an amendment to the question that deletes all the words after the word "that" and substitutes the following:
>
> Bill C- . . . , An Act . . . , be not now read a second time but that it be read a second time this day six months hence.

**Senator Frith:** That's it.

**The Hon. the Speaker** *pro tempore:* I believe that Senator Frith was correct to say that such a motion must be put at second reading stage of a bill, not at third reading stage.

**Senator Flynn:** It doesn't say that.

[*Translation*]

**The Hon. the Speaker** *pro tempore:* Honourable senators, in Beauchesne's parliamentary jurisprudence, on page 225, an item reads as follows:

> 742. A traditional way of opposing the second reading of a bill is to move an amendment to the question that deletes all the words after the word "That" and substitutes the following:

This implies that it is only on second reading that this motion may be moved.

Honourable senators, I am reading what I see in these texts, but the Senate is always free to make its own decisions.

So if you want me to put Senator Bell's motion before the Senate, I am prepared to do so.

[*English*]

Do you agree that I put this motion before the Senate now?

**Hon. Allan J. MacEachen (Leader of the Opposition):** Your Honour, I understood that a ruling had been made that it was inadmissible. Is that correct?

**Senator Doody:** That is what I heard.

**Senator Frith:** Your Honour, what motion are you suggesting be put?

**The Hon. the Speaker** *pro tempore:* Senator Bell's motion, as I just said, must be put at second reading, and therefore I declared that the motion is not in order. I am now asking if honourable senators will adopt the motion for third reading.

**Some Hon. Senators:** On division.

Motion agreed to and bill read third time and passed, on division.

## BORROWING AUTHORITY BILL, 1986-87 (No. 2)

THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved third reading of Bill C-40, to provide borrowing authority.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion?

**Hon. John B. Stewart:** Honourable senators, I assume that Senator Doody is going to say something to justify the third reading at this time.

**Senator Flynn:** He doesn't have to.

**Senator Stewart:** I do not suggest that he has to, but I thought that he might facilitate an understanding of the bill.

**Senator Doody:** Honourable senators, I had thought that the point that had to be made with regard to Bill C-40 and the importance of obtaining passage of this bill today had already been made. I do not want to take up the Senate's time with tedious repetition if I can avoid it. I know that I am entranced with the sound of my own voice, but I had not realized that others shared that pleasure. Therefore, I would prefer to yield to Senator Stewart, and if he has any points or questions that I think I can deal with, I shall certainly try to do so.

• (1540)

**Senator Stewart:** Honourable senators, at the beginning of the fiscal period 1986-87, the government had available to it $24.6 billion of borrowing authority. By February 28, 1987, the government had used $23.5 billion of borrowing authority; the balance available at that time was $1.087 billion.

Bill C-40 is asking for an additional $3.6 billion of authority for the current fiscal year. All this borrowing authority will expire at the end of the fiscal year, except for such amounts as are used in the normal way under section 37 of the Financial Administration Act, together with all sums used in the abnormal way under section 39 of the Financial Administration Act.

Before this bill was brought forward the government found that the borrowing authority available to it was inadequate, we were told today, because of a need to buy U.S. dollars to smooth foreign exchange operations. We were told that the government makes no estimate as to its borrowing requirement for purposes of smoothing foreign exchange operations; that, indeed, it is impossible to make estimates of the borrowing authority that may be required for that purpose. That is certainly a very important piece of information. It means that on going into a fiscal year there is great uncertainty as to the borrowing authority that may be required throughout the course of that year.

In the same way that money borrowed for foreign exchange operations draws down money available for domestic debt operations, foreign exchange operations may make additional money available for domestic debt operations since these two operations depend upon the same pool of borrowing authority. When more money is required for the foreign exchange operation, it reduces the amount available for domestic purposes. However, on the other hand, when money no longer is required for those operations, the amount available to the Crown for financing its domestic programs will increase.

We were then told that, in fact, the amount of borrowing authority available to the Crown is not of primary importance. What is important, we were told, is the parliamentary authorization to spend money, whether that money has gone into the Consolidated Revenue Fund as a result of taxation, of interest from government loans, or from borrowing.

Honourable senators, that is a proposition that was put before the committee this morning—not by the minister but by one of his advisers. That is a proposition which is of very dubious validity. It is far easier for any parliament to spend money than to raise it. If you rely upon spending authorization as a restraint upon foolish expenditure, you are relying upon a very weak restraint.

Further, it is far easier to raise money by borrowing than by increasing taxation. That is a truth which has been recognized again and again since 1694 when the Bank of England was created and the British initiated their national debt. It is much easier to engage in expenditure if the money you are spending is money that has been brought in by relatively painless borrowing than by painful taxation. Therefore, it is cause for uneasiness to be told that we should rely upon parliamentary control of spending as the principal guarantee that government programs will be well advised. I find that line of thinking quite disturbing.

Another matter which came to the fore in the committee meeting this morning related to the procedural problems with regard to these borrowing authority bills. There are those who like to refer to them as "logistic" problems. The minister used that expression in the hearing, and it appealed to some members of the committee. I believe that it was Senator Sinclair who insisted that we should use the very words of the minister, but I may be wrong on that point. In any case, the point was made that procedural problems, which border in this instance on constitutional problems, would not have arisen if Part I of the bill had been introduced as a separate bill just as soon as the government realized that additional borrowing authority would be required for fiscal 1986-87.

The response that was given was that it is the firm policy of this government that the budget—which implies one annual budget—will be presented in February at about the time the

spending estimates for the forthcoming fiscal year are presented to Parliament. Further, that Part II of the borrowing authority bill shows the financial requirements which flow from the budget.

This argument does not meet the objection that a separate bill should have been introduced covering Part I. When that was pointed out, we were told by the minister that the requirements for the two years are related. Honourable senators, that is so obvious that I do not know that it tells us very much. We are all accustomed to dealing with continua in manageable pieces. For example, we get our pay once a month, and, of course, what one gets in one month relates to what one gets in the next, but that does not mean that we have to get all the money at once. I find that a very weak argument; it is one that does not impress me at all.

● (1550)

We were also told by the minister, as an aside, that it is easier to get one bill through Parliament than it is to get two bills through Parliament. That is a specious argument. My experience with borrowing authority bills, which is not very long, but I combine it with a review of parliamentary problems with borrowing authority bills—going back to Mr. Chrétien's bill in the fall of 1979—tells me that the previous government and this government have had difficulty with borrowing authority bills, not because of the amounts involved but because of procedural problems, procedural problems which border on constitutional problems.

Those were the kinds of arguments that were made by Mr. Wilson when he was sitting on the other side of the House of Commons. New variations have come up, but for the most part the difficulties have related not to the amounts—although, of course, oppositions insist that the government is borrowing too much, but that, in a sense, is taken for granted and has not been the principal onus of the criticism. The principal complaints have been with regard to procedure, procedure bordering, as I said, on constitutional problems. I am not at all convinced that it is easier to get one borrowing authority bill through Parliament than it is to get two borrowing authority bills through Parliament.

I think the truth of the matter is that if the government were more candid and, indeed, did not give parliamentarians the impression that it was trying somehow or another to put something over, and that it was not putting pressure on parliamentarians to agree to the entire package because one part happened to be urgent, there would be less trouble. The minister did not convince me on that point at all.

Regarding what I regard as the offensive wording of clause 2(2) of Part I of this bill—the part of the bill which, if passed, would have the effect of giving prior approval to the increase in the total borrowing authority by the amount by which the government had used section 39 of the Financial Administration Act—I raised this question this morning with the minister. He told the committee that he thought that the purpose of the provision was very good, that it introduced a sunset provision for all the borrowing authority that had not been used. However, he did not address the fact that any borrowing that has taken place under section 39 is going to become a permanent increase in the stream of borrowing authority. The minister seemed to have difficulty in coping with what clause 2(2) of Part I of the bill means.

If one refers to section 39 of the Financial Administration Act, it becomes clear why the government is allowed to borrow in this way only on a temporary basis. Section 39 states:

> Where it appears to the Governor in Council that the Consolidated Revenue Fund will be insufficient to meet the disbursements lawfully authorized to be made from it, the Governor in Council may authorize the Minister to borrow ... for a period not exceeding six months, an amount not exceeding such amount as he deems necessary to ensure that the Consolidated Revenue Fund will be sufficient to meet those disbursements.

The safeguard is "may authorize the Minister to borrow ... for a period not exceeding six months." That is, in a sense, a provision for emergencies. There is a limitation on the capacity to borrow to meet an emergency.

I know that side notes are not part of the law, but it is worth noting that the side note reads "Temporary loans." Yet, when one looks at Bill C-40, one sees that a borrowing made under the terms of section 39, in this instance, is not going to be a temporary loan, it will be a permanent loan. It is a permanent increase in the borrowing authority authorized by Parliament.

Consequently, I suggested to the minister that, in effect, he is arguing that the Financial Administration Act should be amended. Indeed, it is being amended in this specific instance.

The time may well have come when we have to ask ourselves if the Department of Finance is correct in thinking that the amount of borrowing authority available to the Minister of Finance is really insignificant, in which case, I suppose, we can get rid of section 39. Is it indeed the truth that we can rely upon parliamentary control of expenditure? That seems to be the line of thinking that the Department of Finance now endorses; at least as it was put forward in the committee this morning.

This is a very important new departure in the regime of parliamentary government. I propose that when Mr. Hockin has his group together, this should be one of the questions on which the members of that group should focus.

Certainly nothing we heard on this aspect of the bill removed any of my doubts as to what is being done here. What I heard this morning with regard to the amount was reassuring, but with regard to the procedure of authorizing borrowing, it was quite disturbing.

As Senator MacEachen has said, we have been put in a position where the Senate—and that includes all of us, not just those of us who happen to be uneasy about these matters—will have to vote in favour of this motion or cause a disruption. The government has mismanaged its request for borrowing authority. It has mismanaged parliamentary management of its request, nevertheless we are now in a situation where the government has invited bids due tomorrow at noon, so the consequences will be fairly serious if we do not pass the bill.

• (1600)

In one way one feels as if one were being held up by a terrorist. Honourable senators know that this is an exaggeration, but it is as if they are saying: Unless you yield to our demand, we will blow up the plane and it will be your fault! This statement produces the same emotion we feel when we are being pushed against the wall in this way. Some of us resent the kind of pressure under which, for one reason or another, the Senate as a whole finds itself this afternoon.

Honourable senators, those are the causes of my difficulty with the bill and with the situation in which we have been placed by the motion moved this afternoon.

**Some Hon. Senators:** Hear, hear!

[*Translation*]

**Hon. Jacques Flynn:** Honourable senators, there is one point where I agree with Senator Stewart. It would be far better if Parliament's legislative calendar were organized in such a way that bills would not reach the Senate at the very last minute as so often happens with bills like this one.

It is not just a government problem, it is a problem for Parliament. It depends a lot on the Opposition in the other place, irrespective of the party in power.

I think a meeting as suggested by the minister this morning might produce some good results. Of course I sympathize with Senator Stewart's problem because I had the same experience when we were sitting on the other side of this chamber.

However, I must say that the other objections raised by Senator Stewart are on the whole extremely tenuous and even negligible. At times I had the impression he was nit-picking, and I think his interpretation of subsection 2(2) of this bill is completely erroneous and suggests he did not understand what the official explained to us this morning in committee.

The purpose of this request for a borrowing authority of $3.6 billion is connected with the problems of foreign exchange operations. Requirements became evident during the month of January. The government was obliged to resort to section 39 of the Financial Administration Act to take out temporary loans which it must pay back within six months. If it does not, it must obtain the permission of Parliament.

What the government did in February, as suggested in subsection 2(2), was to borrow, I don't remember exactly what the figure was, but let us say one billion or more on a short-term basis, for a period of six months. If the borrowing authority did not allow for borrowing to reimburse this amount even after the beginning of the new fiscal year, if the borrowing authority was used up by March 31, the government would be obliged to borrow immediately to pay back the loan that did not become due until several months later, which of course would involve additional costs.

The act, and the official made this very clear, was very specific on that point, so that Parliament knows exactly what the Department of Finance will do with a loan contracted under section 39. That is why the act says: except to the extent that the purpose is to pay back temporary loans contracted under section 39 between February 18 and March 31, 1987. It just means that the government is not required to use up its borrowing authority right away to pay back its temporary loans and can use it after April 1 as well.

In any case, the authority cannot be exercised much later than six months from today. There is no mystery there, but it is probably the first time we have seen this wording. Actually, the problem, if there is one, is a technical one. It is not a constitutional problem, nor is it a problem of substance.

In fact, the only point worth considering is whether pressure was put on the Senate. I do not think it was as bad as was suggested yesterday by the Leader of the Opposition or today by Senator Stewart. In any event, it would be better for the Senate to have more time in certain cases to study the legislation, whatever the subject, and perhaps more so for this kind of bill, which often arrives at the last minute, because in the case of the present bill there is a deadline, and this also applies to the Estimates and the three bills on the Estimates we received today. It is a problem that has been with us for a long time and that we have tried to correct over the years, without success. Perhaps this time, the action promised by Mr. Hockin will produce results.

• (1610)

[*English*]

Motion agreed to and bill read third time and passed, on division.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1

25 March 1987

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 25th day of March, 1987, at 5:45 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Anthony P. Smyth
Deputy Secretary, Policy and Program

The Honourable
The Speaker of the Senate
Ottawa

## THE ESTIMATES, 1986-87

### REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) ADOPTED

The Senate proceeded to consideration of the Sixth Report of the Standing Senate Committee on National Finance (Supplementary Estimates (C) 1986-87) presented in the Senate on March 24, 1987.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, on behalf of Senator Kelly, I move the adoption of the report.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I do have some questions to ask Senator Kelly who, unfortunately, is not in the chamber. As a matter of fact, I told him that I wanted to ask him some questions about this report. Perhaps Senator Doody can answer them. It is important that we understand clearly what we are adopting now, because if we get satisfactory answers on the report, then that leads us to what seems to me to be a reduction of debate on the bill itself. Senator Kelly did tell me that he had some time constraints. I will tell you what questions I asked him arising out of the report.

I should by way of background say that if you read the transcript of the evidence given to the committee when it was examining Supplementary Estimates (C), you will see that, as usual, there were concerns about $1 votes. There was concern about the writing off of some debts in Newfoundland and in several other places.

All of these concerns were caught to some extent in the last paragraph under the heading, "The Form of the Estimates". That states:

> While the Committee is aware that vote transfers do not increase the expenditures of a department as a whole, they do reflect a divergence in the way money has been appropriated to that department. The Committee concluded that information on vote transfers, showing the amount of increase and decrease for each vote should be displayed clearly in the table for each department and in the summary tables. Treasury Board officials concurred that the form of the supplementary estimates was not conducive to an easy understanding of vote transfers, and indicated that they will be reviewing the entire way these estimates are presented. The Committee indicated its interest in this and requested that any proposed format changes be sent to its members before they were finalized; this was agreed to by Treasury Board officials.

I asked Senator Kelly to give us some detail as to the timing of the review. He was able to give us an undertaking on the borrowing authority to the effect that the government was giving some pledges that it would be reviewing some procedures or logistics before the next borrowing authority bill comes to us. It would be useful and encouraging to have some undertaking that the review, that is, "the entire way the estimates are presented" in the fourth paragraph on page 2, has been given some time schedule.

[The Hon. the Speaker.]

Honourable senators, perhaps my putting on the record what Senator Kelly said to me in response to my questions is an unusual way of proceeding, but he did say that he and the committee were concerned about follow-up in general, quite beyond this concern, and wanted to clarify for the committee how it followed up on this sort of undertaking and on this sort of promise. That, I suppose, we can accept as at least a partial answer in that the committee does not intend to forget about it.

The other question I wanted to ask Senator Kelly relates to the last paragraph on page 2 of the report under the heading, "General Accounting Practices of the Government of Canada". That paragraph states:

> Senators asked a number of questions regarding general accounting principles of the Government of Canada. These ranged from the definition of non-budgetary expenditures and the consistency in allocating expenditures as budgetary or non-budgetary items, to whether accounts receivable should be included as part of the assets of the Government of Canada.

I raised that point earlier. It goes on to state:

> While no specific conclusions were reached, the Committee reminded Treasury Board officials of its long-standing interest in this area and the possibility of it conducting a more detailed examination of the matter at a later date.

I want some explanation as to the timing on that so that this will not be a recurring problem. His answer to that was the same as his answer on the other point, namely, that he means to inquire of the committee as to how it follows up undertakings of this kind, and whether they just receive them and forget about them until the next time they come around.

Assuming that Senator Kelly had given the answers on the record that he gave me when I spoke to him a few moments ago, that is all I want to put on the record with regard to the report on the Supplementary Estimates (C).

In that context, I believe we should support the adoption of the report.

**Senator Doody:** Honourable senators, I do not know if I can answer adequately the questions Senator Frith has raised at this point, but if I cannot I shall certainly undertake to get more information for him for tomorrow.

With regard to the general accounting practices of the Government of Canada and the interest shown by the committee in that particular area of concern, Senator Kelly was absolutely correct in saying that the question was asked and no time frame was put on it. My understanding is that the Standing Senate Committee on National Finance is seriously considering a study of the accounting practices of the government as a topic to be considered by the Standing Senate Committee on National Finance when it has completed its study. That has been suggested as one of the avenues that could properly be explored by the committee. The general accounting practices of the Government of Canada are a mystery to many of us, and I suspect they are a mystery to many of the people in the various departments as well. How

they handle government assets and how depreciation works in terms of accounting practices and so on may puzzle many.

With regard to a follow-up generally, I really do not share Senator Kelly's concern that the Treasury Board people have not been forthcoming. I think the contrary has been true. I think they have been remarkably forthcoming in providing information that has been asked for. In fact, the very detail and form of the reports that are now being submitted to this chamber by the committee are a direct result of representations to Treasury Board for more information. I think that department has been very cooperative in supplying answers to questions raised by senators in committee and in the Senate. I mentioned again in committee this morning that some of the format now used by the Department of Finance was instituted at the suggestion of that particular standing Senate committee.

● (1620)

I believe that Senator Frith also asked for some detail on the write-offs of debt owed to government by various concerns such as one in Newfoundland, which, perhaps not strangely, pops into my mind. It is the debt owed to the Government of Canada by Newfoundland Refining and Shaheen Natural Resources in terms of the wharf at Come-By-Chance. It seems at this point that that debt will not likely be recovered. In committee, some explanation was given as to the procedures followed in accepting a recommendation that a debt be written off. Apparently, it is quite a complicated procedure. No department can write off a debt of its own volition but, rather, must get the authority of Treasury Board before that can be done. There are procedures followed in trying to exact payment of that debt before such authority can be given.

I realize that that answer is not adequate in terms of the entire item in the Supplementary Estimates (C), but I can certainly attempt to get a more comprehensive answer for Senator Frith.

**Senator Frith:** Honourable senators, perhaps Senator Doody misunderstood what I said as I quoted Senator Kelly, or perhaps I did not do so adequately. Senator Kelly's concern was not that the representatives of the Treasury Board were not forthcoming. His concern was simply that when they are forthcoming—particularly in making certain undertakings such as reviewing "the entire way these estimates are presented"—we should ask what mechanism the committee has to follow up with them. He did not mean to be critical.

**Senator Doody:** I take the point and regret that it was my misunderstanding. I will certainly try to trace that down, as well.

Motion agreed to and report adopted.

## APPROPRIATION BILL No. 5, 1986-87

SECOND READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved second reading of Bill C-47, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987.

He said: Honourable senators, Bill C-47 provides supply for all of Supplementary Estimates (C) for 1986-87. The final supplementary estimates for this year total approximately $596.3 million and bring the total tabled estimates for 1986-87 to $108.5 billion. Supplementary estimates represent less than 2 per cent of the main estimates levels for the year.

These estimates were tabled in the Senate on March 10, 1987, and were referred to the Standing Senate Committee on National Finance on that same day. The estimates were discussed in committee with Treasury Board officials on March 19, 1987, and we have just dealt with the report of that committee.

The total of $596.3 million consists of a net increase in statutory requirements of some $13.7 million, and some $582.6 million of new spending authority is being recommended to Parliament for approval.

As was indicated to the committee, the proposed increase in the statutory requirements consists of the following major items: $275 million in statutory expenditures for public debt charges, bringing the total estimates of public debt payments for 1986-87 to $27,275 million; a $184 million reduction in the forecast of statutory payments made by the Department of National Health and Welfare under federal-provincial fiscal arrangements; a $116 million reduction in the forecast of statutory payments for post-secondary education; a $113 million reduction in the forecast of statutory spouse's allowance payments, and a $111 million increase in statutory requirements to cover the Post Office operating deficit.

Honourable senators, the new spending authority being recommended includes the following major items: $202.7 million for reimbursement to the Canadian Wheat Board for the 1985-86 barley, wheat and oats pool accounts deficits; $103 million for the Post Office to cover costs for capital and deferred charges, and $99 million for the Post Office for special purposes.

There are some 35 $1 votes in these supplementary estimates. A listing of these votes, containing additional explanations for the last eight, was provided to members of the Senate committee. These votes were discussed with Treasury Board officials at the committee meeting of March 19, 1987.

I have here, honourable senators, the estimates tabled to date for 1986-87, along with the supply to date for 1986-87. I would ask that these two tables be printed as an appendix to the *Debates of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For tables, see Appendix "B", p. 758.*)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I will not take original authorship rights to what I am about to say because Senator Flynn and others have said the same thing, that the procedure we customarily follow in the Senate is to make detailed examinations of the material that goes into appropriation bills at the time of the tabling of

the estimates and their reference to committee. Unless the committee has some negative things to say, and after taking into account whatever it does have to say in its report, my recollection and experience is that we normally do not spend a great deal of time on appropriation bills.

I suppose that at this stage we can identify some concerns. The most featured item is, of course, the amount of money that we continue to spend servicing the debt. I cannot criticize this government any more effectively than senators opposite could have criticized the previous government for the same thing, but I believe that it is worth emphasizing how much money is required each year simply to service that debt.

The documents that Senator Doody has asked to have printed as an appendix seem to be the same as those provided to the committee. I went through those carefully with the minutes of the proceedings of that committee. Taking into account what we have said about the committee's report, the points emphasized today, and Senator Doody's comments, and considering that we have been given, both in the committee and in this chamber, a breakdown of the supply to date, I feel that we should give the bill second reading now and, if it is requested, third reading, as well. In so doing, we can clean up last year's estimates by giving the bill Royal Assent later today.

Motion agreed to and bill read second time.

• (1630)

THIRD READING

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*b*), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

ELEVENTH REPORT OF STANDING COMMITTEE ADOPTED

The Senate proceeded to consideration of the Eleventh Report of the Standing Committee on Internal Economy, Budgets and Administration (Dental Care Plan) presented in the Senate on Thursday, March 19, 1987.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I made some comments when this report was introduced, and yesterday, when commenting further on the plan, I mentioned that the relevant booklet was being circulated and gave warning that I would be asking that the report be adopted today. I therefore move that the report be now adopted.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

[Senator Frith.]

Motion agreed to and report adopted.

The Senate adjourned during pleasure.

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At 5:45 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

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• (1800)

## ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting the National Archives of Canada and records of government institutions of Canada and to amend other Acts in relation thereto (*Bill C-7, Chapter l, 1987*)

An Act to amend the Prairie Grain Advance Payments Act (*Bill C-12, Chapter 2, 1987*)

An Act to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on offshore petroleum resource management and revenue sharing and to make related and consequential amendments (*Bill C-6, Chapter 3, 1987*)

An Act to amend the Radio Act (*Bill C-3, Chapter 4, 1987*)

An Act to provide borrowing authority (*Bill C-40, Chapter 5, 1987*)

The Honourable Marcel Danis, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987 (*Bill C-47, Chapter 6, 1987*)

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

## THE HONOURABLE AZELLUS DENIS, P.C.

FELICITATIONS ON EIGHTIETH BIRTHDAY

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, before we adjourn, I would like to extend birthday wishes to Senator Denis, who is 80 years old today. I was hoping that he would be present in the chamber. He left the chamber when members of the Banking, Trade and Commerce Committee left for their committee meeting, and I assume that he is at that meeting. In any event, we cannot really mark the day tomorrow.

**Senator Flynn:** It is tomorrow.

**Senator Frith:** I thought his birthday was today. That is why, even though he is absent from the chamber, we should note it today.

**Hon. Jacques Flynn:** I think it is also worth noting that Senator Denis is the Dean of Parliament. He has been here without interruption since 1935, which is, I believe, the longest tenure that anybody in the history of the Canadian Parliament has been able to achieve. However, the Canadian Parliamentary Guide may be in error, since upon checking it I noticed that it mentions that Senator Denis' birthday is on March 26.

**Senator Frith:** But the honourable senator should know, too, because I shook his hand, wished him a happy birthday, and he replied, "Thank you." I am sure that we can get it straightened out in due course.

**Hon. Sidney L. Buckwold:** Honourable senators, if we are honouring Senator Denis, it should also be remembered that when he was Postmaster General, the postage rate for first class mail was 3 cents, and I think that is to his credit. My suggestion to the government is that it might be wise to put him back in office as Postmaster General to get the Post Office operating again!

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX "A"

(*See p. 736*)

## CANADA SHIPPING ACT

BILL TO AMEND—REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE

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WEDNESDAY, March 25, 1987

The Standing Senate Committee on Transport and Communications has the honour to present its

### FOURTH REPORT

Your Committee, to which was referred the Bill C-39, An Act to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and the Oil and Gas Production and Conservation Act in consequence thereof, has, in obedience to the Order of Reference of Thursday, 12th March, 1987, proceeded with that study and now reports without amendment but with the following comments.

Bill C-39 is identical to Bill C-75, tabled during the First Session of the Thirty-third Parliament, except that clause 4 of the latter, which dealt with charges in relation to services performed by the Canadian Coast Guard, has been deleted. It will be remembered that your Committee conducted a study of the subject matter of Bill C-75. In the course of that study, it has held seven public meetings and has heard evidence from the Parliamentary Secretary to the Minister of Transport, officials from the federal Department of Transport, and representatives from the Industry and Canadian ports; it has also heard evidence from the Great Lakes Commission of Ann Arbor, Michigan (see Appendix for the complete list of witnesses). Your Committee also held a public meeting on March 17, 1987 to hear evidence from officials of the federal Department of Transport and the Statute Revision Commission.

Your Committee would like to draw attention to the fact that, following the adoption of Bill C-39, measures in the *Canada Shipping Act* will be expressed sometimes in accordance with the imperial system, sometimes in accordance with the metric system. New sections of Bill C-39 add to the *Canada Shipping Act* use the metric system (see, for instance, proposed sections 109 (1), 635. 14, 635.19 (1), 746, 752, 785 (1) (f), 789 (1) (b)). Sections of the Act which already use the imperial system will continue to do so. An official from the statute Revision Commission testified that this inconsistency will not be corrected by the Commission in the course of the work of the Commission aimed, among other things, at preserving "a uniform mode of expression" in federal statutes. The Commission considers that conversion of measures contained in federal statutes from one system to another is beyond its jurisdiction.

Your Committee notes that the *Canada Shipping Act*, after the adoption of Bill C-39, will inconsistently use both the imperial and metric systems. Thus, it is the opinion of your Committee that action should be taken by Parliament to remedy this inconsistency; since Bill C-39 proposes to introduce the use of the metric system in the sections it adds to the *Canada Shipping Act*, it is the opinion of your Committee that all measures in the Act should be expressed in accordance with the metric system.

During the hearings your Committee held on the subject-matter of Bill C-75, the organization representing the Inuit testified about their concerns regarding the impact on the environment and wildlife as more and more ships sail the Artic waters. Representations were made as to the possibility of providing in the *Canada Shipping Act* for Inuit guides on board to direct those ships.

Neither the existing Act nor Bill C-39 deal with this matter. It is the opinion of your Committee that Inuit guides on board those ships could make a significant contribution to the protection of the environment and wildlife of the area of the country they live in and know very well. Thus, your Committee favours that the Act so provides. However, should Parliament in the future consider incorporating in the *Canada Shipping Act* a provision in relation to Inuit guides, your Committee thinks that the role of those guides should be limited to advising the masters and that in no way the authority of masters of ships should be lessened by the presence on board of Inuit acting as guides. This point of view has been discussed with the Inuit's representative during the hearings your Committee held on the subject-matter of Bill C-75, and we have been told that it is "a very acceptable suggestion".

Another point your Committee feels it is necessary to comment upon the fact that Bill C-39 contains numerous clauses enabling the Governor in Council to make regulations. Your Committee notes that amendments to the original version of bill C-75 were made so that proposed regulations would be published in the *Canada Gazette* at least 90 days before the effective date thereof, and a reasonable opportunity within those 90 days shall be afforded to interested persons to make representations to the Minister with respect thereto. Your Committee acknowledges that this procedure, by allowing interested persons to make representations before regulations are adopted, ensures that a formal consultation takes place at the appropriate moment. However, your Committee thinks that Parliament, when it delegates to the Government broad powers to legislate by regulations, should have a means of expressing its opinion on the public policies contained in regulations made pursuant to enabling clauses. Thus, your Committee is of the opinion that when proposed regulations are intended to be adopted pursuant to the delegated legislation-making powers provided for in Bill C-39, they be referred to your Committee for study, as was done in the case of the *Transportation of Dangerous Goods Regulations*. This, according to your Committee, ensures not only that Parliament will be involved in the process leading to important measures regarding, for instance, safety at sea and the environment, but also that a public debate involving interested persons takes place.

Respectfully submitted,

**LÉOPOLD LANGLOIS**

*Chairman*

## APPENDIX

**List of witnesses whom appeared before the Committee on the subject-matter of Bill C-75 during the First Session of the Thirty-Third Parliament.**

**Tuesday, April 29, 1986**

Mr. Mike Forrestall, M.P., Parliamentary Secretary to the Minister of Transport.

*From the Department of Transport:*

Mr. R.A. Quail, Assistant Deputy Minister, Marine and Commissioner, Canadian Coast Guard;
Mr. G.R. Stewart, Deputy Commissioner, Canadian Coast Guard;
Mr. A. Popp, General Counsel.

**Tuesday, May 6, 1986**

*From the Canadian Merchant Service Guild:*

Mr. Maury R. Sjoquist, National Executive Secretary-Treasurer;
Mr. Robert F. Cook, National President;
Mr. Michel Pouliot, President, Canadian Marine Pilots Association.

*From the Council of Boating Organizations of Canada:*

Mr. William F. Taylor, Member of the Executive Committee;
Mr. Michael L. Vollmer, Technical Secretary to C.B.O.C.

**Tuesday, May 13, 1986**

*From Inuit Tapirisat of Canada:*

Mrs. Nancy Doubleday.

*From the Corporation of the City of Thunder Bay:*

Mr. Jack Masters, Mayor;
Mr. J. Cook, General Manager and Chief Executive Officer of the Thunder Bay Harbour Commission.

*From Algoma, Dofasco, Stelco:*

Mr. W. H. Sheffield, Transportation Manager, Stelco Inc.;
Mr. J. McAllister, vice-President, Purchasing, Raw Materials and Transportation, Dofasco;
Mr. T.P. Foley, General Manager, Traffic, The Algoma Steel Corp. Ltd.;
Mr. Robert Ballantyne, Public Affairs Manager, Stelco Inc.

**Tuesday, May 27, 1986**

*From "l'Association des Mines de métaux du Québec":*

Mr. Jean Roberge, Assistant General Manager;
Mr. Claude Falardeau, director of corporate Activities, Iron Ore Company of Canada.

*From Dominion Marine Association:*

Mr. Norman Hall, President.

*From Canadian Ports under Harbour Commission:*

Mr. C. Ray Lunn, Chairman, Oshawa Harbour Commission;
Mr. F. Gingell, Chairman, Fraser River Harbour Commission;
Mr. J. Simpson, Vice-Chairman, Port of Thunder Bay.

**Tuesday, June 3, 1986**

*From The St. Lawrence Economic Development Group:*

Mr. Jacques Auger, President;
Mr. Yvan Desgagné, Vice-President;
Mr. Hugues Morrisette, Secretary.

*From "l'Association des marins de la vallée du St-Laurent":*

Mr. Charles Pouliot, President;
Mr. Jacques Lacasse, member;
Mr. Léonce Naud, counsel.

*From te Seafarers' International Union of Canada:*

Mr. Richard Thomasson, Vice-President, Great Lakes and Inland Water.

**Wednesday, June 4, 1986**

*From the Great Lakes Waterways Development Association:*

Mr. Donald S. Rothwell, President;
Mr. A.M. Runciman, Chairman;
Mr. J.D. Leitch, Vice-President.

*From the Great Lakes Commission of Ann Arbor, Michigan:*

Mr. James Fish, Executive Director;
Mr. Steve Thorpe, Transportation and Economic Development Specialist.

**Tuesday, June 10, 1986**

*From the Department of Transport:*

Mr. R.A. Quail, Assistant Deputy Minister, Marine and Commissioner, Canadian Coast Guard;
Mr. G.R. Stewart, Deputy Commissioner, Canadian Coast Guard;
Mr. A. Popp, General Counsel.

**List of witnesses whom appeared before the Committee on Bill C-39 during the Second Session of the Thirty-Third Parliament.**

**Tuesday, March 17, 1987**

*From the Department of Transport:*

Mr. G.R. Stewart, Deputy Commissioner, Canadian Coast Guard.

*From Statute Revision Commission:*

Mr. Lionel Levert, Secretary and General Counsel.

## APPENDIX "B"

(*See p. 751*)

## ESTIMATES TABLED TO DATE FOR 1986-87

| | To be Voted | Statutory | Total |
|---|---|---|---|
| | (in thousands of dollars) | | |
| Main Estimates | | | |
| Budgetary | 37,470,050 | 69,537,798 | 107,007,848 |
| Non-Budgetary | 80,124 | 344,933 | 425,057 |
| | 37,550,174 | 69,882,731 | 107,432,905 |
| Supplementary Estimates (A) | | | |
| Budgetary | 484,955 | 95,285 | 580,240 |
| Non-Budgetary | 22,018 | (263,000) | (240,982) |
| | 506,973 | (167,715) | 339,258 |
| Supplementary Estimates (B) | | | |
| Budgetary | 300,000 | — | 300,000 |
| Non-Budgetary | — | — | — |
| | 300,000 | — | 300,000 |
| Supplementary Estimates (C) | | | |
| Budgetary | 582,327 | 41,763 | 624,090 |
| Non-Budgetary | 259 | (28,000) | (27,741) |
| | 582,586 | 13,763 | 596,349 |
| TOTAL ESTIMATES TABLED | | | |
| Budgetary | 38,837,333* | 69,674,846 | 108,512,179 |
| Non-Budgetary | 102,401 | 53,933 | 156,334 |
| | 38,939,734 | 69,728,779 | 108,668,513* |

* Details do not add to totals due to rounding.

## SUPPLY TO DATE FOR 1986-87

Four Appropriation Acts have been approved in respect of the Estimates for 1986-87:

*Supply Approved To Date*

| | |
|---|---|
| *Appropriation Act No. 1, 1986-87* which granted Interim Supply for *April, May and June* including 34 additional proportions, based on the *Main Estimates* for 1986-87. | $10,169,354,842.40 |
| *Appropriation Act No. 2, 1986-87* which granted Full Supply for the balance of the *Main Estimates* for 1986-87. | $27,380,819,670.60 |
| *Appropriation Act No. 3, 1986-87* which granted Full Supply for the whole of *Supplementary Estimates (A)* for 1986-87 | $506,973,610.00 |
| *Appropriation Act No. 4, 1986-87* which granted Full Supply for the whole of *Supplementary Estimates (B)* for 1986-87. | $300,000,000.00 |
| | $38,357,148,123.00 |

*Awaiting Approval*

| | |
|---|---|
| Supply for the whole of *Supplementary Estimates (C)* for 1986-87. | $582,586,394.00 |
| TOTAL | $38,939,734,517.00 |

# THE SENATE

**Thursday, March 26, 1987**

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

Prayers.

## CANADA-UNITED STATES DAYS OF PEACE AND FRIENDSHIP

DESIGNATION OF JULY 2 AND 3, 1987—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Wednesday, March 25, 1987

ORDERED—That the House of Commons and
resolve that July 2 and 3, 1987, coming between July 1, Canada Day, and July 4, U.S. Independence Day, be designated "Canada-United States Days of Peace and Friendship" in recognition of the close and peaceful relations that exist between the two countries, the warm, personal links that prevail between neighbouring communities along the length of the common border and the commitments to freedom, democracy and human rights shared by the two nations.

And that a Message be sent to the Senate requesting that House to unite with this House in the said resolution by filling in the blank with the words "The Senate of Canada".

ATTEST

Michael B. Kirby,
for *The Clerk of the House of Commons*

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

On motion of Senator Doody, message placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

## TERRITORIAL LANDS ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-43, to amend the Territorial Lands Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

## NORTHERN CANADA POWER COMMISSION YUKON ASSETS DISPOSAL AUTHORIZATION BILL

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-45, to authorize the disposal of certain assets in the Yukon Territory that are held or used by the Northern Canada Power Commission and to provide for other matters in connection therewith.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

## THE HONOURABLE AZELLUS DENIS, P.C.

FELICITATIONS ON EIGHTIETH BIRTHDAY—EXPRESSION OF APPRECIATION

**Hon. Azellus Denis:** Honourable senators, as I was reading yesterday's Senate debates I realized that good wishes were expressed on the occasion of my birthday.

[*English*]

I would like to say just a few words of appreciation to my deputy leader, to the former Leader of the Government in the Senate and to the former Mayor of Saskatoon, Senator Buckwold, for the good words they had to say about me. I hope that those good words and good wishes will be realized as they have been in the past 50 years. However, I am afraid that the same happy results will be a little harder to obtain during the next 50 years. I am sure that those who spoke about me so highly represent the old House of Commons, and I thank you all for those comments. I am grateful to you. Merci beaucoup.

**Hon. Senators:** Hear, hear!

## TERRITORIAL LANDS ACT

BILL TO AMEND—REPORT OF AGRICULTURE AND FORESTRY COMMITTEE ON SUBJECT MATTER OF BILL C-43 TABLED

**Hon. Daniel Hays,** Chairman of the Standing Senate Committee on Agriculture and Forestry, tabled the committee's Second Report respecting the subject matter of Bill C-43, to amend the Territorial Lands Act.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

## FOREIGN AFFAIRS

FOURTH REPORT OF STANDING SENATE COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Heath Macquarrie:** Honourable senators, I have the honour to present the Fourth Report of the Standing Senate Committee on Foreign Affairs respecting power to incur special expenses pursuant to the procedural guidelines for the financial operation of Senate committees. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see appendix, p. 777.*)

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

On motion of Senator Macquarrie, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## NORTHERN CANADA POWER COMMISSION YUKON ASSETS DISPOSAL AUTHORIZATION

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER OF BILL C-45 TABLED

**Hon. Joan Neiman,** Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, tabled the Fourth Report of the Standing Senate Committee on Legal and Constitutional Affairs respecting the subject matter of Bill C-45, to authorize the disposal of certain assets in the Yukon Territory that are held or used by the Northern Canada Power Commission and to provide for other matters in connection therewith.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWELFTH REPORT OF COMMITTEE ADOPTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the committee's Twelfth Report.

[Senator Denis.]

Thursday, March 26, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWELFTH REPORT

Your Committee is presently undertaking a review of the budgetary situation pertaining to Senate Committees.

Your Committee therefore recommends that, notwithstanding the *Procedural Guidelines for the Financial Operation of Senate Committees* adopted on March 26, 1986, for any committee budget for the financial year 1987-88 submitted to and approved by the Internal Economy Committee, your Committee be authorized to release no more than 3/12 of those approved funds until the end of June 1987.

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

[*Translation*]

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, with leave of the Senate, now. I shall explain.

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

**Hon. Senators:** Agreed.

[*English*]

**Senator Frith:** Honourable senators, since the Internal Economy Committee has to wait until all of the committee budgets are in to get a perspective as to how the various budgets fit with the global amount available, the committee recommends that when it approves these year-long projections, the committees be permitted to spend only three-twelths, that is, the first three months of the budget's allocation between April 1 and June 30.

Motion agreed to and report adopted.

## BUSINESS OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, at this time I usually move the motion for adjournment. I am in a bit of a quandary on this particular occasion because of uncertainty relating to Bill C-38, the Teleglobe bill.

We had been led to believe that that bill would be out of the House of Commons this afternoon; on the other hand, we have been led to believe that the bill may not be out of the House of Commons this afternoon, hence the quandary.

I suggest that the bill be dealt with as promptly as possible once it is before the Senate, as the government is most anxious

to conclude the transaction before the end of the fiscal year, presumably to get the value of the asset into the current account for the present fiscal year rather than for the next fiscal year. My understanding is that while our not getting the bill—and I want to be perfectly honest about this—by March 31 will not jeopardize the deal itself, it will upset the financial plans of the government.

Whether we should meet tomorrow to deal with the bill, or whether we should meet on Monday to deal with the bill, or whether we should meet on Tuesday to deal with the bill—if there is agreement to deal with the bill on Tuesday—whatever the Senate decided to do in that regard would be fine. I know that the Senate Committee on Banking, Trade and Commerce would like to examine the bill as amended. I understand that that committee is willing to meet on Tuesday morning, if that suits the general strategy of the Senate as a whole.

Perhaps as the afternoon progresses we can talk further, either inside the chamber or outside the chamber, with respect to how we should proceed.

I ask leave of the Senate to revert to Notices of Motions later this afternoon.

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** That is agreeable. Of course, if we do receive the bill, and the government feels it should be dealt with tomorrow and/or Monday, then we will meet in accordance with that call.

My information is that the bill will not receive third reading in the other place until sometime next week. Nevertheless, it is reasonable to stand the question of adjournment until later this afternoon when we might have more information.

**Hon. Senators:** Agreed

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## QUESTION PERIOD

[*English*]

### THE SENATE

ABSENCE OF LEADER OF THE GOVERNMENT FROM CHAMBER

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, as you are aware, Senator Murray is attending the First Ministers' Conference today and will not be here. I will take notice of any questions honourable senators may have and attempt to get answers as promptly as I can.

● (1410)

### ABORIGINAL PEOPLES

POST-SECONDARY EDUCATION—COURSES ON RESERVES—LEVEL OF FUNDING

**Hon. Joyce Fairbairn:** Honourable senators, as Senator Doody has noted, there is an important federal-provincial conference on aboriginal rights and self-government progressing in Ottawa today. We hope that it will progress to an historic agreement for self-government for our aboriginal peoples.

It has been brought to my attention—and to the attention of some of my colleagues—by native spokesmen this week that there is great concern about the level of funding for off-campus post-secondary education courses on reserves.

Honourable senators, nothing is more important for the future of native people than the best possible educational opportunity for both the young and the adults.

I would like to give Senator Doody notice that we will be asking questions about this when Senator Murray returns to the Senate next week.

**Hon. C. William Doody (Deputy Leader of the Government):** Thank you.

### FOREIGN AFFAIRS

GREEK-TURKISH RELATIONS—GOVERNMENT ACTION

**Hon. Philippe Deane Gigantès:** Honourable senators, I would like to ask the Deputy Leader of the Government if he would be kind enough to get some information about a meeting that occurred in Turkey not long ago at which the Minister of Foreign Affairs of the Republic of Turkey met with the ambassadors of NATO countries and handed them a note—according to some reports I have had—in which he alleged that Greece was planning an attack on Turkey. Greece has a population of 9 million people; Turkey has a population of 45 million people. In this note he also laid claims to Greek territorial waters and to air space over Greece. The Turks are getting nervous over this, as are the Greeks. It is a delicate situation; they do not get along terribly well, as you know.

Could the Deputy Leader of the Government give us some information at an opportune but not too distant moment in the future and assure us that the Government of Canada is using its good offices to calm the situation and to ensure that two allies do not quarrel with one another?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I will make every effort to determine if such a series of events took place as described, and to obtain any other information that I can.

[*Translation*]

### EXTERNAL AFFAIRS

INVITATIONS FROM DEPARTMENT TO PARLIAMENTARIANS—ORDER OF PRECEDENCE

**Hon. Eymard G. Corbin:** Honourable senators, I have a question for the Leader of the Government in the Senate. Last week, I indicated that the Secretary of State for External Affairs seemed to show little consideration for the Senate. Senator Doody will remember that I particularly focused on an invitation which was addressed to "Members of Parliament and Senators".

At the time, the Leader of the Government in the Senate indicated that he would certainly seek an explanation from the Government as to the break in order of precedence.

Well, today I received another invitation dated March 23rd, 1987, from the Secretary of State for External Affairs that is also addressed to "All Members of Parliament and Senators". I should like to quote briefly part of the first sentence:

> Members of Parliament and Senators and their staff are invited to attend a lecture on Francophonie and the forthcoming Quebec Summit—
>
> —which will be given on Tuesday, March 31st, 1987, at 9:30.

What I objected to last week, and I object to it again today, is this pattern which the Secretary of State for External Affairs seems to be developing. I am not saying that Joe Clark, the Right Honourable Secretary of State himself, is behind this attempt at lowering the prestige of this chamber. Yet, I do not see how this new way of addressing senators could be interpreted differently. It is an underhanded attempt at lowering the prestige of this honourable institution.

Don't they realize at the Department of External Affairs that when they try to minimize the importance of the honourable Senate in the legislative process, they are attacking Parliament and jeopardizing its prestige. How long will this kind of thing be allowed to continue?

[*English*]

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I remember very well Senator Corbin bringing this matter to our attention a little while ago. Notice was sent to the department signifying Senator Corbin's concern.

This morning when I saw this invitation from the department, I immediately thought of Senator Corbin's question of a couple of weeks ago and made a further inquiry. As yet, I have not received an answer. I am certain that no slight is intended to the Senate, but, nevertheless, I take Senator Corbin's point, and I will make a further inquiry to get a formal explanation.

**Senator Corbin:** Honourable senators, I am not the one who is being slighted. The Senate is being slighted, because this practice has been going on for some time. This is the third time I have raised the matter in approximately one year; and this is the second time in less than a week that such a situation has arisen. It is almost as if one could conclude that this is being done in spite of the remarks I made last week with respect to this whole matter.

I repeat again: The Department of External Affairs is supposed to be steeped in protocol—the proper way of doing things—and in diplomacy. Why do they persist in this practice of not recognizing, first and foremost, the place of the Senate in the overall parliamentary institution? Why do they keep on doing this? Is this part of the attempt to erode the credibility of the Senate? Are they also part of that game? If so, we ought to know.

[Senator Corbin.]

**Senator Doody:** I will pass Senator Corbin's concern on to the department again.

[*Translation*]

[*Later*]

**Senator Corbin:** Honourable senators, I neglected just now, when I questioned the Leader of the Government in the Senate, to mention to him that, in French, the invitation to all MPs and senators was addressed to "Messieurs les députés et sénateurs . . .". Don't they know at External Affairs that there are women in both the Senate and the House of Commons. What is the matter with them?

[*English*]

**Senator Doody:** I will certainly take note of that, as well, honourable senators.

## TRANSPORT

### CANADIAN AIRPORTS—FIREFIGHTING FACILITIES—GOVERNMENT ACTION

**Hon. Paul Lucier:** Honourable senators, I have a question for the Deputy Leader of the Government in the Senate. Some time ago I asked a question about firefighting facilities at Canadian airports and was assured by the Leader of the Government in the Senate that we were following all the regulations, and that we were keeping in place all the people that were required to make sure that our airports were safe.

Developments in the last few weeks have shown that that is not the case. In fact, I believe that the airport in Regina closes at ten o'clock at night, and for any plane, which lands after that time, there are no firefighting facilities.

Honourable senators, previously I worked as an airport firefighter when I worked in the fire department in the Yukon, and I find it strange that if we are going to cut funding, we should cut it in this area. It seems to me, from the reports that are coming out, that someone—either the government or the people representing the firefighters—is not telling the truth.

• (1420)

Is there some way we can finally get to the bottom of this to find out just what is the situation? Anyone who would suggest that one firefighter with one of those big trucks is sufficient to protect a wide-bodied aircraft when landing is just fooling himself. I was in Vancouver yesterday, and going into the airport there are at least four commissionaires guiding the traffic, whether it exists or not, yet, when an aircraft is landing, there is only one firefighter and one truck on the scene. It seems to me that we have our priorities confused.

Could the deputy leader initiate some action that would get us the answers? Are the airports being properly protected? I do not think they are. I think we should be provided with the answer to that question.

**Hon. C. William Doody (Deputy Leader of the Government):** I will certainly convey Senator Lucier's concerns to the department and try to get an answer as quickly as possible.

## FISHERIES

CANADA-FRANCE NEGOTIATIONS—SCHEDULE OF MEETINGS

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, as the Deputy Leader of the Government is taking notice of these questions, he might take notice of my interest in receiving a schedule of the negotiation meetings that have been and will be held between Canada and France on the fisheries and boundaries pursuant to the agreement that was recently made.

**Hon. C. William Doody (Deputy Leader of the Government):** I will certainly make an inquiry on the senator's behalf.

## DELAYED ANSWER TO ORAL QUESTION INDUSTRY

SYDNEY STEEL CORPORATION—MODERNIZATION PLAN—STATUS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have one delayed answer to a question asked by Senator Graham on March 25 dealing with the modernization plan of the Sydney Steel Corporation.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Would you please read it?

**Senator Doody:** Certainly.

> The 157 million dollar allocation for the Sydney Steel Corporation modernization plan was approved by the Treasury Board in June of 1986, subject to approval of the Business Plan.
>
> The final summary of the Comprehensive Business Plan for Phase Two of the modernization was received last week by the Government. The Business Plan is now being discussed by officials of the Department of Regional Industrial Expansion in consultation with the company, and will be the subject of a submission by the Minister of Regional Industrial Expansion to Treasury Board. This procedure was detailed in the sub-agreement when it was entered into last year.
>
> The Minister of Regional Industrial Expansion is unable at the moment to state an exact date for completion of this process but the honourable senator can be assured that the government is proceeding as expeditiously as possible.

**Senator MacEachen:** Could the Leader of the Government tell us whether, in addition to the procedure with respect to the approval of the business plan, there was struck a special committee of the cabinet to deal with the business plan? There has been a report to that effect. I would like to know whether that is the case, and, if so, who the members of the committee are.

**Senator Doody:** I do not have that information now, senator, but I will certainly make an inquiry.

## CANADA SHIPPING ACT

BILL TO AMEND—THIRD READING

**Hon. Finlay MacDonald** moved the third reading of Bill C-39, to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and the Oil and Gas Production and Conservation Act in consequence thereof.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have some questions for the sponsor of the bill arising out of the report of the Standing Senate Committee on Transport and Communications. The first paragraph deals with the question of charges in relation to services performed by the Coast Guard, and that had been deleted. The next paragraph deals with certain measures in the Canada Shipping Act which:

> —will be expressed sometimes in accordance with the imperial system, sometimes in accordance with the metric system.

It goes on to say:

> Sections of the Act which already use the imperial system will continue to do so. An official from the Statute Revision Commission testified that this inconsistency will not be corrected by the commission in the course of the work of the commission aimed, among other things, at preserving "a uniform mode of expression" in federal statutes. The commission considers that conversion of measures contained in federal statutes from one system to another is beyond its jurisdiction.

That leaves dangling the question of whether someone else should be dealing with it. The commission thinks that it is beyond its jurisdiction, namely, the question of measures contained in federal statutes. Was the committee satisfied with that, or did it obtain some undertaking that someone with jurisdiction would look into it; or was the committee satisfied that these inconsistencies should continue?

**Senator MacDonald:** Honourable senators, since the bill was referred to the Standing Senate Committee on Transport and Communications, Senator Langlois has conducted two meetings, and the matters to which Senator Frith refers were, of course, paramount on the agenda. There were a couple of others. On the use of both metric and imperial units in the same legislation, we were advised by officials of the Coast Guard and the Statute Revision Commission that while it may appear untidy, there was no reason nor was there any evidence to support the notion that the two-measurement system would cause problems to the shipping community.

Also—and this probably bears more on the honourable senator's question—there were no legal implications from

there being two sets of units in the same statute. Indeed, there were many examples within the Canadian government where metric and imperial units appear in the same legislation. As a matter of fact, I believe it was Senator Thériault who asked for specific examples of where the two units appear in the same legislation. They found it in the Criminal Code, the Customs Tariff, the Hazardous Products Act, the National Parks Act, and the Canada Shipping Act; and, of course, they maintain that any conversion to all imperial or to all metric would be very time-consuming and both inconvenient and expensive to the shipping community. There were other examples given as to what the consequences of that would be.

Mr. Lionel Levert, who is with the Statutes Revision Commission, reported to us that the Statutes Revision Commission did not have legislative authority to require that all existing statutes or amendments to the statutes be only in metric units, that imperial units can continue to be used if legislators so decide. There is no authority for total conversion to metric.

**Senator Frith:** I agree that that is what the committee said—that the commission felt that way; but I understood that the committee was not satisfied with that. The report says:

> Your Committee notes that the *Canada Shipping Act*, after the adoption of Bill C-39, will inconsistently use both the imperial and metric systems. Thus, it is the opinion of your Committee

I am not talking about the commission:

> —that action should be taken by Parliament to remedy this inconsistency; since Bill C-39 proposes to introduce the use of the metric system in the sections it adds to the *Canada Shipping Act*, it is the opinion of your Committee that all measures in the Act should be expressed in accordance with the metric system.

So apparently the committee was not satisfied that this should continue, and my question is: Did you get any undertakings from the minister or from the government that they are going to do anything about it?

**Senator MacDonald:** The answer, of course, is that we did not, nor did we seek them. I would say that while I agree totally with the report of the committee, I regard that particular section as holding out a pious hope that eventually something will be done. Of course, there are references to the international conventions on tonnage which will take place in 1994, and which will seek to remove a number of these inconsistencies.

● (1430)

**Senator Frith:** Then, to understand that paragraph on the basis of what the honourable senator has said, I take it that the committee decided to stay with pious hopes and not get any undertakings. I think I heard the honourable senator rightly when he said that he did not seek any undertakings. So this paragraph is to be taken as a pious hope, and we cannot expect that the government will do anything about the committee's dissatisfaction with these inconsistencies.

**Senator MacDonald:** Senator Frith, I would not want to associate myself with unhappiness or anxiety with regard to that particular matter. The consequences of these particular changes are enormous and will only be accomplished over a long number of years, and even then there is some suggestion that both systems will still be used. But we did not try to impress upon the government nor did we seek any undertaking that such a course would be taken.

**Senator Frith:** So, in effect, the answer to my question is yes. In other words, because of the difficulties, although the committee is not satisfied and although, in the opinion of the Senate committee, all measures in the act should be expressed in accordance with the metric system, that is the end of it as far as we are concerned, and nobody will do anything about it. The next paragraph reads:

> During the hearings your Committee held on the subject-matter of Bill C-75, the organization representing the Inuit testified about their concerns regarding the impact on the environment and wildlife as more and more ships sail the Arctic waters. Representations were made as to the possibility of providing in the *Canada Shipping Act* for Inuit guides on board to direct those ships.
>
> Neither the existing Act nor Bill C-39 deal with this matter. It is the opinion of your Committee that Inuit guides on board those ships could make a significant contribution to the protection of the environment and wildlife of the area of the country they live in and know very well. Thus, your Committee favours that the Act so provides.

What about that point? Did the committee get any undertakings from the government in that regard? Is anything going to happen on that one, or is it just a pious hope, too?

**Senator MacDonald:** Honourable senators, I do not know if I would regard it as pious, but it might be easier to handle than the first one.

**Senator Frith:** Impious would be fine!

**Senator MacDonald:** The committee is of the opinion that the use of Inuit guides to provide advice to ships navigating in Arctic waters might assist in preserving northern ecology, particularly as it relates to Arctic animals and northern hunters, and so on. The other side of this story is the potential for conflicting advice between the ice navigator and the Inuit adviser, the potential for additional cost to business in the north, and the fact that there is already legislation which provides environmental protection to Arctic waters. However, the committee stressed that there should be a future amendment to the Canada Shipping Act with this in mind. The role of these guides should be restricted to advising masters rather than giving direction. As honourable senators will note in the report, this point of view had been discussed with the Inuit representatives during the committee hearings on Bill C-75, and we were told by the representatives—and Senator Langlois can answer to this question—that this suggestion was very acceptable. We stress that there should be a future amendment to the Canada Shipping Act with this point in mind.

**Senator Frith:** And was any undertaking given by the government or by a minister that such amendments would be made?

**Senator MacDonald:** The only witnesses we heard at that particular time were witnesses from the department and, to the best of my knowledge, we did not ask for any undertakings from them in this regard. However, they may have provided something—and Senator Langlois can correct me if I am wrong—in answer to a question that I cannot remember. Senator Langlois is shaking his head, so, no, no undertaking was asked for or given.

**Senator Frith:** The third concern of the committee was with reference to the making of regulations. The report goes on to read:

> Your Committee notes that amendments to the original version of Bill C-75 were made so that proposed regulations would be published in the *Canada Gazette* at least 90 days before the effective date thereof, and a reasonable opportunity within those 90 days shall be afforded to interested persons to make representations to the Minister with respect thereto. Your Committee acknowledges that this procedure, by allowing interested persons to make representations before regulations are adopted, ensures that a formal consultation takes place at the appropriate moment. However, your Committee thinks that Parliament, when it delegates to the Government broad powers to legislate by regulations, should have a means of expressing its opinion on the public policies contained in regulations made pursuant to enabling clauses. Thus, your Committee is of the opinion that when proposed regulations are intended to be adopted pursuant to the delegated legislation-making powers provided for in Bill C-39, they be referred to your Committee for study, as was done in the case of the *Transportation of Dangerous Goods Regulations*. This, according to your Committee, ensures not only that Parliament will be involved in the process leading to important measures regarding, for instance, safety at sea and the environment, but also that a public debate involving interested persons takes place.

Were any undertakings given on that subject?

**Senator MacDonald:** There were no undertakings.

**Senator Frith:** Were any asked for?

**Senator MacDonald:** I shall draw this particular point to the attention of the minister.

Motion agreed to and bill read third time and passed.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
THE SECRETARY TO THE GOVERNOR GENERAL

26 March 1987

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 26th day of March, 1987, at 4.45 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Anthony P. Smyth
Deputy Secretary, Policy and Program

The Honourable
The Speaker of the Senate
Ottawa

## APPROPRIATION BILL NO. 1, 1987-88

SECOND READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved the second reading of Bill C-48, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1988.

He said: Honourable senators, this Appropriation Bill No. 1, 1987-88 provides interim supply for the first three months of the new fiscal year 1987-88. Estimates were tabled in the Senate for March 10, 1987 and immediately referred to the Standing Senate Committee on National Finance. This appropriation bill contains $10.458 billion of voted items which are required to meet government expenditure requirements to the end of June while the Main Estimates are being reviewed by the various committees. A second appropriation bill will be tabled prior to June 30, 1987 to secure release of the balance of the estimates.

• (1440)

This bill contains a general proportion of three-twelfths of all votes plus additional proportions for some 31 votes. The additional proportions are required mainly to meet payments of a seasonal nature in some programs; to meet payments in accordance with certain agreements, and the need in other instances to make major payments before the end of June.

I should point out that as usual, in no case is Parliament being asked to pass the entire amount of a vote.

Honourable senators, the form of the bill is the usual one for interim supply bills. The passage of this bill will not prejudice the rights and privileges of honourable senators to criticize any item in the estimates when it comes up for consideration in committee, and the usual undertaking is hereby given that such rights and privileges will be respected and will not be

curtailed or restricted in any way as a result of the passage of this measure.

Honourable senators, I have with me the schedule which details with the various proportions allocated to different departments, and I will ask that it also be printed as part of today's proceedings.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

(*For schedule, see today's* Minutes of the Proceedings of the Senate.)

**Senator Doody:** At this time, honourable senators, I shall also attempt to answer a couple of questions raised by Senator Frith yesterday with regard to Supplementary Estimates (C). In response to the question with respect to debt regulations and how they are handled, I understand that Treasury Board made a commitment to the Standing Senate Committee on National Finance to provide a copy of the debt write-off regulations within the next couple of weeks, and I assume that they will be supplying that material as per their commitment.

Senator Frith also asked for information on the proposed timing of the review of the form in which supplementary estimates are presented to Parliament, and I am told that Treasury Board is at the initial stages of this review at the present time. It is the secretariat's intention to complete its review and formulate recommendations on a revised format, and discuss them with the appropriate parliamentary committees in time for the introduction of the revised form of the first regular supplementary estimates for 1988-89.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, this being the interim supply, and, as the Deputy Leader of the Government has said, applying to supply required before the Main Estimates are dealt with, I mean to hold my fire for the Main Estimates themselves. As the Deputy Leader of the Government has also pointed out, the adoption of the interim supply in no way affects the position that we might want to take with regard to the Main Estimates.

For those reasons, I do not wish to add anything at this stage. Some other senators may have some questions or something else to say, but that is all I have to say at the present time.

**Hon. John B. Stewart:** Honourable senators, members of this house will have learned that yesterday the Honourable Marcel Masse, the Minister of Energy, Mines and Resources, announced a program in Edmonton. The *Globe and Mail* story has as its lead paragraph the following:

> Ottawa has handed a cash gift of $350-million a year to the financially strapped oil and gas industry.

Then in a later paragraph the story says that Mr.Masse said—and again I quote:

> —the drilling incentives are part of a western Canadian diversification plan that will be unveiled next month.

The story continues, and again I quote:

[Senator Doody.]

> He said the incentives, which will be available from April 1, could provide 15,000 jobs in western Canada.

Honourable senators, the part of that report to which I direct senators' particular attention is the assertion that the incentives will be available from April 1 of 1987. The question I would like to have answered is whether or not that is accurate; whether indeed the incentives will be available from April 1, 1987, and, if so, what statutory basis will there be for payment of money as of April 1, as announced? Is there some line in the Main Estimates which is being drawn down by the interim supply bill that is now under debate and will provide that money?

**Senator Doody:** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Doody:** Honourable senators, I want to try to answer Senator Stewart's question, so if anyone else wants to ask a question, it is not my intention to close off the debate.

With regard to the energy program announced by the Minister of Energy, Mines and Resources, my understanding is that this amount will have to come from supplementary estimates or from special legislation. There is no provision in the estimates before us now for this special program. All the estimates were tabled before this program was announced. I do not know where the April 1 date came from. Certainly, I have no knowledge of it, and there is no provision for that funding in the estimates as we have them now. As I said, there will need to be supplementary estimates for that particular program, or some special legislation.

**Senator Stewart:** I thank the honourable senator for having yielded the floor. May I ask him a question: Can he ascertain whether or not the report is accurate? Did the minister indeed say that the program would begin to be available as of April 1, 1987, or did he not? That is my first question.

I then have a second question. The implication of the announcement seems to be that there is some line in the request now before Parliament for interim supply, because that is the only money that will become available to the Crown as of April 1. Let me put it this way: Is it not the intention of the government to use the reserves not allocated by envelope in the Main Estimates for the purpose of making good the immediate implementation of this plan, and, if not, why not?

**Senator Doody:** Honourable senators, I cannot really take responsibility for the way in which this article is written. I cannot say yes, the minister did, or no, the minister did not. Obviously, I was not there, and even if I had been there I doubt whether I would have recorded the exact words, verbiage, intonation, nuance, or whatever sort of interpretation the reporter or journalist derived from the comments made by the minister. I can only supply this house at this time with the information that I have been given. I am told that the appropriation bills before us today were based on estimates that were tabled before the oil assistance program was announced.

Any additional funding in 1987-88 for that program will be included either in separate legislation or in future supplementary estimates.

Honourable senators, I will make further inquiries on behalf of Senator Stewart as to the contingency reserve, and so on. I have no information in that regard at the present time, but I will certainly attempt to find out. However, such information as I have on the subject I have given to him.

• (1450)

**Senator Frith:** Would it be possible for the Deputy Leader of the Government to determine that one fact today, after we have given second reading to the bill but before we give third reading to it?

Apart from who said what, could the deputy leader try to find out from the department whether, in fact, it is true that the funds will be available from April 1? If the answer is, "No, that is a mistake, they won't be available from April 1," that leads to one conclusion. If the funds will be available from April 1, that leads inevitably to the line of questioning Senator Stewart has been putting forward.

If we give the bill second reading, could the Deputy Leader of the Government try to find an answer to that question directly from the department—not whether anyone said anything but whether that is the case.

**Senator Doody:** I wonder if Senator Stewart would reveal his source. What newspaper did he quote?

**Senator Stewart:** I was quoting from an article in the *Globe and Mail* by Kevin Cox and Christopher Waddell. I do not think the *Globe and Mail* made the story up, because I saw the Deputy Prime Minister on television this morning revelling in the fact that the government had decided to intervene in the market to help the poor oil and gas people in the west.

Motion agreed to and bill read second time.

**The Hon the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 45(1)(*b*), bill placed on Orders of the Day for third reading later this day.

## BUSINESS OF THE SENATE

On Orders of the Day:

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, before the third order is called—and this will concern Senator Balfour, I believe—we have before us Bill C-49, which is the order the clerk was about to read. We also have before us Bill C-43, to amend the Territorial Lands Act. I believe Senator Barootes is ready to proceed on that order. We will be represented by Senator Adams. As honourable senators are aware, meetings are going on elsewhere today that are of great importance to Senator Adams. If it is important to the government to have third reading today, then I wonder if we could defer Order No. 3 and proceed with debate on Bill C-43 so that Senator Adams can attend the conference that is taking place today.

**An Hon. Senator:** He has left.

**Senator Frith:** Perhaps he has made some arrangements with Senator Barootes.

**Hon. Efstathios William Barootes:** I spoke with him and told him that this was coming up presently. He said he did wish to make some comments on it. I thought he understood that it would be coming up immediately. I understood he was going to stay to address the chamber, because he did say he was prepared to do so.

**Hon. C. William Doody (Deputy Leader of the Government):** Perhaps we can deal with Bill C-45 and then Bill C-43. By that time Senator Adams might be back.

**Senator Frith:** While we are waiting, why not proceed with Bill C-49?

**Senator Doody:** That is where we started.

**Senator Frith:** Yes, and I apologize to His Honour and to honourable senators.

## APPROPRIATION BILL NO. 2, 1987-88

SECOND READING:

**Hon. C. William Doody (Deputy Leader of the Government)** moved the second reading of Bill C-49, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending 31st March, 1988.

He said: Honourable senators, Bill C-49 is Appropriation Bill No. 2, 1987-88, and provides supply for all of Supplementary Estimates (A) for 1987-88. These estimates, which total $700 million, were tabled in the Senate on March 10, 1987, and were referred to the Standing Senate Committee on National Finance on March 10. The supplementary estimates were discussed with officials from the Department of Agriculture and officials from Treasury Board on March 11.

These Supplementary Estimates (A) seek funding for the Special Canadian Grains Program previously announced by the government. When approved by Parliament, the funding will enable the Department of Agriculture to make complete payments early in the 1987-88 fiscal year to Canadian grain producers for the 1986 crop year. The total estimate for this program is $1 billion; $300 million was provided in Supplementary Estimates (B) for 1986-87.

Honourable senators, I commend the bill to you for second reading.

**Hon. John B. Stewart:** Honourable senators, when Supplementary Estimates (A) were considered by the Standing Senate Committee on National Finance, we discussed the propriety of the way in which the government was requesting this money. Let me remind honourable senators what is taking place here. The government had tabled its Main Estimates, but no parliamentary action had been taken on those Main Estimates. At that point Supplementary Estimates (A) were

brought forward to provide $700 million for this program. This was to complete the total amount for the program; $300 million had been voted by Parliament earlier in the fiscal year.

The point was raised in committee that the government was proceeding in a technically preposterous way; it was asking for an appropriation act prior to the enactment of any part of the Main Estimates.

When the witness was asked why the government chose to proceed in that way, the committee was told that the government wished to have all the money available early in the forthcoming fiscal year. We asked the witness if the normal process would not have been for the government to have included the program in the Main Estimates, since it was a continuation of expenditures begun early in the year—indeed, in 1986—and then draw down from the total provided in the Main Estimates the eleven-twelfths, or indeed the $700 million minus $1. This is the standard technique that has been used over the years where the government needs more than three-twelfths of a vote in the first three months of the fiscal year.

● (1500)

We had no satisfactory answer to that inquiry. For some reason which has not yet been disclosed, the government decided to bring in a supplementary estimate quite independent of the Main Estimates, notwithstanding the fact that this assistance to farmers had been announced last fall and, indeed, had been in part financed by Parliament last fall.

When the committee reported, it drew the attention of this house to this strange aberration in the management of the government's financial business. That report is found in the *Debates of the Senate* at page 693. The report states that:

> The Committee understood the need to provide the money prior to the end of June, but some Senators felt that it was inappropriate to consider a supplementary estimate before the review of the Main Estimates. It is suggested that the proper procedure would have been to have included the $700 million request in the Main Estimates, with the entire amount, less $1, being provided through the interim appropriations bill.

That is the bill which we have just dealt with.

> In this way the principle of the request would continue to be before Parliament until the Main Estimates are reported and the appropriations bill proclaimed by the end of June.

That was the position taken by your committee.

In the other place this aberration caused even more concern. Although there is nothing on the record of the other place to show what happened directly, there is evidence there as to what did happen, as they say, "behind the curtains."

As I understand it, it was brought to the attention of the government that their procedure was quite wrong and, indeed, that it would be out of order to ask that the bill now before this chamber for second reading be passed. It got to the situation where it would have been in order to have moved the first reading of this bill on the last day in which the estimates are considered in the supply period, which terminates on or before March 26 under the rules of the House of Commons.

Consequently, because members of the opposition were just as eager that the assistance should be available to farmers in Canada as the government members were, a special order had to be made. That special order made on March 19, 1987, which was moved by Mr. Lewis, seconded by Mrs. McDougall, states as follows:

> That, notwithstanding any Standing or Special Order of this House, when the order for the consideration of the business of supply is called, on the final allotted day for the supply period ending March 26, 1987, the Supplementary Estimates "A", for the fiscal year ending March 31, 1988, shall be reported or be deemed to have been reported back to the House by the Standing Committee on Agriculture.

The order then goes on to say:

> That, on that day, immediately following the disposal of the opposition motion, the Supplementary Estimates "C", 1986-87, and the interim supply for the fiscal year ending March 31, 1988, and any Bills based thereon, every question necessary to dispose of the Supplementary Estimates "A", 1987-88 and any Bill or Bills based thereon, be put to the House, forthwith and successively, without further debate or amendment.

That order could not have been made without unanimous consent. It required the unanimous consent of the members of the House of Commons for the bill which is now before us to be read the first, second and third time in the House of Commons.

The bill is now before us not because the government managed the parliamentary aspect of its financial business well but by reason of the unanimous consent of the members of the House of Commons.

What the House of Commons did, honourable senators, is to confirm emphatically the comment made by your National Finance Committee.

Honourable senators know that we had a look at the substance of Supplementary Estimates (A). There are certain procedural questions—I will not call them logistic questions—which are still to be answered in a satisfactory way.

Earlier today on the bill which we just dealt with I asked Senator Doody for information. Understandably, he was not in a position to give that information—he will do it on third reading. In this instance, we have time to get that information directly from the authorities. I should hope that after the bill has had second reading, we could send the bill back to the Standing Senate Committee on National Finance—the bill has never been before the National Finance Committee—for brief consideration there. I do not anticipate that it would take any great length of time, because the questions are direct and the answers, I am sure, will be brief and precise.

My proposal is that we give the bill second reading at this time, with the understanding that it go to the Standing Senate Committee on National Finance. My anticipation is that it could become law early next week.

**Senator Doody:** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Honourable senators, I want to advise the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Doody:** Honourable senators, I regret that Senator Stewart feels it necessary to send the bill back to the committee. Obviously, it is a one-item bill which corresponds exactly with the estimates which have already been before the committee and have been examined and reported on. Although some senators felt that the procedure was not correct, I think the report reads:

> The Committee understood the need to provide the money prior to the end of June, but some Senators felt that it was inappropriate to consider a supplementary estimate before the review of the Main Estimates.

That question was asked of the officials at the time, and they agreed that the item could have been included in the 1987-88 Main Estimates. The problem was that the full $700 million will be required by the department before the end of the June supply period, when the full supply is received. While there is a provision for seeking greater than the normal three-twelfths of a vote in interim supply, past practice has not been to go higher than eleven-twelfths, because it would defeat the purpose of the interim supply. What they are saying, in effect, is that to have voted the entire amount prior to the granting of the Main Estimates would, in effect, have deprived the various parliamentary committees of an opportunity to examine the vote which was given to them under the system, that is, under the Supplementary Estimates (A).

• (1510)

Senator Stewart, as well as others, disagrees with this. I am told that the President of the Treasury Board received the advice of legal counsel, the Legislation and House Planning Unit at the Privy Council Office, and the Journals Branch of the House of Commons, who all advised that this was an appropriate way to proceed. Obviously, there is a difference of opinion, but that does not necessarily mean that the system is wrong.

I know that a House Order was issued with unanimous consent in the other place. It was issued to expedite the passage of the bill and to try to avoid the kind of situation that might have occurred if a procedural wrangle had developed.

I am certainly not going to try to refuse the right of the Standing Senate Committee on National Finance to re-examine the contents of this particular bill, but I do feel that it is unnecessary, because, as I said, it has already been examined in full.

Honourable senators, if it is your wish to send it to committee, by all means do so, but you all know how I feel about it.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Frith, bill referred to the Standing Senate Committee on National Finance.

## TERRITORIAL LANDS ACT

BILL TO AMEND—SECOND READING

**Hon. Efstathios William Barootes** moved the second reading of Bill C-43, to amend the Territorial Lands Act.

He said: Honourable senators, after the proceedings of the last few days in this chamber, I want to thank all senators for the gracious courtesy of allowing this bill to proceed to second reading today. It received first reading only earlier today.

I am rising today to urge senators to give their full support to Bill C-43, an act to amend the Territorial Lands Act.

As many of you are aware, Bill C-43 deletes references to timber from the Territorial Lands Act, thereby removing federal jurisdiction over timber in the Northwest Territories. Together with certain Orders in Council, the bill provides the territorial government with legislative jurisdiction and administrative control over its timber. This legislative amendment is a necessary step in completing the transfer of a major resource management program to the Government of the Northwest Territories.

Honourable senators will note that amendments embodied in Bill C-43 also apply to the Yukon, where the federal government will be able to enter into a similar transfer of forest and fire management responsibilities with the Government of the Yukon at a future date. This arrangement with the Yukon will be proclaimed once negotiations are completed with that government. This is provided for in clause 7 of this bill.

Speedy passage of this bill, honourable senators, will clear the way for implementation of the transfer agreement by the target date of April 1. This date has symbolic importance to the people of the Northwest Territories as it is also exactly the twentieth anniversary of another major step in the political evolution of the territories. It was 20 years ago, on April 1, 1967, that the then Commissioner, Stu Hodgson, flew into Yellowknife and began the formidable task of establishing a capital there. Designating a capital in the Northwest Territories represented a first and important step in northern political development.

Some of the members of this chamber will be familiar with how the government of the Northwest Territories has evolved, but for those of you who are not I would like to put this historic step of the political evolution of the Northwest Territories into perspective.

Before confederation, vast tracts of land in Canada's north were known as Rupert's Land and administered by the Hudson's Bay Company. These lands were surrendered to Britain in 1868 and, with additional areas, became known as the North-Western Territory. They were admitted into Canada in

1870. The lands comprised northern parts of Quebec, Ontario, and virtually all of Manitoba, Saskatchewan, Alberta, the Yukon, the continental Northwest Territories, and some of the Arctic islands as we know them today.

Soon after that, in 1875, the North-West Territory Act was enacted and established the legal framework for government which, with amendments, set out the Northwest Territories as we know them today.

The Yukon was created as a separate territory in 1898, and, as you know, Alberta and Saskatchewan became provinces in 1905. From the Honourable Eugene Forsey I learned today that the remainder of Manitoba became a province, as we know it today, in 1912. Further transfer of lands to the provinces occurred, and in 1912 the boundaries were established to their present limits.

Throughout the late nineteenth and early twentieth centuries the federal government's role in the north was merely regulatory. It was only after several challenges to Canada's sovereignty and a threatened oil-development stampede that the federal government set up a Northwest Territories Branch within the Department of the Interior in 1921.

After the Second World War, the pace of change in the north quickened due to improved access and improved communications. However, it was not until the 1960s that changes concerning the political development of the territories really started to occur.

In 1963 the federal government appointed an advisory commission under A.W.R. Carrothers. The Carrothers commission recommended that the territorial government be transferred to a permanent northern capital away from Ottawa and be given the responsibility for local administration. Another recommendation was for the Northwest Territorial Council to be allowed to evolve gradually into an elected legislature. This would provide for a growing local autonomy within a loosening framework of federal control of natural resources.

● (1520)

The Carrothers commission was the critical event which led to Commissioner Hodgson's trip from Ottawa to Yellowknife 20 years ago. It was also in 1967 that more and more government functions were located in Yellowknife, and a district territorial civil service was created.

In 1975 the territorial council became a wholly elected body and began choosing its own Speaker. Since then the territorial commissioners' responsibilities have diminished; municipalities and regional boards have been given increased authority; native people have formed groups to press their land claims, and proposals to divide the Northwest Territories began to appear. Transferring the control of resources and services to representatives of the people who depend on them is under way on various fronts.

As was stated earlier, Bill C-43 will allow implementation of federal-territorial agreements to transfer forest and fire management programs from the federal government to the governments of the Northwest Territories and the Yukon.



The transfer of control of forest fire and management programs to the Northwest Territories also involves the transfer of resources to support the territories' new responsibilities. This bill therefore allows the transfer of the federal operating budget of $24.1 million and the conveyance of assets, including land, infrastructure, housing, and other federal property, worth $24.5 million.

Although the forest industry in the north is small by southern standards, it represents an important and growing sector of the region's economy. In the Northwest Territories there are currently ten active sawmills with an average annual production of $4.7 million. The forests also serve as a habitat for wildlife, on which many northern residents depend for their livelihood. Fire protection for forests is accordingly important, and this program will be most effectively operated at the same level as forest management. The transfer made possible by Bill C-43 will bring these two functions—that is, wildlife and forest management—under one jurisdiction.

The transfer of powers meets the principles established as the basis for devolution: The Government of the Northwest Territories requested the changes; the transfer will be managed in a way that assures continuity, and the level of service to the public during the transitional period will be maintained. Finally, native land claims will not be affected by this transfer.

Honourable senators, I wish to emphasize that this transfer does not prejudice native land claims. Native people have been consulted throughout this process, and their participation and support has been sought. Both the Dene nation and the Métis Association of the Northwest Territories have publicly voiced their support for the transfer.

In addition, all federal staff affected by the transfer have been offered equivalent positions by the Northwest Territories. The transfer affects 47 full-time and as many as 145 seasonal employees for a total of 192. This represents 122 person years. Throughout the negotiations between the two levels of government, employees have been kept fully informed, and their rights and benefits have been properly protected. As a matter of fact, 97 per cent have accepted the transfer and will become employees of the Northwest Territories government. Those few who did not accept were placed on a priority list for positions elsewhere in the public service.

This transfer honours the commitment to political maturity in the north. The funds to support these programs will go directly to the territorial government from this year's budget of the Department of Indian Affairs and Northern Development. Thereafter the territorial government will fund the programs through the Canada-Northwest Territories formula financing agreement.

There is also provision in the agreement for funds to operate the two CL-215 water bombers in the Northwest Territories. These remain the property of Transport Canada, but the Government of the Northwest Territories replaces the Department of Indian Affairs and Northern Development as contract administrator.

With federal commitment and assistance to furthering northern political and economic maturity, northerners will continue to gain more control over their affairs and thereby shape their future within Confederation in their own unique fashion.

It is my wish that honourable senators give Bill C-43 their full and prompt support.

If I may be permitted, honourable senators, I would now like to inform the house that an apparent discrepancy between the English and French versions of the original subsection 19(g) of the Territorial Lands Act and subclause 5(2) of Bill C-43 has been reported to the Department of Justice by the Department of Indian Affairs and Northern Development. This apparent discrepancy arises in the French terminology, and there has been an undertaking to have it corrected through the next miscellaneous statute law amendment bill, which will be introduced this session.

I should like to thank Senator Corbin for drawing to the attention of the committee the apparent discrepancy and to assure him that the appropriate change will be incorporated in the next revision of the statute. A letter to that effect has been received by the chairman of the Agriculture and Forestry Committee, the Honourable Dan Hays, from the Honourable William McKnight, Minister of Indian Affairs and Northern Development.

**Hon. Willie Adams:** Honourable senators, it is not very often that I rise to speak to bills that are before the house. At this time I would like to say a few words about Bill C-43, which will affect the transfer of certain funds and of the management of trees from the feds to the Northwest Territorial government. I am not really familiar with the trees, since I live in the eastern Arctic and, because of the climate, we cannot grow them there. That is different country from the western part of the territory. Anyway, I think this bill is a good move.

We all know that the native leaders are meeting here in Ottawa today and tomorrow to speak about land claims. Many of the sawmills operating in the territory lease their trees from the government, and now the Government of the Northwest Territories will have a chance to administer this resource. According to the witnesses who appeared before the committee this week, the feds will still own part of the trees. That leaves only part of the administration that has been transferred to the territory, along with funds for the operation of the forestry in the north.

● (1530)

With land claims now being settled, much of the responsibility for our trees is being transferred to the administration. I believe that will be better for the people in the Territories. Senator Barootes mentioned that he was in favour of certain aspects of the administration being transferred to the Government of the Northwest Territories at Yellowknife, which will be able to draft its own legislation regarding forestry matters. According to the evidence of our witnesses, there will be a three- or four-year program, and Senator Barootes pointed out that there would be an amount of $24.5 million per year to fund forestry in the Territories.

We do not have much of a problem regarding forest fires in the Northwest Territories. I recall that a few years ago we had a dry season, and many people around the Inuvik area were concerned that fire would affect the area, because there was not sufficient equipment to fight fires. However, we now have sufficient equipment, and according to Senator Barootes we now have two water bombers. I do not know how many fires can be dealt with in one day, but it helps to have that equipment.

The majority of the members of the territorial council are native people. There are 122 persons who work in the forestry, but we could not find out how many of those people live in the Territories or are being transferred from the Fort Smith, Yellowknife and Inuvik regions to work for the Department of Forestry or the Department of Indian Affairs. Today the native people want more control over their resources. They want self-government and the responsibility of looking after their own facilities. The government now appears to be more in favour of transferring responsibility to the Northwest Territories Council, and the fact that there will be more control over forestry is a good step forward.

Since I have lived in Ottawa I have learned a little about trees. I bought property here in Ottawa, and the Ontario Forestry Department prepared some plans for me. I have been able to watch my trees grow over the past three years. There are about ten sawmills in the Northwest Territories, and some of the trees up there are of better quality than many of those in the south. From 1970 to 1975 I was on the territorial council, and we used to visit some of those sawmills. In those days financing was never successful, because the operation up north is different from that in the south and costs are higher. During the winter prices go up and operating costs are twice as high. Because of the weather, more power is used, people live in bunkhouses, and it costs a good deal to operate the sawmills.

I have heard that some of the trees between Yellowknife and Hay River are of very good quality. Some of them are used in factories to build furniture. Nahanni is a very nice, small community, and houses there have to be built of logs. The people who live there prefer to live in log houses. Southerners suggest that we have their type of houses. But the people up there say, "No, we want our houses built from our own trees." I think that is a good thing. The people up there have the facilities to do that. However, our houses are a lot more expensive because of transportation costs, and so on. The costs are high and houses are expensive to construct. As I say, it is a good thing to have our forests administered in the territory.

Around 1967 the government in Ottawa started to move into Yellowknife. Transair used to operate between Winnipeg and Churchill. At that time Stu Hodgson, with his staff, was moving from Ottawa to Yellowknife. Students from all over the Territories and northern Quebec used to have to go to high school in Churchill. At the time I was working for the military. We were told that the commissioner would be coming through and that there would be new headquarters in the Territories.

All the Inuit living in Churchill had to go to the airport to meet with Stu Hodgson and officials from the Department of Indian Affairs and the then minister, the Honourable Arthur Laing. That was about 1967, and the move was to Yellowknife.

● (1540)

In 1970 I moved from Churchill to Rankin Inlet. Later that year I ran for the territorial council and served on the territorial council from 1970 to 1974. Part of the council was appointed by the Minister of Indian Affairs in Ottawa. There were seven appointees. We learned a lot from these people, because they served in high positions either in the Government of Canada or in private companies. Today the council consists of 24 elected members. There are the ministers and one commissioner. In my time the commissioner held all the power. Today the commissioner is John Parker, who is a good friend of mine. In my time on council he was deputy commissioner to Stu Hodgson. I do not think there is any difference today between the duties of the commissioner and the duties of the lieutenant governor in, for example, Ontario. Today ministers and members of the council make their own decisions. I hope that we will be successful in transferring the treaty to the Government of the Northwest Territories. We will see what happens at the First Ministers' Conference today and tomorrow, but I hope that there will be more control for the local people and the Government of the Northwest Territories.

Motion agreed to and bill read second time.

THIRD READING

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

**Hon. Efstathios William Barootes,** with leave of the Senate and notwithstanding rule 45(1)(*b*), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

## NORTHERN CANADA POWER COMMISSION YUKON ASSETS DISPOSAL AUTHORIZATION BILL

SECOND READING

**Hon. R. James Balfour** moved the second reading of Bill C-45, to authorize the disposal of certain assets in the Yukon Territory that are held or used by the Northern Canada Power Commission and to provide for other matters in connection therewith.

He said: Honourable senators, Bill C-45 provides for the transfer of ownership and responsibility for the Yukon assets of the Northern Canada Power Commission from the federal government to the Yukon government. The bill reflects the desire of Yukoners to gain more control over their political and economic destiny, and it has received the support of all parties in the House of Commons.

Bill C-45 is an important and historic step in the political evolution of the Yukon. That evolution began in 1898 when a parliamentary decree established Yukon as a separate territory governed by a commissioner and six appointed members. Many changes have taken place since that time. In 1979 the commissioner and appointed members were replaced by a wholly elected executive council. The party system as we know it emerged, and elected representatives were assigned portfolios by the leader of the majority party. Today the Yukon Assembly consists of 16 elected members.

But the political evolution of Yukon is ongoing. Northerners are eager to accept responsibility for institutions, programs and services now provided and administered by the federal government. They are ready and they are able to assume control of their daily lives. The federal government has welcomed this development, and this is reflected in its commitment to devolution of responsibility to the north. That commitment is based on some key principles. Government services should be administered at a local level as close as possible to the people served. Canadians should not be subjected to overlap, duplication and extra costs in the delivery of government programs, and northerners have the same rights as other Canadians to run their own affairs.

Concrete measures have already been taken to facilitate the devolution process. For example, the former financing arrangements established between Ottawa and both territorial governments are enabling the Territories to plan and govern more effectively based on a predictable cashflow. Devolution of ownership and responsibility for the Yukon assets of the Northern Canada Power Commission is an important step in the devolution process.

I would like to provide honourable senators with some background on the Northern Canada Power Commission and the important consultations leading up to Bill C-45. The NCPC was established in 1948 as the Northwest Territories Power Commission, a crown corporation set up to provide electrical power to mining operations in the Northwest Territories. In 1950 the corporation's services were extended to include the Yukon, and in 1956 its name was changed to reflect this broadened mandate. Today the NCPC has evolved into the principal agency generating and transmitting electrical power north of 60. As such, it is central to economic development prospects in the north. Clearly, control of this utility must be placed in the hands of northerners.

● (1550)

That was a conclusion of the subcommittee on NCPC of the Standing Committee on Indian Affairs and Northern Development which was chaired by Mr. Keith Penner, M.P. When it examined the role of NCPC in 1982, it recommended that separate crown corporations be established in each territory to assume the commission's assets.

On coming to power the current federal government immediately entered into discussions on this issue with both territories. In November 1985 a memorandum of understanding was signed by the federal and territorial governments establishing the following principles for the NCPC transfer negotiations. First, that the quality and integrity of electrical service in the Territories be maintained; second, that the legal

and financial integrity and mandate of NCPC be maintained during the transition period; third, that the interests of northern power consumers be protected, and, finally, that NCPC employees affected by the transfer be given fair and equitable treatment.

Those negotiations resulted in an historic agreement in principle signed by the federal and Yukon governments in December last year. Bill C-45 is the enabling legislation to implement that agreement.

I am sure that honourable senators will join me in commending the two levels of government for negotiating an agreement that is fair to Yukoners and to all Canadians. As a result of this agreement, Yukoners will soon be managing their own utility according to what they believe is best for them.

I would now like to outline for honourable senators the basic elements of the agreement which, quite appropriately, was announced in Whitehorse by Yukon government leader, Tony Penikett, and the Federal Minister of Indian Affairs and Northern Development, Bill McKnight. The two governments have determined the value of NCPC's Yukon assets at $95 million as of March 31, 1987. The Yukon's equity in the utility will be $39 million. Half of this amount will be in a cash payment to be made by the Yukon while the remaining $19.5 million will be provided by the federal government through conversion of NCPC's current debt to equity and the transfer of this equity to the Yukon. The remaining $56 million utility debt will be held by the federal government in two separate bonds.

The first—a $16 million bond—will be based on commercial terms, requiring a minimum annual principal payment of $400,000. The Yukon will be entitled to repay the bond at any time in whole or in part, without notice or bonus. Interest on the bond will be 9 per cent for ten years, after which the outstanding principal will be refinanced by the Yukon utility.

The second bond—for $40 million—will be held on much more flexible terms. Payment of principal and interest on this bond will depend on the economic conditions prevailing in the Yukon. Interest will be charged at 7 per cent for 40 years. These flexible payment terms—which were also recommended by the standing committee in 1982—will provide the Yukon power consumers with long-term protection from rate increases brought on by major economic downturns.

Ownership and control of the transferred assets will be placed with the Yukon Power Corporation, a crown corporation of the Yukon government. It is important to note that the Yukon Power Corporation will offer jobs to all current NCPC employees located in the territory, with comparable salaries and benefits.

Under the terms of the agreement, the Yukon Power Corporation will acquire all NCPC assets located in the territory. These include four hydro stations, five diesel generating stations, related transmission and distribution facilities, houses, and other related utility assets.

An important element of this agreement is that the Yukon Power Corporation will freeze consumer rates at current levels for a minimum of two years from the date of transfer. Along with the flexible bond payment terms, this will enable the utility to provide consumers with some much needed stability during the transition period.

The agreement also ensures local control over rates, subsidies, equalization programs and services. The new utility will be regulated by the Yukon Utility Board. It will be directly accountable to the people of the Yukon and will make important decisions on capital projects using the territory's electrical system to stimulate economic development and diversification. In this regard, plans are already under way in the territory to proceed with engineering and feasibility studies of two major projects: The upgrading or replacement of the Mayo Dam and construction of the North Fork hydro plant in Dawson. As the utility's manager, the Yukon Electrical Company will be responsible for providing a high standard of service to all customers at reasonable rates.

I spoke earlier of a new optimism in the north. Today Yukoners have good reason to be optimistic about their economic future. Activity in the mineral industry—historically the backbone of the northern economy—is on the rise. In the past year the Yukon has experienced a 6 per cent increase in full-time employment, an 8 per cent increase in tourism, and a 10 per cent increase in retail trade. In conjunction with this economic health, devolution is clearly progressing at a reasonable and practical pace.

Discussions are proceeding on the transfer to the Yukon of responsibility for health services and inland fisheries. Negotiations are expected to begin soon in areas such as mine safety and the Attorney General function. These discussions reflect the federal government's commitment to the devolution of program responsibility to a local level and ensure the continued political maturation of the northern territories.

Honourable senators, we can do our part in this political coming of age by providing quick and unanimous passage of Bill C-45.

**Hon. Paul Lucier:** Honourable senators, it is a good day for not only the Yukon but the Northwest Territories. I think Senator Adams and I both appreciate the fact that Senator Barootes and Senator Balfour have given us not only an introduction to the legislation but a good history of both the Yukon and the Northwest Territories, which is kind of nice to hear when you represent those areas. It is good to know that other people are aware that you are alive and well sometimes. I thank both Senator Barootes and Senator Balfour for that.

I would also like to make a few personal remarks on this bill. Again, I do not need to go into the details on it. It has already been very well covered by Senator Balfour. However, I would like to make a few remarks. First of all, I think that Mr. McKnight, the minister representing the federal government, and Mr. Penikett, the representative of the Government of the Yukon Territory, should both be congratulated on arriving at a deal that seems to be good for the people of both the Yukon and the people of Canada. I believe it was Mr. Penikett who stated that the transfer price agreements are fair to both

Canadian taxpayers and Yukon consumers, and that employee interests have been protected in a fair and equitable manner. Honourable senators, those are important statements when you are dealing with something like this. The fallout from this type of arrangement can sometimes be pretty devastating for the people in the north, and it is nice to know that these concerns were met.

There are a couple of statements I would like to read. The first is by the Minister of Indian Affairs and Northern Development, Mr. Bill McKnight. He said:

> This historic agreement marks an important turning point for Yukoners to chart their own economic future, set their own priorities and acquire complete jurisdiction and control over electrical energy.

Honourable senators, Yukoners have always been very vocal when discussing provincial government types of operations where they make their own decisions. I have always been one of the people who spoke against provincial status for the Yukon.

I know that I have been in the wilderness on that many times. Our member in the other place has always thought that the Yukon should have provincial status. I have never doubted that the Yukon will have provincial status some day, but I do not think that should take place now. I do not think the people of the Yukon want that now. The type of action that is being taken by the federal government and by the Government of the Yukon Territory is the action the people of the Yukon want to see.

● (1600)

To suggest that we were prepared at some earlier stage, or to suggest that we are prepared at this stage, to take on the full responsibility of running the territory is just not realistic when one thinks of the fact that there are 25,000 people living there, 15,000 living in the city of Whitehorse alone, and the fact that the land size is the same as that in the four Atlantic provinces combined.

**Senator Doody:** Including Labrador?

**Senator Lucier:** I did not include Labrador.

**Senator Doody:** That is the Canadian view!

**Senator Lucier:** Yukoners are now running a large part of their own operations and they are doing that very well. We have some very competent people in the Yukon. Those people will continue to do a good job of running facilities when we do take them over.

Mr. Penikett said that Yukoners will use the acquired authority responsibly and responsively, that they will maintain a viable and financially accountable utility operation while responding to Yukoners' wishes for stable and predictable power rates, and using hydro resources as an economic development tool.

The Yukon has great hydro potential. We think the Yukon has a lot of development potential because of its mines and its natural resources. So this is not a small transfer; this is a meaningful transfer as far as we are concerned.

[Senator Lucier.]

I should also like to say something that is not said often enough, that is that we from the north have two good friends sitting in the other place. I know there are many friends of the Yukon sitting in the other place, but there are two especially good friends, and I am speaking of Mr. Keith Penner, the member for Cochrane-Superior, and Dave Nickerson, the member for Western Arctic. Mr. Penner was the chairman of the subcommittee of the legislative committee of the other place which studied the NCPC and came up with the report on which this bill is based.

Both of those gentlemen are good supporters of the north and are gentlemen who work hard for their constituents. I do not think that is recognized often enough. In the north we associate the work of the House of Commons with Question Period, but that is not the way it is. In many cases there are many people, such as the two gentlemen I have just referred to, who work hard on behalf of Yukoners and the people of the Northwest Territories. I think that should be recognized from time to time.

**Hon. Senators:** Hear, hear!

**Senator Lucier:** Honourable senators, I should also like to mention people such as Mr. Jack Beaver and Mr. James Smith, a former Commissioner of the Yukon Territory. He worked hard for the Northern Canada Power Commission and put it into good shape. It is not a bad operation now, considering it is a very capital intensive facility and serves very few people. Anyone who might suggest it will make a great deal of money quickly is not being realistic. A great deal of good management has gone into the Northern Canada Power Commission. That commission has received its knocks in the past, but many employees have done a good job on behalf of Northern Canada Power Commission.

In conclusion, honourable senators, I should like to say that we appear to have a very unusual deal on our hands. I say that because it seems to please both the federal and the Yukon governments as well as the people of the Yukon.

Senator Neiman as chairman of the committee talked to the Mayor of Whitehorse, Mr. Penikett, members of his cabinet, and other people from the Yukon. There is general agreement that this is a good deal, and it is very unusual to have everyone agreeing that it is a good deal.

I hope there is enough built-in flexibility to accomplish what this bill sets out to do. As long as this is treated with some careful thought in the future, this will work, but we must remember that we are dealing with a small population base, very few customers, and a very capital intensive operation.

If things do not go right, I think Mr. Penikett and members of his cabinet will have to answer to the Yukoners, as they should. That is what this is all about.

I congratulate Mr. Penikett and his government and the federal government of the day for putting this together. I will support this bill. As far as I am concerned, I am prepared to give it third reading now so that it gets on its way.

I thank Senator Balfour for bringing this forward.

Motion agreed to and bill read second time.

THIRD READING

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

**Hon. R James Balfour,** with leave of the Senate and notwithstanding rule 45(2)(*b*), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

• (1610)

## APPROPRIATION BILL NO. 1, 1987-88

THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved the third reading of Bill C-48, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1988.

He said: Honourable senators, in moving third reading of this bill I had undertaken to get an answer to a question that was raised by Senator Stewart regarding the implications of a statement by the Minister of Energy regarding the implementation of the program as quoted in a newspaper article.

I am informed that no money will be given out until legislation is passed or supplementary estimates are given Royal Assent. I am told that this is verified by the Department of Energy, the Department of Finance and the Treasury Board. The program indeed starts on April 1, but no money will be disbursed until the necessary authority has been given by Parliament.

Motion agreed to and bill read third time and passed.

## ENERGY AND NATURAL RESOURCES

MOTION TO AUTHORIZE COMMITTEE TO STUDY PRODUCTION AND USE OF COAL IN CANADA—DEBATE ADJOURNED

**Hon. Earl A. Hastings,** pursuant to notice of Wednesday, March 25, 1987, moved:

> That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the production and use of coal in Canada, or any matter related thereto; and
>
> That the Committee present its report no later than 31st March, 1988.

He said: Honourable senators, may I address briefly the two motions, Nos. 5 and 6, standing in my name and presented to the Senate on behalf of the Standing Senate Committee on Energy and Natural Resources.

The two motions refer to two vital aspects of Canada's energy affairs: the state of our domestic coal industry and the outcome of natural gas deregulation.

The Canadian coal industry has shown remarkable growth since the mid-1970s as disruptions in world oil trade and huge price increases for petroleum turned attention to Canada's abundant coal resources. The industry responded to this opportunity, developing both its domestic and foreign markets as it rapidly expanded productive capacity.

In 1985 Canada produced a record 60.7 million tonnes of coal—55 per cent for domestic use and 45 per cent destined for the export market. Coal now accounts for 17 per cent of Canada's primary use of energy, and that share has been steadily increasing. Coal exports earn approximately $2 billion annually.

Today, however, the situation has changed dramatically. An oversupply of both metallurgical and thermal coal in world markets is driving down coal prices. The domestic coal industry is struggling with about ten million tonnes of excess capacity, and foreign purchasers are pressuring Canadian producers to lower prices further and reduce shipments.

In British Columbia's coal industry, for example, the return on equity fell from 16.2 per cent in 1982 to 1.1 per cent in 1985, and earnings as a percentage of revenues dropped from 12.1 per cent to 0.7 per cent over the same period.

Canada's coal industry is at a watershed, and the Standing Senate Committee on Energy and Natural Resources proposes to undertake a comprehensive study of its present condition and future prospects.

The second energy matter that requires the close attention of Parliament is the outcome of natural gas deregulation. Natural gas has increased its importance in Canada's energy system since the upheavals of 1973-74. The second price shock of 1979-80 and consequent federal policy to promote the substitution of gas and other fuels for oil accelerated this change.

Today natural gas accounts for approximately 30 per cent of Canada's consumption of primary energy. It is steadily overtaking oil as Canada's primary energy commodity.

Natural gas is also one of Canada's most important export commodities. In a typical year one-third of our production is sold to American customers. In 1985 the value of those exports was about $4 billion.

It had been hoped that deregulation would resolve many of the problems facing the gas industry, but deregulation has proven to be a complicated, complex journey.

A difficult transition has been made worse by depressed petroleum prices and recent regulatory initiatives of the United States Federal Energy Regulatory Commission, and there are now indications that some provincial governments may move to regulate in the wake of federal deregulation.

Many detailed issues await resolution in the direct purchase of natural gas, in third-party gas carriage, in bypass regulations, in moving larger volumes of gas under short-term contracts, and in service charges. Your Standing Senate Committee on Energy and Natural Resources considers it most important that these situations be closely monitored as these issues are resolved. The committee proposes to follow this evolution in the Canadian gas industry and report on the state

of gas marketing in the aftermath of deregulation with its resultant impact on producers, consumers and other interested parties.

Honourable senators, I commend the motion to you and ask you to approve these two timely and vital topics for study by the Standing Senate Committee on Energy and Natural Resources.

On motion of Senator Frith, debate adjourned.

MOTION TO AUTHORIZE COMMITTEE TO STUDY PRODUCTION AND USE OF NATURAL GAS IN CANADA—DEBATE ADJOURNED

**Hon. Earl A. Hastings,** pursuant to notice of Wednesday, March 25, 1987, moved:

> That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the production and use of natural gas in Canada with particular reference to natural gas deregulation, or any matter relating thereto; and
>
> That the Committee present its report no later than 31 March, 1988.

He said: Honourable senators, I think I covered any remarks that I might have wished to make with respect to this motion when I spoke to motion No. 5. I also commend motion No. 6 to honourable senators and on behalf of the Standing Senate Committee on Energy and Natural Resources seek your approval for this study.

On motion of Senator Frith, debate adjourned.

## ADJOURNMENT

Leave having been given to revert to Notices of Motions:

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, March 31, 1987, at 2 o'clock in the afternoon.

Motion agreed to.

The Senate adjourned during pleasure

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• (1630)

At 4.45 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

## ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

> An Act to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and the Oil and Gas Production and Conservation Act in consequence thereof (*Bill C-39, Chapter 7, 1987*)
>
> An Act to amend the Territorial Lands Act (*Bill C-43, Chapter 8, 1987*)
>
> An Act to authorize the disposal of certain assets in the Yukon Territory that are held or used by the Northern Canada Power Commission and to provide for other matters in connection therewith (*Bill C-45, Chapter 9, 1987*)

The Honourable Marcel Danis, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

> May it please Your Honour:
>
> The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service:
>
> In the name of the Commons, I present to Your Honour the following bill:
>
> An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1988 (*Bill C-48, Chapter 10, 1987*)
>
> To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

---

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, March 31, 1987, at 2 p.m.

## APPENDIX

(*See p. 760*)

## STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

FOURTH REPORT

---

THURSDAY, March 26, 1987

The Standing Senate Committee on Foreign Affairs has the honour to present its

FOURTH REPORT

Your Committee, which was authorized by the Senate on November 4, 1986, to examine Canada's participation in the international financial system, and institutions and in particular the International Monetary Fund, the World Bank Group and the regional development banks, including the debt repayment problems of developing countries, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

**HEATH MACQUARRIE**
*Deputy Chairman*

**APPENDIX (A)**

THE STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

APPLICATION FOR SUPPLEMENTARY BUDGET AUTHORIZATION FOR THE FISCAL YEAR ENDING 31 MARCH 1987

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Tuesday, November 4, 1986:

"That the Standing Senate Committee on Foreign Affairs be empowered to examine and report on Canada's participation in the international financial system and institutions and in particular the International Monetary Fund, the World Bank Group and the regional development banks, including the debt repayment problems of developing countries;

That the papers and evidence received and taken on the subject before the Committee during the First Session of the Thirty-Third Parliament be referred to the Committee; and

That the Committee report no later than March 31, 1987."

**SUMMARY**

| | |
|---|---|
| **Professional and Other Services** | **$14,153.00** |

The foregoing budget was approved by the Committee on March 17, 1987.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

George C. van Roggen
Chairman, Standing Senate Committee on Foreign Affairs

Date: Tuesday, March 17, 1987

Approved by:

Guy Charbonneau
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: Thursday, March 26, 1987

**For Information Purposes only**

| | |
|---|---|
| Budget authorized for the period 1st October 1985 to 31 March 1986 | $46,128.00 |
| Budget requested for the period 1st April 1986 to 31 March 1987 | $194,060.00 |

**EXPLANATION OF COST ELEMENTS**

**Professional and Other Services**

(Parliamentary Centre)

| | | | |
|---|---|---|---|
| 1. | a) | 1 Advisor<br>60 hrs. at $102.55 per hr. | $ 6,153.00 |
| | | 1 Advisor<br>160 hrs. at $50.00 per hr. | $ 8,000.00 |
| | | TOTAL | $14,153.00 |

## APPENDIX (B)

THURSDAY, March 26, 1987

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Foreign Affairs for the proposed expenditures of the said Committee with respect to its examination of Canada's participation in the international financial system, as authorized by the Senate on November 4, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 14,153.00 |

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

# THE SENATE

**Tuesday, March 31, 1987**

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

Prayers.

## OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

**The Hon. the Speaker** *pro tempore:* Honourable senators, I have the honour to table the Report of the Commissioner of Official Languages for the period ended March 31, 1986, as required by the Privacy Act.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, is that report automatically referred to the Joint Committee on Official Languages or must we have a motion to do that?

**Hon. C. William Doody (Deputy Leader of the Government):** I have a motion here covering that matter.

**Senator Frith:** Very well, thank you.

## CRIMINAL CODE

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-28, to amend the Criminal Code (torture).

Bill read first time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, bill place on the Orders of the Day for second reading on Thursday next.

## TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE BILL

FIRST READING

**The Hon. the Speaker** *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-38, respecting the reorganization and divestiture of Teleglobe Canada.

Bill read first time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, with leave, later this day.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, we find it impossible to deal with second reading of this bill today. We would need notice until Thursday.

**Senator Doody:** Honourable senators, if leave is not forthcoming, obviously we will have to wait until Thursday to deal with this bill. It was our hope that we would have leave today, since this is the last day of the current fiscal year. It was part of the financial plan of the government to try to have this divestiture completed by the end of this fiscal year so that the proceeds can be included in this year's accounts.

However, since that is not to be, of course, we will have to wait until Thursday, which will be the next fiscal year.

As I pointed out last Thursday, the government felt it important that the bill should be passed as quickly as possible, although the deal itself will not be negatively affected if the bill is not passed. I understand that somewhere around the middle of June is the cut-off date for the deal. However, the government feels it important to have access to the proceeds of the deal today for this particular fiscal year.

**Senator MacEachen:** Honourable senators, the bill has arrived from the House of Commons today, and in order to deal with it on March 31 it would mean we would have to give it first, second and third reading and Royal Assent in a matter of a few hours. I believe that that should be done only in the most urgent circumstances, particularly when we take into account the important principle involved, that is, the fact that we have not yet had a report from the Standing Senate Committee on Banking, Trade and Commerce, although I understand we will have it today.

It seems to me that in a matter of this kind it is reasonable to have the normal amount of time to examine the bill before proceeding to second reading. That principle is important. The proceeds will be available to the government perhaps a few days later, but they will be available.

**Senator Doody:** On that point raised by Senator MacEachen, I would like to point out that the subject matter of the bill has been studied in committee and I understand that the report is available and will be tabled today. Copies have been prepared and are ready for honourable senators should they wish to study them in anticipation of second and third reading. However, if it is not the will of the Senate to proceed to second reading today, then that is all we can do.

I would point out as well that Royal Assent has been arranged in the expectation of third reading of Bill C-49, dealing with the Supplementary Estimates (A), on this final day of the fiscal year, and it would be convenient, of course, to

deal with Bill C-38 at the same time. However, as I have said, we are in the hands of the majority.

**Senator Argue:** We are not a rubber stamp.

**Senator Doody:** Is that the royal "we"?

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Macdonald, that this bill be placed on the Orders of the Day for second reading on Thursday next. Is it your pleasure to adopt the motion, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to and bill placed on the Orders of the Day for second reading on Thursday next.

## FOOD AND DRUGS ACT

BILL TO AMEND—FIRST READING

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations)** presented Bill S-6, to amend the Food and Drugs Act.

Bill read first time.

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Thursday next.

## PRESCRIPTION DRUG PRICES

EFFECT OF PROPOSED PATENT ACT AMENDMENT—PRESENTATION OF PETITION

**Hon. M. Lorne Bonnell:** Honourable senators, I have the honour to present the following petition:

TO THE HONOURABLE THE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy,

HUMBLY SHEWETH

WHEREAS, the proposed changes in Bill C-22 will affect directly all Canadians who are not protected by private or governmental medicare programs, and

WHEREAS the federal government's proposals will raise the cost, already high, of the provincial health-care programs and

WHEREAS the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase of drug cost and prices and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and

WHEREAS the proposed changes are another example of the Canadian government's concession to the Free Trade negotiations with the United States, at the expense of everyday Canadians.

[Senator Doody.]

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

And as in duty bound your petitioners will ever pray.

Date: March 31, 1987

(Signed):

Betty Fraser, R.N., Montague
Sandra MacLean, R.N., Iris
Thelma MacLeod, R.N., Orwell
Diane Fraser, R.N., Summerville
Eva M. White, L.N.A., Murray River
Jean Camus, L.N.A., Montague
Minnie MacKay, Montague
Leah Matheson, Summerville
Clarence MacLennan, Strathcona
Peggy MacLennan, R.N., Strathcona
Pearle Ross, Dundas.

## FISHERIES

FOURTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. Jack Marshall,** Chairman of the Standing Senate Committee on Fisheries, presented the following report:

Tuesday, March 31, 1987

The Standing Senate Committee on Fisheries has the honour to present its

FOURTH REPORT

Your Committee, which was authorized by the Senate on October 28, 1986, to examine all aspects of the marketing of fish in Canada, and all implications thereof, respectfully requests that the date of presenting its final report be extended from 15 September 1987 to no later than 31 March 1988.

Respectfully submitted,

JACK MARSHALL
*Chairman*

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

**Senator Marshall:** Honourable senators, the committee requests that the date of presenting the final report be extended from September 15, 1987 to March 31, 1988.

The committee hopes to publish an interim report on the west coast phase of our study of the marketing of fish by June 30 next. Preparations are now under way to undertake the third and final phase of the study, the east coast, and this extension is required to enable us to submit a budget for the

whole fiscal year 1987-88, with the final report published by March 31, 1988.

So, honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be adopted now.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

[*Translation*]

## APPROPRIATION BILL NO. 2, 1987-88

### REPORT OF COMMITTEE

**Hon. Fernand-E. Leblanc,** Chairman of the Standing Committee on National Finance, presented the following report:

Tuesday, March 31, 1987

The Standing Senate Committee on National Finance has the honour to present its

### NINTH REPORT

Your Committee, to which was referred Bill C-49, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March 1988, has, in obedience to the Order of Reference of Thursday, March 26, 1987, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

FERNAND-E. LEBLANC
*Chairman*

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

• (1410)

[*English*]

**Hon. C. William Doody (Deputy Leader of the Government):** With leave, later this day.

**Hon. John B. Stewart:** Honourable senators, may I ask Senator Doody if the bill is needed later this day? Is it necessary that this bill be passed before the end of the fiscal year? Earlier today the Deputy Leader of the Government made reference to the anticipation that Royal Assent would be given today to two bills. Apparently, one of those bills is not going forward. Is there any reason why we should give third reading to this bill today?

**Senator Doody:** My understanding, honourable senators, is that this bill is needed today in order to make payments to the farmers under the grain assistance program. In committee this morning I put this question to the witness:

> Assuming that we do not get this bill today, what will happen to the program?

The gentleman from the Treasury Board, Mr. Darling, answered:

> The short answer is that we would not be in a position to make payments to the farmers entitled to receive funds under this program until such time as the supply bill is passed. So we would be holding up payments to individual farmers.

I can only say, once again, that we are at the disposal of the chamber. If honourable senators wish to give us leave, the bill will receive Royal Assent this afternoon. If honourable senators do not wish to give us leave, the bill will not receive Royal Assent today. We will simply pass the bill when the rules permit us to do so.

**Senator Frith:** Which is tomorrow.

**Senator Doody:** Yes, which is tomorrow.

**Senator Stewart:** In response to that, may I say that it is obvious that if there is no money that can legally be paid tomorrow, cheques cannot be written. The crucial question is: Is there a need to write cheques tomorrow?

**Senator Balfour:** Ask the farmers!

**Senator Stewart:** I have here the testimony of the Deputy Minister of Agriculture when he appeared before the committee. He was asked whether the government needs this money by April 1. The record of the committee shows that he responded as follows:

> We have started calculating the returns, the application forms and the confirmation forms which will continue into early April, and we expect to begin issuing cheques in May. The bulk of them likely will be issued by the end of May.

That evidence indicates that the government does not anticipate writing cheques tomorrow.

Honourable senators, I really have no great objection to giving the bill third reading today. What I do object to is the tactics that are being employed to wring from senators agreement to waive the rules. That is my point. The Deputy Leader of the Government knows very well what I am talking about, because he was surprised to hear the evidence in the committee. I think he will agree with me that I have given a fairly accurate summary of the evidence that was heard in committee. As I have said, I am prepared to let the bill go forward if other honourable senators agree; but let us not base that agreement on the notion that there is an urgent need for the bill to be passed and to receive Royal Assent this day.

**Senator Doody:** On that very question, senator, I raised it in committee this morning. I said:

> When do we need Supplementary Estimates (A)?

That is pretty straightforward. I said:

> I have been under the impression that they are necessary for the end of this fiscal year; the new fiscal year begins

> April 1, spending authority is required before that date, and so on. Is that not so?

The answer from Mr. Crandall of the Treasury Board was:

> Mr. Darling said that the funds were not needed until fiscal 1987-88, and that is right. But that fiscal year begins tomorrow. Those funds, as we have pointed out, are not in the Main Estimates. Therefore, beginning as early as tomorrow, there could be charges against this appropriation. The purpose of these estimates is to supplement a vote of the Department of Agriculture, vote 35. This is vote 35a . . .

This is vote 35a, which is a very small portion of that vote. They have about $7 million in vote 35, and they can use it in the absence of this vote; and that is a decision which honourable senators can make here and now. They can start working on their cheques up to $7 million, and then they will stop the payments.

I am not trying to wring assent out of anyone. I am not the recipient of farm aid in any way, shape or form. I do not get any grain payments at all from the Government of Canada and, considering the terrain in which I live, I do not anticipate getting any for quite some time. But, nevertheless, there are those in this country who are very dependent on this vote and want to get it as quickly as they can. I simply ask the Senate to give us leave to get these cheques going, or to refuse us leave and let them suffer the consequences.

**Some Hon. Senators:** Hear, hear!

**Senator Stewart:** Honourable senators, I do not want to belabour the point.

**Senator Doody:** I don't care if they never get the cheques. This is your decision, not mine.

**Senator Argue:** We care.

**Senator Stewart:** I believe Senator Doody has not been following this agricultural program.

**Senator Doody:** I have been following this interminably.

**Senator Stewart:** The truth of the matter is that the Department of Agriculture has put out, as they say, certain confirmation forms, and they will be processing those. If the Deputy Leader of the Government were to ask the Department of Agriculture if it intended to write any cheques to farmers tomorrow, the answer would be negative, but that there would be certain continuing expenditures because they have personnel engaged and accommodations rented. Those bills can be paid out of the money which is now available. But the real pay-out, as Mr. Noreau said, will begin in May, with the bulk of the cheques being issued by the end of May.

So let there be no uncertainty. No farmer will suffer at all if the bill does not pass today. Nevertheless, as I have said twice before, I see no reason why, if we have time this afternoon, the bill should not be read the third time; then the government can arrange for Royal Assent at the first convenient time.

**Hon. Hazen Argue:** Honourable senators, I would like to ask a question of the Deputy Leader of the Government. It seems to me that the question really is: Why has the government delayed so long in providing those cheques? The promise was made in November, and we are now at the end of March. My specific question is: Why has the government failed—and apparently it has failed—to take the required action to make certain that those cheques are in the hands of the farmers before seeding? Why so much delay? Why the announcement of failure to make the cheques available before seeding and the announcement that the cheques will go out in May, or even toward the end of May? If this legislation is passed today, and Royal Assent is given today, why cannot the cheques be made in April prior to seeding?



**Senator Doody:** Honourable senators, that is a question that could have been raised at any of the various committee meetings that were held dealing with the subject matter. Notices of the meetings were sent around and all honourable senators who were members of the committee were welcome to attend and ask all the questions they wanted to ask. I am simply asking here and now for permission to pass this bill this afternoon and to give it Royal Assent later this day. That is about as far as I am willing to go. If honourable senators have other questions that they would like to raise, I will undertake to try to get answers. I do not pretend to have the technical expertise in this field, but I certainly have an interest in getting this legislation through.

● (1420)

I say it again for the third time, it is entirely up to the Senate whether or not it wants to give us leave to pass this bill today. Senator Stewart has stood up three times and said that he has no objection to passing this bill today, and three times he has made a speech telling us all the reasons why we should not do it. I do not know whether he can have it both ways, but I fully anticipate a fourth speech any moment.

**Senator Argue:** This is your fourth!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, with respect, that is not what took place. The point that Senator Stewart made is about why we should give leave. If the rules are to be abridged, with leave, on a particular matter, I think it is a useful procedure to ask why.

**Senator Doody:** I did that.

**Senator Frith:** Yes. The reason given was that it would allow the government to start writing cheques tomorrow if the bill were passed today.

**Senator Doody:** Yes.

**Senator Frith:** Then we hear that the Deputy Minister of Agriculture said that they would not start to write cheques until May, even if they got the bill. So the point we are making is that the explanation does not seem to accord with what was said by the Deputy Minister of Agriculture. If the deputy leader is saying to us, "I want it because I don't see any reason why we shouldn't do it today, and it's a convenient day for Royal Assent," then, frankly, I would be inclined to give leave.

**Senator Doody:** That is not what I said.

**Senator Frith:** I want to make it clear that if there is a problem with giving leave, it is simply that the reason the government gave the deputy leader for needing the appropriation today is not supported by the evidence before the committee. Apart from that, there is no reason why we cannot pass the bill today, as long as it is understood that that is not the reason, because it is not a valid reason.

**Senator Doody:** Honourable senators, quite frankly, I have difficulty with what the honourable senator has said. I have read from the record of this morning's meeting the answer to a question that I asked exactly on that point. The Treasury Board officials, Mr. Darling and his associate, Mr. Crandall, said that they need the funds now. They said, "beginning as early as tomorrow, there could be charges against this appropriation."

**Senator Argue:** Does that mean cheques to the farmers?

**Senator Doody:** Yes, exactly. They said: "The purpose of these estimates is to supplement . . . vote 35," that they have $7 million in the vote now, and that they need additional funds to start the payments. I am not saying that the Deputy Minister of Agriculture is in error. I am simply saying that I asked a question, and that this is the answer I got. I pass it on to honourable senators, and honourable senators can make the decision themselves. I cannot do it.

**Senator Frith:** Honourable senators, I believe, on the undertaking that they will start writing cheques to the farmers tomorrow, that we should give leave.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is leave granted to have third reading later this day?

**Hon. Senators:** Agreed.

Motion agreed to and bill placed on the Orders of the Day for third reading later this day.

## TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-38 TABLED

**Hon. Finlay MacDonald:** Honourable senators, in the absence of the chairman, Senator Sinclair, who is storm-bound in Toronto, the Standing Senate Committee on Banking, Trade and Commerce has the honour to table its Eleventh Report respecting the subject matter of Bill C-38, respecting the reorganization and divestiture of Teleglobe Canada. I might add that all members of that committee were unanimous in asking that the bill be favourably considered.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see appendix, p. 804.*)

[*Translation*]

## VETERANS AFFAIRS

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE STUDY OF DOCUMENT ENTITLED: "A STUDY TEAM REPORT TO THE TASK FORCE ON PROGRAM REVIEW (NIELSEN TASK FORCE)—SERVICE TO THE PUBLIC—VETERANS"—FOURTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. Arthur Tremblay,** Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, March 31, 1987

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

FOURTH REPORT

Your Committee, which was authorized by the Senate on December 16, 1986, to examine and report upon the Document entitled: "A Study Team Report to the Task Force on Program Review (Nielsen Task Force) - Service to the Public - Veterans", dated May 1985, tabled in the Senate on 12th March, 1986, and also matters arising from the report as well as any subjects of interest to the present and future requirements of Canada's veterans, respectfully requests that the date of presenting its final report be extended from 1st September 1987 to no later than 31st March 1988.

Respectfully submitted,

ARTHUR TREMBLAY
*Chairman*

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Excuse me, but I was involved in another conversation.

What is the report about?

**Senator Tremblay:** I don't have the text in front of me, but it concerns the study on veterans that was referred to the Committee on Social Affairs, Science and Technology. A subcommittee, chaired by Senator Marshall, was created to carry out this study. The request submitted in this report is simply an administrative request to postpone from September 1—

**Senator Frith:** I understand now. The subject had escaped me. Thank you.

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

**Senator Tremblay:** Considering the debate we have just had, I could hardly ask the Senate for leave to have this report

considered now. I will therefore be a little less demanding, and unless the other side wants to pressure me into asking for leave to have the report adopted now, I will defer consideration of the report until the next sitting of the Senate.

**Senator Frith:** Senator Tremblay is not using the right precedent. Before the debate on the other motion, the Senate gave leave to adopt a motion proposed by Senator Marshall who made exactly the same request. And that is why I think he should have the courage of his convictions!

**Senator Tremblay:** Seconded by the Deputy Leader of the Opposition, I have the courage to ask for leave to adopt the report this afternoon.

[*English*]

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I do not mind dealing with the report, but I was struck by the request, as I understood it, to have an additional year to complete the study. I thought I heard March 31, 1988; it is now March 31, 1987. Could the chairman of the committee tell us why an additional year is required to complete this study? Could it not be completed in an additional three months' or six months' time?

**Senator Tremblay:** Perhaps I expressed myself wrongly, but the fact of the matter is that the committee is supposed to report in September 1987. We are asking to delay the report until March 1988, which would mean an additional six months or so. In any case, that would be within the same fiscal year.

**Senator MacEachen:** The answer arouses further curiosity rather than appeasing existing curiosity. The honourable senator has told us that the committee had intended to report in September 1987, but now, several months before September, the members of the committee have concluded that it will not report until March 1988. So I look with curiosity upon that request and would like a clarification, but I will not ask a third question.

● (1430)

**Senator Tremblay:** With respect to the question referring to the substance of the work to be done, I would ask Senator Marshall, who is chairman of the subcommittee concerned with that problem, to clarify the point raised by the Leader of the Opposition.

**Hon. Jack Marshall:** Honourable senators, with respect to the task force review headed by the former Deputy Prime Minister, Erik Nielsen, there are many parts within that review that must be taken into consideration, and it will take quite some time. Our schedule was disrupted by the prorogation of Parliament, and at the moment we are waiting until after the fiscal year is over in order to get a budget. There are many other aspects to veterans' legislation that arise and that are ongoing. One of those aspects is the problem with veterans who served overseas and who, in order to qualify for War Veterans Allowance, must return to Canada for 365 days.

In the past a piece of legislation was advanced by the Minister of Veterans Affairs which contained a duality provision which satisfied a certain number of the wives of deceased veterans who were also receiving Prisoner of War compensation. However, there is another aspect of the regulations as they relate to veterans who died and whose widows are in receipt of a disability pension of under 48 per cent. In those circumstances the duality provision is different.

Honourable senators, considering the number of days that are allotted for Senate committees between now and the summer recess, it is my opinion that consideration of this matter will take longer than the period to September of 1987. Also, there are other matters that have to be taken into consideration. There is the amalgamation of the Pension Review Board with the War Veterans Allowance Board, for example, and many other changes being considered.

Veterans Affairs is a subcommittee of the Standing Senate Committee on Social Affairs, Science and Technology, and in order to ensure that we will have enough time to produce a report covering all of the aspects necessary, I think this will take longer than the period to September 1987. I therefore ask that the Subcommittee on Veterans Affairs be allowed to consider this matter until March 1988.

**The Hon. the Speaker** *pro tempore:* Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), it is moved by the Honourable Senator Tremblay, seconded by the Honourable Senator Nurgitz, that this report be now adopted.

Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## RESEARCH AND DEVELOPMENT

### CLOSING OF MARINE ECOLOGY LABORATORY, BEDFORD INSTITUTE OF OCEANOGRAPHY—GOVERNMENT POLICY AND ACTIONS—NOTICE OF INQUIRY

**Hon. Henry D. Hicks:** Honourable senators, I give notice that on Thursday next, April 2, 1987, I shall call the attention of the Senate to the policy and actions of this government with respect to research and development, having particular reference to the closing of the Marine Ecology Laboratory (M.E.L.) at the Bedford Institute of Oceanography.

[*Translation*]

## ROYAL ASSENT

### ALTERNATIVE PROCEDURE—NOTICE OF MOTION

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I give notice that on Thursday next, April 2, 1987, I will move:

> That the present formal procedure of Royal Assent be retained and that it be used (a) at the request of the Governor General or of either House of Parliament and (b) at least once a session, for example at the prorogation of a session;

That, in addition to the present practice, a simpler procedure be established based on the following principles: (a) that the procedure involve representation from both the Senate and the House of Commons, (b) that it be public, and (c) that the declaration of Royal Assent be subsequently reported to both Houses of Parliament; and

That representatives of the Senate meet with representatives of the House of Commons to draft a resolution for a joint Address of both Houses to be presented to Her Excellency the Governor General praying that she approve such changes to the Royal Assent ceremony as described in this motion.

[*English*]

## PATENT ACT

APPOINTMENT OF SPECIAL COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-22—NOTICE OF MOTION

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I give notice that on Thursday, April 2, 1987, I will move:

That a special committee of the Senate be appointed to examine the subject-matter of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto, in advance of the said Bill coming before the Senate or any matter relating thereto;

That the Bill be referred to the said special committee, in due course;

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

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

[*Translation*]

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Excuse me, Your Honour, could I have a copy of the notice of motion, since it is quite possible that I will have something to say about it?

**Senator Frith:** Certainly.

[*English*]

**Senator Murray:** Honourable senators, I see that this is a notice of motion to appoint a subcommittee to examine the subject matter of Bill C-22. I simply wish to say that normally a notice of motion of this kind would ask for leave of the Senate and would be presented notwithstanding that rule of the Senate which requires that Bill C-22, in this case, be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Honourable senators, the notice of motion is there. I simply wish to enter my reservation and to establish my right to raise a point of order with respect to the content of the motion when it comes before us tomorrow or the next day.

## FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. George van Roggen:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## OFFICIAL LANGUAGES

REPORT OF COMMISSIONER REFERRED TO JOINT COMMITTEE

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Report of the Commissioner of Official Languages for the calendar year 1986, tabled in the Senate on 31st March, 1987 (Sessional Paper No. 332-265) be referred to the Standing Joint Committee on Official Languages; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

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• (1440)

# QUESTION PERIOD

[*English*]

## ABORIGINAL PEOPLES

THE CONSTITUTION—ENTRENCHMENT OF RIGHT TO SELF-GOVERNMENT—FAILURE OF FIRST MINISTERS' CONFERENCE TO REACH AGREEMENT—DEFINITION OF "SELF-GOVERNMENT"

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I should like to ask the Leader of the Government in the Senate whether he would throw some light on the failure of the federal-provincial conference last week, which was called to establish a way of providing self-government for the aboriginal peoples of Canada.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am not sure I can add very much to what the Senate already knows.

The failure of that First Ministers' Conference to agree on entrenchment of the right to self-government for aboriginal

peoples in our Constitution is much to be regretted. We have reached the end of this particular constitutional process.

The compromise position put forward by the Prime Minister on behalf of the Government of Canada, built on previous drafts by the Provinces of Ontario, New Brunswick and Nova Scotia, is still on the table. If at any time it appeared that the political will existed to address the matter again, the Prime Minister would not hesitate to convene another conference. Meanwhile, I note that a number of provinces have in the course of the conference re-affirmed their commitment, with or without constitutional amendment, to proceed with the negotiation of self-government agreements. This is a commitment that the Government of Canada shares enthusiastically, and we will call upon the provinces which have made those commitments to honour them.

**Senator MacEachen:** Honourable senators, I wonder if the minister could tell us what objections were raised by the dissenting provinces against the draft constitutional amendment which had been circulated by the Government of Canada. What, in particular, did the provinces which disagreed find difficult with that amendment?

**Senator Murray:** While I hesitate to make myself spokesman for those provinces, my honourable friend will be aware that, in particular, the western provinces had reservations about the draft put forward by the Prime Minister.

The objection, basically, is that entrenching the right to self-government in the Constitution without very considerable definition is a bad idea, in their view, and makes them particularly vulnerable to various forms of litigation. I say "particularly vulnerable," because those provinces have such a high proportion of the total aboriginal population of Canada living within their borders.

**Senator MacEachen:** Honourable senators, I should like to ask the Leader of the Government whether the representatives of the aboriginal peoples were favourably disposed to the federal draft, or did they also have difficulties with it.

Perhaps I can add another question: Can the Leader of the Government put any flesh on the concept of self-government, as the term was used in the draft? I understand that it was expected that future negotiations would determine exactly what the form of self-government would be. Indeed, it would be negotiable in particular instances. Were there in the course of the discussion any emerging points on which all parties agreed as to what self-government might be?

**Senator Murray:** Honourable senators, again I hesitate to make myself the spokesman for the aboriginal groups. Chief Erasmus and the leaders of the Inuit Committee on National Issues, the Native Council of Canada, and the Metis National Council all spoke for themselves and for their people at the close of the conference.

The right to self-government was not to be negotiated. We were prepared to recognize the explicit right of the aboriginal peoples to self-government in the Constitution, and we were also prepared to entrench in the Constitution the commitment of the federal government and the provincial governments, where applicable, to come to the negotiating table. We were prepared to entrench the agreements that were thus negotiated. We were prepared further to stipulate in the Constitution that nothing in any of those agreements would derogate from any rights that the aboriginal peoples have now, or think they have, by virtue of section 35 of the Constitution. The right to self-government was not to be negotiable. What would be negotiable would be the division of powers as between the federal, provincial and aboriginal governments; the kinds of institutions that would be set up; and the question of lands, resources and financial resources. All those matters were to have been negotiated in a political process—the agreements, as I say, to be entrenched in the Constitution.



**Senator MacEachen:** I understand that negotiations would take place to determine precisely what self-government would consist of. Perhaps I put my question improperly, but I wanted to find out whether, in the absence of a total agreement, there were any emerging signs of consensus as to what might constitute self-government?

I noticed that in the draft it is indicated that negotiations could refer to land, resources, and so on, and that the question of funding was mentioned. I wonder whether that was interpreted to include taxes. Would a self-governing body of the aboriginal people potentially have the power to levy its own taxes and make its own expenditures within the area of competence of its governing body?

**Senator Murray:** The answer to that question is in the affirmative, honourable senators.

## ESTABLISHMENT OF MODELS OF SELF-GOVERNMENT NORTH OF 60

**Hon. Paul Lucier:** Honourable senators, on the same subject, I would like to ask the Leader of the Government in the Senate a question concerning Indian self-government.

Indian leaders have criticized the federal government several times, as they are prone to do, for not being definite on what the federal government was prepared to accept as Indian self-government. I believe that no one really knows what the term "Indian self-government" means. In fact, I believe people are being very careful not to define what Indian self-government would entail.

Since the federal government was being criticized by the Indian leaders for not having staked out a position of what their view of self-government is, are there any plans for the government in the near future to set up some models of Indian self-government in the territories north of 60, an area which is totally under federal government control, where they would not have to deal with the provinces, and where they might be able to set out what the parameters for Indian self-government would be?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, as time goes on and as, I hope, we are able to negotiate self-government agreements, I think we will create models of aboriginal self-government which may make it

easier and more practical to proceed then to constitutionalize them or to have a constitutional amendment about the right of self-government. It may be easier once we have created some models of the kind to which my honourable friend refers.

• (1450)

The difference between the federal government and the representatives of the aboriginal peoples, at the end of the day, comes down to the fact that the leaders of the aboriginal organizations have made it clear that what they are seeking is recognition in the Constitution of a general, undefined and immediately enforceable, through the courts, right to self-government arising, in their view, from the unsurrendered sovereignty of aboriginal nations within Canada. My friend may have heard Chief Erasmus, in particular, but others as well speak of a true Confederation and of an alliance between nations in which the existing governments would have to deal with aboriginal governments on a nation-to-nation basis.

Frankly, we find that concept to be incompatible with Confederation as it now exists.

**Senator Lucier:** Honourable senators, I have had a great fear from the beginning—and I have said so several times—that as long as the positions staked out by the aboriginal leaders were as rigid as they are on entrenching the rights in the Constitution that it would not be acceptable to the provincial premiers. I do not know why everyone ended up so surprised this weekend that the conference ended up the way it did; I could not see how it could end up any other way. Especially in the Yukon, before we started speaking of Indian self-government, we had a model in place that would, in effect, give the Indian people of the Yukon a large say in the running of the affairs of government as it pertained to them.

My question is—and I know that it is difficult for the government leader to answer—will he bring back to his government the view that it may be time for the government to take a look at north of the 60th parallel, where they have jurisdiction? Forget the Constitution; because of the provinces, you will not get it into the Constitution for a sizeable number of years. Forget entrenching it in the Constitution at this point, and let us come up with some models to see how it can be done. There are a lot of areas where Indian self-government can be made to work very well. The problem is not with Indian self-government, it is with entrenchment.

**Senator Murray:** That is the most obvious alternative in the meantime, I agree with that. However, there may be others, and we all have to reflect on the experience of not only the conference last week but also of the past five years and more in this whole process.

I want to emphasize that the amendment that we put forward and, indeed, the amendments that were put forward by Ontario, New Brunswick and Nova Scotia would not have required the aboriginal people to give up anything that they have or thought they have by way of rights that are now contained in section 35 of the Constitution.

I am not sure that the conference was doomed to failure. This is sheer speculation, and no one will ever know, but I believe that if the aboriginal representatives had shown any real interest in one of these amendments, the pressure might then have been on some of the provincial governments to come on board, and vice versa. However, the rigidity of each provided a pretext for the other to—

**Senator Frith:** What is the vice versa exactly?

**Senator Murray:** If the provincial governments had shown any interest, there would have been some pressure on the aboriginal groups—two of which had agreed in 1985 to a proposed amendment—to come on board. As it was, their rigid positions were mutually reinforcing.

## POST-SECONDARY EDUCATION—COURSES ON RESERVES—LEVEL OF FUNDING—GOVERNMENT SUPPORT OF OUTREACH PROGRAMS

**Hon. Joyce Fairbairn:** Honourable senators, last Thursday I gave notice that I would be asking questions today about the off-campus post-secondary education programs for native people.

The uncertainty in this area is now understandably heightened by the tragic failure of the Constitutional Conference on Aboriginal Rights last week.

Some of the native leaders from Alberta shared this uncertainty. In particular, the Cree nations of Hobbema expressed to some of us their fear for the future of the University of Calgary Outreach Programs at Maskwachees Cultural College in Hobbema.

For the information of senators, these programs are for adults who are pursuing degrees at the colleges in education, social work, business management, psychology and law. Through the outreach programs, they take their first two years on the reserve and finish their degrees at the university.

We are advised, honourable senators, that the college has been told that no funding has been designated after the spring session for next fall or winter, and that the whole question of off-campus post-secondary education, which has been well established for several years, is to be considered in June by the cabinet.

Could the government leader in the Senate indicate exactly what the situation is for government support for these outreach programs, which have had tremendous results for the native people?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I read the question that Senator Fairbairn asked on March 26. While she referred to concerns about the level of funding for off-campus post-secondary education courses on reserves, until now I had not been able to get to the bottom of it and ascertain exactly what the concern is. She now tells us that the Department of Indian Affairs and Northern Development refuses to give any commitment that off-campus post-secondary education courses will be funded after the spring session.

I will look into that matter. I obtained plenty of other information about post-secondary education and expenditures by the department, which seemed to be going up at a considerable rate in recent years. In the fiscal year that ends today the expenditures went up by 16.7 per cent, and they are forecast to go up by almost 15 per cent in the fiscal year that begins tomorrow—but that does not answer my friend's question. I will try to find out what the problem is.

**Senator Fairbairn:** Thank you; I would be grateful for that.

Could the government leader in the Senate try to give us an assurance that the federal funding for native post-secondary education off campus will not be offered in such a way as to force the native students to go to the universities rather than having what has been a tremendously successful program to get them into the post-secondary stream on the reserves, with all of the support that that gives them?

**Senator Murray:** Honourable senators, I will ask for a statement of the policy and objectives of the government in this respect. I don't know how many native students are taking courses on campus, but in the fiscal year ending today it cost over $81 million. Yes, I do know—approximately 12,000 of those students attend courses on campus. I will, however, make inquiries as to what our objectives are in this respect, and I will certainly look into the plans of the department with regard to off-campus courses.

• (1500)

POST-SECONDARY EDUCATION—NATIONAL FORUM—ABORIGINAL REPRESENTATION

**Hon. Joyce Fairbairn:** Honourable senators, I have one final question. With the welcome news of a national forum on post-secondary education for Saskatchewan next October, which was announced yesterday, I believe by the Secretary of State, could the Leader of the Government in the Senate urge his colleague to include on the list of those who are named to the organizing committee of the conference a native spokesman who is familiar not just with the education system from the university perspective but who is actually from one of these off-campus colleges on a native reserve?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I shall make an inquiry about that, honourable senators. I do note the presence on the committee of a teacher of Cree and Indian studies at the University of Regina. I take note of the honourable senator's question and I shall make further inquiries.

POST-SECONDARY EDUCATION—COURSES ON RESERVES—LEVEL OF FUNDING

**Hon. Len Marchand:** Honourable senators, I attended the meeting with the Hobbema people along with Senator Fairbairn. I simply want to add my concern to the questions she has raised. There were serious policy implications in the presentation made to us by the Hobbemas in that the government would appear to be backing down from the funding of off-campus university education.

[Senator Murray.]

I might tell the Leader of the Government in the Senate that in the province of British Columbia off-campus programs providing university education have been very successful. One of the most backward steps this government could take would be to discontinue the funding of these special programs. So often we hear stories of native students being unsuccessful in terms of their education—there are high drop-out rates, and so on. Through the use of these off-campus programs, universities have been providing a proper environment in which these people can become educated. Their natural abilities can be challenged. In British Columbia there is what is called the Native Indian Teachers Education Program, or NITEP. Under the NITEP program, a few hundred teachers have been educated in the province of British Columbia in the last few years—a tremendous number of people have come through the system. After completing three years of study, they go on to take their final year on the university campus. For this they receive a real university degree. This program has been extremely successful.

Could the Leader of the Government in the Senate look into this question on a policy basis for the whole of the country? Could he inquire whether there is going to be a deliberate attempt on the part of the government to discontinue the off-campus education in the universities?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I thank the honourable senator for that additional information and especially for his evaluation of the success of this program to date. I shall make inquiries and report back to the house.

## NATIONAL DEFENCE

CANADIAN ARMED FORCES—SNOWBIRDS AEROBATIC TEAM—RECIPROCAL VISITS TO NATO ALLIES

**Hon. Peter Bosa:** Honourable senators, my question is for the Leader of the Government in the Senate. Last Sunday a documentary on the Snowbirds, Canada's aerobatic team, was aired on the CBC network. The Snowbirds are one of the best aerobatic teams in the world. Is the Leader of the Government aware that Canada has been hosting for several decades a number of aerobatic teams from different countries such as the United States, the United Kingdom, France and Italy? Does he know that outside of Canada the Snowbirds have only performed in the United States? Will the Snowbirds have an opportunity to pay a return visit and to display their superb skills to our NATO allies in Europe? Will the government leader support such an initiative?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall make inquiries of the responsible minister about the possibilities in this respect.

**Hon. John M. Godfrey:** Honourable senators, I would like to say, as a former Air Force member and aerobat, that I fully support the suggestion of Senator Bosa. I hope that it will be taken seriously.

## ABORIGINAL PEOPLES

THE CONSTITUTION—ENTRENCHMENT OF RIGHT TO SELF-GOVERNMENT—DRAFT AGREEMENT—DISTRIBUTION OF POWERS

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I address to the Leader of the Government a question on the matter of self-government for the aboriginal peoples. I am sure there is an obvious explanation for this, and perhaps the Leader of the Government will provide it.

The draft circulated by the Government of Canada, if effective, would provide a constitutional right to self-government. Subsequently, a further section states that self-government would not in any way abridge the powers of either the federal or the provincial governments. Presumably, if there were a negotiation and if self-government were to be achieved for the four communities, it would involve sharing, or some divestiture of the powers of provincial legislatures or of the Parliament of Canada. Would the Leader of the Government try to relate section 35.01 to section 35.06 and explain to me how they are reconciled?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not have the draft in front of me, but the point is that the amendment itself recognizes that the right to self-government is not to derogate from any of the powers of the federal Parliament or the provincial legislatures. It would be the agreements themselves that would later be entrenched that might—indeed, probably would, by conferring certain powers on the aboriginal self-government institutions at that time—derogate from the powers of the federal Parliament and of the provincial legislatures. The amendment itself was not to so derogate.

As I recall it, the New Brunswick draft stated that the amendment would not derogate from the rights of federal and provincial parliaments except in accordance with agreements that were later to be negotiated and entrenched.

**Senator MacEachen:** I thank the minister for that comment. Perhaps he is correct in saying that the aboriginal peoples, through this amendment, would lose nothing that they presently have in hand through the Constitution.

**Senator Murray:** Or think they have.

**Senator MacEachen:** Or think they have, but they would gain nothing if the amendment were accepted, because any gain would have to come by way of a negotiation with provincial governments, which, if the concept of self-government were to be realized, would have to yield some of their powers to the aboriginal communities. My interpretation, therefore, is that if the amendment had been accepted, there would be a process of negotiation which might or might not lead to additional governing powers for the aboriginal peoples. That is my understanding. I am really asking for clarification as to whether that understanding is correct.

• (1510)

**Senator Murray:** Honourable senators, they would have had entrenched in the Constitution the right to self-government. The division of powers would have been negotiated in a political process. The agreement so negotiated would become entrenched. The agenda to be negotiated would have been put in the Constitution, including lands, resources, taxation powers, and so on, and the Constitution would have further stated that the amendment did not derogate in any way from the rights that aboriginal peoples now have, or think they have, by virtue of section 35.

So, yes, it was an amendment to entrench a right and a process that would give effect to the right and define it and decide on the division of powers.

**Senator MacEachen:** I agree with that, and I think it validates the interpretation that any gain by the aboriginal peoples would have to be derived from a successful negotiation with, say, a province, which would yield to that community some of its current powers. So they gain nothing in the sense of new governance from the amendment, but they would gain a process which might lead to self-government.

**Senator Murray:** I suppose the alternative would be to have a free-standing, unequivocal and immediately enforceable right to self-government, which would leave it to the courts to create the self-government institutions, divide the powers and assign the resources and the powers of taxation to the government so created. We believe that in our system that is not an appropriate role for the courts, but it is an appropriate role for the political process.

**Senator MacEachen:** All I wish to say is that one can understand the point of view of the aboriginal peoples. One may not agree with it, but one can understand their perspective in taking the attitude which they did at the conference.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the Leader of the Government says that the distribution of powers would be the subject of constitutional amendment. Presently the legislative power of the two levels—two "areas" of government would be better than saying two "levels", because it is not a matter of seniority—are set out in sections 91 and 92. Section 91 gives the federal Parliament the power to enact laws in certain classes of subjects that are enumerated, and section 92 does likewise for the provinces.

I am glad that the Leader of the Government is getting some help from a former Minister of Justice on the subject. I am serious in saying that. I do not quarrel with that. This is really for information. We will find out in due course whether or not it is helpful. I merely want to understand this for information purposes. The proposal, then, was that there would be another section that would say that aboriginal peoples living on reservations, or having proven their ethnicity, would have power to enact laws with reference to the following subjects.

**Senator Murray:** Honourable senators, the honourable senator is getting quite a bit ahead of the process. Basic to the concept all along has been the understanding that the condi-

tions and circumstances of the aboriginal peoples vary from place to place and from group to group in this country. Therefore, the agreements would be different, and therefore one assumes that the powers, jurisdictions and rights set out in those agreements might differ from place to place and from group to group.

**Senator Frith:** Yes, I agree with the description of the situation. What I really want to understand is that under section 92 of the Constitution municipalities have the authority to pass by-laws and to raise taxes. But they derive that from the province; they are creatures of the province. Can the Leader of the Government tell me whether the intention with regard to powers to pass laws or by-laws, and to raise funds by taxation, was going to be a derivative right—that is, derived from powers of the federal government in the Constitution or from the province—or were they going to have it on their own?

**Senator Murray:** The discussion is becoming somewhat hypothetical; but the fact that we were going to entrench those agreements in the Constitution would mean that the powers, rights and jurisdictions in those agreements could not be changed without the consent of the parties to the agreement.

● (1520)

## DELAYED ANSWER TO ORAL QUESTION

## EXTERNAL AFFAIRS

COMPOSITION OF PARLIAMENTARY DELEGATION TO INDIA—EXCLUSION OF SENATORS
INVITATION TO ATTEND BRIEFING ON COUNTER-TERRORISM MEASURES—ORDER OF PRECEDENCE— PROPRIETY OF INCLUSION OF STAFF
INVITATIONS FROM DEPARTMENT TO PARLIAMENTARIANS—ORDER OF PRECEDENCE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have in one document the delayed answers to three questions asked by Senator Corbin on March 19 and 26 regarding the Department of External Affairs and the composition of parliamentary delegations to India and the exclusion therefrom of senators. I can read it if Senator Corbin prefers.

**Hon. Eymard G. Corbin:** May we have the answer read, please?

**Senator Doody:** The answer reads as follows:

> The expression "parliamentary delegation" used in the External Affairs Communiqué, refers to a group of members of Parliament who will be travelling to India to strengthen ties between our two countries. At no point was this delegation considered representative of Parliament as a whole. M.P.s were selected on the basis of their longtime interest in Canada-India relations and particularly, the importance of their constituency of Indian origin.
>
> It might be noted that no meetings are scheduled with members of the Indian Upper House, the Council of States.

[Senator Murray.]

The briefing on terrorism referred to by Senator Corbin on March 19 is one in a series of information sessions being organized by the Department of External Affairs to provide general background on the current status of certain issues as well as the Canadian position. Previous briefings were offered on Consular Services, Arctic Sovereignty and Canada-Japan Relations.

It is not the department's purpose to provide confidential information during these sessions. Rather, it is an opportunity for parliamentarians and their staff to learn more about an issue and to ask questions of those in the department who are knowledgeable. This is part of an ongoing effort to provide Parliament generally with more information on a range of foreign policy issues.

It should also be noted that departmental officials have provided confidential briefings to the Senate Committee on Terrorism, and will continue to do so.

The Department of External Affairs has taken note of the error in protocol raised by Senator Corbin. This mistake will be corrected in all future departmental correspondence.

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[*Translation*]

## RADIO ACT

BILL TO AMEND—MOTION BY SENATOR BELL ON THIRD READING—SPEAKER'S RULING

**The Hon. the Speaker** *pro tempore:* Honourable senators, you may recall that last week on third reading of Bill C-3, an Act to amend the Radio Act, Senator Bell moved a six-month hoist motion.

As a result of this motion, contradictory opinions were expressed in this house to the effect that the motion could be introduced only on second reading, whereas other senators believed it could be moved on third reading.

After examining precedents I referred you to *Beauchesne's Parliamentary Procedure*, fifth edition, specifically to citations 741 and 740 which seem to indicate that this procedure is in order only on second reading. This was also the view expressed by Senator Frith, but Senators Corbin, Doody, Flynn and I were inclined to believe it could be done on third reading.

In light of this jurisprudence, my ruling was that the procedure was acceptable only on second reading and I declared Senator Bell's motion out of order. I was somewhat concerned about the ruling. Over the weekend we had a closer look at the rules and customs of the other place. Here is what we found in *Beauchesne's* citation 802, page 239, concerning third reading:

> 802. (1) When an Order of the Day for the third reading of a bill is called, the same type of amendments which are permissible at the second reading stage are permissible at the third reading stage with the restriction that they cannot deal with any matter which is not contained in the bill.

If we interpret this citation properly I think the ruling I made was wrong and I should have declared that Senator Bell's six-month hoist motion was in order.

Still my ruling did not invalidate the proceedings we had on third reading because the motion of Senator Bell was not aimed at rejecting the bill outright, but simply at delaying it.

I wanted to set the record straight to be fair to Senator Bell, and also to follow the precedents established in such cases so as to respect long-standing parliamentary customs in both the House of Commons and the Senate.

[*English*]

## APPROPRIATION BILL NO. 2, 1987-88

THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government)** moved the third reading of Bill C-49, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1988.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion?

**Hon. John B. Stewart:** Honourable senators, Bill C-49 is based on Supplementary Estimates (A). It is the third abnormality which we have seen in the month of March in the management of the Crown's financial business. Early in the month of March the government made use of section 39 of the Financial Administration Act to borrow $600 million, when Parliament was in session and without any attempt to get borrowing authority from Parliament in the normal way. Then we saw the borrowing authority bill. That bill, if not enacted until after March 31, would have increased retroactively the borrowing authority of the Crown in the fiscal year 1986-87. Then we come to the third abnormality, the one now before us. Supplementary Estimates (A) is a request for supply to provide money for the special Canadian Grains Program outside the Main Estimates for 1987-88, although that program was established in 1986 and although $300 million has already been appropriated by Parliament for it. So we have had three abnormalities in one month. Perhaps, if this bill goes through today, the package of abnormalities will be completed and we can start with a fresh month tomorrow.

Earlier today there was discussion about the urgency of this bill. In the course of that discussion I quoted the testimony of the Deputy Minister of Agriculture to the effect that the payout, the contributions under the appropriation, is to take place chiefly in May. The deputy minister said, "We expect to begin issuing cheques in May. The bulk of them will likely be issued by the end of May." Earlier this afternoon the Deputy Leader of the Government quoted the evidence given at the National Finance Committee meeting this morning. I do not have that transcript. The minutes of that meeting have not yet been made available to honourable senators. What I do have is Supplementary Estimates (A). Supplementary Estimates (A) show that the operating expenditures for the program will total $2.06 million and that the transfer payments will be $697.940 million. In other words, it is conceivable that obligations might be incurred tomorrow for personnel, for rentals, for supplies, or for something else within that $2.06 million. But the government can cover such expenditures and, in any case, those bills do not have to be paid tomorrow. The great bulk of the program, $697.940 million, is to be paid out in the month of May. So the argument of great urgency, when examined, is not really credible. I do not think that the Deputy Leader of the Government really intends to urge it very strongly.

The reason I asked that this bill go to the National Finance Committee was that I was curious to know where the expenditure would fit into the budgetary framework for 1987-88. I know that honourable senators do not yet have the record of the committee hearing of March 25, 1987, so, with your permission, I will read a few exchanges that occurred during that meeting. I asked the Minister of State for Finance, the Honourable Tom Hockin, if this amount, the $700 million, was included somewhere in the budgetary papers or in the expenditure plan for 1987-88. I said:

> Is that $700 million included in the amount of financial requirement which was put forward on February 18?

Mr. Hockin replied:

> Yes, it is part of the 1987-88 requirement, and let me explain that further. Under the column "Total envelopes", the expenditure is $121,330 million, and under the column "Reserves not allocated by envelope", there is $2,380 million, and in that there is $700 million.

• (1530)

I then asked Mr. Hockin what document he was referring to, and he said:

> I am referring to the 1987-88 Estimates, Part I, the Government Expenditure Plan, page 9. I was referring to the figures that are indicated in blue ink.

I then asked for greater certainty:

> And you are saying that that $700 million is in the column headed "Reserves not allocated by envelope"?

Mr. Hockin replied:

> Yes. That is the way the Supplementary Estimates always go.

That seemed fairly conclusive, and I thought I understood the situation, but then last week the government announced a $350 million assistance program for the financially-strapped oil and gas industry. On Thursday, March 26, 1987, that announcement was discussed by the Deputy Prime Minister on the CTV network. He was being interviewed by Pamela Wallin. She said:

> Mr. Mazankowski, where are you getting the money from? When it was budget time, there wasn't any. Michael Wilson said no to you in the negotiations leading up to the budget, that there wasn't going to be a package in that—where did you find it?

Mr. Mazankowski replied:

> Well, the budget this year wasn't a Christmas tree budget, Pam, and we said that any initiatives for the agriculture, the resource industries or Western or Atlantic

> diversification programs would be outside the budgetary framework.

Later he went on to enlarge upon the need for diversification. He said:

> It's a matter of redirecting our focus on the diversification of the western Canadian economy, so that when we do have a collapse in our two basic industries, we have something else to fall back on—in high technology, in crop diversification, in value-added processing, in things of that nature; and centres of excellence, for example, in helping develop an aerospace industry—

We had been told, not in Parliament but on television, that these programs would be outside the budgetary framework. I undertook this morning to ascertain just what the facts were. At a meeting of the Standing Senate Committee on National Finance this morning, Mr. Cook, the Parliamentary Secretary to the President of the Treasury Board, was present, accompanied by officials from the board. When I asked where the moneys were coming from, I got a clear but complicated answer. I do not have the transcript here, because it has not been published and is not available to senators generally, but it is my recollection that we were told that contrary to what Mr. Hockin said, the $700 million is not to come out of the provision in the expenditure plan headed "Reserves not allocated by envelope"; rather, it is to come from a reserve allocated for the economic and regional development envelope. In other words, there was a conflict between what we were told by Mr. Hockin and what we were told this morning. I do not make much of that.

But it is important, I think all thoughtful senators will agree, to know where these various programs fit into the budgetary framework and that, indeed, they do fit into the budgetary framework, contrary to what the Deputy Prime Minister said.

Liberal senators support this program in general. When Supplementary Estimates (A) were being considered by the Standing Senate Committee on National Finance questions were raised about the program. Senator Olson, for example, had serious doubts about the suitability of the program as a remedy for the problem in all of its details, and attempts were made to let him know that the department was not oblivious to some of the problems to which he referred. I think it is fair to say that as far as Senator Olson is concerned his doubts remain; he is waiting to see what the committee, which is advising the department, will recommend by way of solutions to the problems to which he made reference.

Generally speaking, we should like to get on with this now. There is no objection to the aim of the program. The difficulties which have surfaced have been largely related to the abnormal way in which the government chose to put this request for supply before Parliament. I hope that when the bill is passed we will not have closed off this initiative, that Parliament will not have dealt with it conclusively, and that any effort to deal with any aspects of the problem which have not yet surfaced will not be dismissed as being too late. I hope that that is not the intention of the government in bringing in a supplementary estimate which would seem to deal once and for all with this matter. But on the assumption that the government is dealing with this matter seriously and in good faith, I think we can agree to the motion before us this afternoon.

**Hon. Hazen Argue:** Honourable senators, unlike Senator Stewart, I am not going to talk about when the bill was introduced, how it was introduced, and so forth. I am going to speak on the general agricultural situation on the prairies, what this legislation is doing, and what it fails to do.

Along with my wife, Jean, I spent the past few weeks in Sasktachewan and in Manitoba going from place to place visiting farmers, farmers' wives, councillors and business people. I talked to them about the financial crisis that exists in western Canada. I can say that the situation is very grim. People are seriously disturbed. They are uncertain as to what they should plant this spring. Indeed, some are saying that they are not going to plant any seed because they do not have the financial resources to do so. Financial institutions are pressing farmers hard. There is great emotional stress. Farmers resent very much the fact that after putting a lifetime or almost a lifetime into building their farm businesses and their communities, they are seriously threatened. They see economic failure staring them in the face. In the case of many farms, they represent the second or third generation. The governments' response has been very inadequate and has not really dealt with the situation that is threatening serious loss to so many farmers in western Canada.

• (1540)

Honourable senators, I want also to say that this deficiency payment is not adequate. The people who came down from the Lethbridge community, the mayors, farmers, reeves and business people, said to our caucus, as I am sure they said to every other caucus, that what has been done to date represents about 20 per cent of what is required to deal effectively with the economic crisis that is out there. The promised $1 billion announced by the Prime Minister of Canada did not materialize as far as the west is concerned. Western farmers thought that the $1 billion was for their benefit. However, they find that some of it has been siphoned off to farmers in other provinces in Canada. Indeed, a typical farmer in Ontario will receive twice as much per acre as a typical farmer in Saskatchewan.

Approximately 30 per cent of the payment has been made, and this bill deals with the remaining 70 per cent. In southern Saskatchewan and in Manitoba there is a great deal of resentment because of the way in which these payments have been calculated. First of all, large parts of that area suffered a series of droughts and crop failures, and consequently the crop insurance yield average on which these payments are based in a given district is less in the south than the farmers feel they are entitled to on the basis of long-term yields.

Second, there is very strong objection to the fact that summer fallow acres were not included. Therefore, a farmer who did not receive any payment on his summer fallow acres under this deficiency payment is really in a dilemma as far as spring seeding this year is concerned. A farmer who summer-fallowed half his land feels that by doing so he made a contribution to the production of fewer bushels of grain than he or she was capable of. However, the way in which this payment has been administered penalizes those farmers who did not plant all of their acreage. In other words, it helped farmers who had planted all of their acreage, and so there seems to be a built-in prejudice against farmers who followed a 50/50 summer fallow practice in areas where, by long experience, they feel that this is the best way to handle their land and to handle the problem of lack of moisture.

There is another thing that has caused great resentment with the result that what might otherwise have been a fairly acceptable program, as far as it went, has stirred up a great deal of animosity and bitterness: That is with respect to the acres that have been taken out of normal grain, wheat, oats and barley crops and seeded to specialty crops such as mustard, peas, lentils, sunflowers or some other specialty crops. Those farmers have been excluded from receiving anything by way of a deficiency payment on the acres that have been seeded to specialty crops. The farmers are therefore saying that this is a penalty for their having taken steps to produce less wheat and to diversify their production.

What the government's total program has not done is to come to grips with the tremendous exodus of farmers from rural communities that is taking place today. The situation in the west is catastrophic. A very deep crisis is occurring that affects not only the farmers but the business communities. I was in a town in southern Saskatchewan the other day. In that town there is a young man who has invested in a repair shop where he repairs farm trucks, tractors and machinery. He told me that the day before, which was a business day, he had been in his shop all day without orders, without work, and that he received only one telephone call. He told me that a year ago he was busy; that the farmers had enough money to bring in their machinery for repair work.

His neighbour in that town is a professional welder, who told me that he, too, has practically no work this spring, because the farmers lack the money to bring their machinery in to have it repaired.

On going into other business places in many communities, we discovered that the business people are afraid not only for this year but for next year. As farmers leave the farms, there are fewer students in the schools and the schools are in danger of closing. One business after another is closing down. The railways are threatening to take up the branch lines; churches and community endeavours of all kinds are becoming more and more difficult to run, and, step by step in communities on the prairies that once were thriving, there are businesses being boarded up, farmers are leaving the farms, and the towns are in danger of becoming ghost towns, one after the other.

Honourable senators, the story I am about to relate is frightening but true. We spoke to a group of farm leaders north of Winnipeg. One farmer in the group said to me: "I am 74 years of age; I have rented my farm to a tenant farmer for a number of years. This spring that farmer said to me that he is not able to make any money farming my land and is therefore handing the land back to me." That farmer told me that he went around trying to get someone else to farm his land, but was unable to do so. He told me: "I could find nobody interested in farming my land, because prices are so low." He said: "So at age 74, I have to go back on to the tractor and seed my own farm."

Another farmer in southern Manitoba told me of his experience. Approximately three years ago he went to his bank and the bank valued his farm assets at $1.1 million, and at that time he had from the bank a $400,000 loan. One year later he went back to the same bank and discovered they had written down his assets from $1.1 million to $700,000. Still one year later he went back to his bank and discovered that they had written down the $700,000 asset value to $400,000. They said to him: "You still owe us $400,000. Your land is not worth more than $400,000. We think you should pay up." Then when the farmer could not pay the $400,000, they started foreclosure proceedings.

Honourable senators, I say that the challenge to the government is to take emergency steps to stop the erosion of farmers, to stop bank foreclosures, and to stop financial institutions from taking more and more land. My advice to the farmers—and that of my wife, Jean, who is also a farm leader—is: Do not sign off when you are under pressure; hang on tight; do not give up; don't throw up your hands, because if you do hang on tight, perhaps this situation will eventually turn around. Perhaps even this government will come forward with additional and more substantial help so that those farmers may, in fact, be able to weather the storm until things get better. What aggravates a great many farmers—and I feel the same kind of aggravation—is that a government that operates the Farm Credit Corporation that charges certain borrowers up to 14 per cent interest is seemingly powerless and is unwilling, or perhaps incapable of bringing in measures to reduce the interest rates being paid by the farmers.

When the Ford Motor Company wished to buy Versatile in Winnipeg, this government provided a loan of $45 million at 10 per cent interest, that is, $4.5 million of interest, and said to the Ford Motor Company, "If you provide research to that extent in Winnipeg, there will be no interest." In fact, it was an interest-free loan.

In today's *Globe and Mail* there is an announcement of a government initiative to save the General Motors Plant at Sainte-Thérèse, Quebec. They are providing a $220 million aid package to General Motors Corporation. It is a pretty good aid package. It will be interest-free for 30 years. They are guaranteeing 3,500 jobs until 1994. For a guarantee of 3,500 jobs—not for the 30 years of the interest-free loan but for seven years—they are being provided by a joint scheme of the Province of Quebec and the Government of Canada with $220

million interest-free. They will not have to pay anything until April 1, 2017.

Honourable senators, the General Motors Corporation used to be the biggest company in the world. I believe right now it is the second biggest company in the world. Whether it is the biggest or the second biggest, it is big and it has lots of money. However, because the government felt that there were reasons that this should be done, the General Motors Corporation has $220 million for 30 years, interest-free. Wouldn't 3,500 farmers out there—indeed, any of the 140,000 farmers in western Canada—like to have an opportunity of getting a capital advance of $220 million interest-free for 30 years?

If the farmers of western Canada got the same kind of treatment as the Ford Motor Company, and especially the same kind of treatment as the General Motors Corporation, then they would feel confident that they could survive and save their job, their occupation—farming.

Farmers who are in great difficulty have not been asking for a General Motors type of loan. I guess they have not read about it yet. They have asked for a reasonable interest rate and a chance to pay a reasonable amount for their land. They are asking for a second chance.

In the mid-1930s the people of Canada elected a Liberal government. With the debt review legislation of that time, the Farmers Creditors Arrangement Act set up a scheme whereby farmers could go before the courts and have their own debts reduced to a reasonable level, have established a fair rate of interest, and have their debt spread over a substantial period of time. There are farmers in Saskatchewan today, their sons and daughters, who are successful farmers, because their parents had a chance to take advantage of the Farmers Creditors Arrangement Act.

Now the banks are in control; the financial institutions are in control, and they are foreclosing. They are putting land on the market, and as they do that the price drops lower and lower. They destroy their own equity in the farms, and they destroy the equity of every farmer who has land in western Canada. I realize this general situation applies to some farmers in other parts of the country.

I was in the small community of Virden in Manitoba speaking to the editor of the local newspaper. He told me that the only farmer within his newspaper area—which was not totally Virden—who bought a new tractor this spring was the farmer who had a contract with the local banks to farm bank land which the banks had obtained in recent months, and the contracts read that they will summer fallow only. The Royal Bank of Canada undertook a major program a few years ago where they told farmers who borrowed money that they would show them how to farm and how to make money. Any farmer who followed the advice of the Royal Bank is in terrible trouble today, and the Royal Bank is taking the land. When the Royal Bank has to farm the land and their experts are able to manage a farm, I would wager that they will win the prize for losing the most money for the size of the farm they are operating.

[Senator Argue.]

Honourable senators, I suppose I have made this speech in the Senate a number of times now. Senator Flynn knows it by heart.

**Senator Flynn:** In the House of Commons, too.

**Senator Argue:** The situation was not as bad then as it is now.

**Senator Frith:** He is the same great champion here as he was there.

**Senator Argue:** I have a very learned friend in Senator Flynn who, in the House of Commons, gave me the same kind of detailed attention as he gives me in the Senate. He is one of my favourite colleagues, in spite of his abrasiveness. I have no trouble handling or appreciating it.

Honourable senators, we are in a crisis situation. There are things the government could do by way of producing new policies which would give farmers a chance to have a write-down of debt and a new chance to operate their farms. Many of these things can be done without a major financial commitment. Further major financial commitments will be necessary if farmers are to survive.

I will now return to the interchange we had earlier in the afternoon. I do not expect Senator Doody to know exactly when the cheques may be issued, although he may have read the evidence, but it looks as though some cheques will be issued very quickly. I doubt very much if a single cheque is likely to be issued in April to any of the farmers under this program. If a cheque is issued, it may be issued for administrative costs, for some powerful advisers or for other officials.

I think it is a great and serious mistake that the farmers out there, who are depending on the few thousand dollars that are involved in this per-farm payment, are not able to receive that money in time for their seeding operations. They need that money in April to buy fuel, to undertake repairs, to buy fertilizer and herbicides, and all the other expenses that are attached to farming. I would say to Senator Doody and to the Leader of the Government in the Senate that I hope, even at this late date, they may find a means to speed up the cheques and to get them out in the mail so that farmers who are desperately in need of money may have money before seeding.

With all of those comments, we support this legislation, inadequate as it is, but we say to the government that much more decisive action will have to be taken and taken soon, because the financial crisis in western Canada is so severe that we are in danger of losing our agricultural industry as we know it. If the government takes the steps required to save that industry and to save our businesses and our communities, we can have a viable agricultural industry when these difficult circumstances are behind us and there is another economic turnaround.

**Senator Doody:** I would take just a moment of the Senate's time to recognize the plea of Senator Argue on behalf of the farming community. He is well known as a champion of that part of our country and of our economy. I will certainly, once again, forward his concerns to the appropriate authorities. I

agree that the more quickly these cheques are issued the better, and I will certainly pass that concern on.

With reference to the comments made by Senator Stewart and which I appreciate very much, it seemed to me that there was one statement which, I thought, further confused what I had thought I had straightened out in my own alleged mind today, and that is the question of the finding of money in the Department of Regional Economic Development to cover the program cost.

• (1600)

That, as I understood it, was the—hypothetical at that time—program dealing with the General Motors plant, and that to deal with that particular grant to General Motors, should it happen, they would go to the contingency vote in the envelope for Regional Economic Development. I did not think that that had anything at all to do with either the $350 million Energy vote that we talked about, which we all agreed would have to be provided for under supplementary estimates or under specific legislation, or the other program, the $700 million program which we are talking about now, which is an Agriculture vote.

I may be confusing the point even more, but I yield to Senator Stewart.

**Senator Stewart:** Honourable senators, may I ask Senator Doody a question? There is no envelope headed Agriculture, so I assume that when they said that it was in an envelope that it must be in Economic and Regional Development. It is not in the votes for that specific department, but that is a general envelope. That is my interpretation of it.

If it is not in there, is Senator Doody telling us—and I think that he has the transcript of what was said this morning—that it is covered, as Mr. Hockin said earlier, in reserves not allocated by envelope?

**Senator Doody:** The point is that it is in the Economic Development rather than in the Economic Expansion Department. I understand the point that Senator Stewart is making. I misunderstood him in his earlier comments. He was not referring to a vote in the Department of Regional Economic Expansion but, rather, in the Economic Development envelope, which is a collection of departments.

So, honourable senators, I have nothing else to add. I thank the Senate for passing this bill. It is important, as I said earlier, to try to get it through as quickly as possible.

Motion agreed to and bill read third time and passed.

## ROYAL ASSENT

### NOTICE

**The Hon. the Speaker** *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1

31 March 1987

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 31st day of March, 1987, at 5.45 p.m., for the purpose of giving Royal Assent to a Bill.

Yours sincerely,
Anthony P. Smyth
Deputy Secretary, Policy and Program

The Honourable
The Speaker of the Senate
Ottawa

## MARRIAGE (PROHIBITED DEGREES) BILL

### SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Tremblay, for the second reading of the Bill S-5, An Act to amend and consolidate the laws prohibiting marriage between related persons.—(*Honourable Senator Neiman.*)

**Hon. Joan Neiman:** Honourable senators, I intend to say only a few words on Bill S-5 today, because I understand that Senator Nurgitz will propose that it be referred to our Standing Senate Committee on Legal and Constitutional Affairs at the completion of the debate on second reading.

Senator Hicks, in his intervention, voiced his objection again to there being any provision in Bill S-5 which would prohibit the marriage of persons who are related lineally by adoption. His comments point out the fact that this area of the bill is the only one that causes us some concern, some measure of discussion, and also causes some differences of opinion. It is important that the committee look again at these provisions.

The committee will get some up-to-date opinions from the witnesses who have already testified before us as well as from the provinces, because, after all, the provinces will have to administer the Marriage Act in whatever form it is finally passed by Parliament. We hope that we can respect the opinions and wishes of the people, but at the same time not create a situation where there may be possible jurisdictional conflicts in the future. The committee would be well advised to look at that area again as it is dealt with in Bill S-5.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

**Hon. Nathan Nurgitz:** Honourable senators, I assumed that the thrust of Senator Neiman's comments would be that the committee would still have one last look at the matter. There is a question of being updated again on how many outstanding applications there are, so I move that the matter now be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

## FOREIGN AFFAIRS

FOURTH REPORT OF STANDING SENATE COMMITTEE ADOPTED

The Senate proceeded to consideration of the Fourth Report of the Standing Senate Committee on Foreign Affairs (budget regarding examination of Canada's participation in the international financial system), presented in the Senate on March 26, 1987.

**Hon. Heath Macquarrie:** Honourable senators, I move that this report be adopted.

Motion agreed to and report adopted.

## CANADA-UNITED STATES DAYS OF PEACE AND FRIENDSHIP

DESIGNATION OF JULY 2 AND 3, 1987—CONSIDERATION OF MESSAGE FROM COMMONS—DEBATE ADJOURNED

● (1610)

Leave having been given to revert to Order No. 4:

The Senate proceeded to consideration of the message from the House of Commons requesting the Senate to unite with that House in the designation of "Canada-United States Days of Peace and Friendship".

**Hon. R. James Balfour:** Honourable senators, I move, seconded by the Honourable Senator Frith:

> That the Senate do agree with the House of Commons in the said Resolution by filling in the blank space left therein with the words "the Senate of Canada"; and
>
> That a Message be sent to the House of Commons to acquaint that House accordingly.

Perhaps it would assist honourable senators if I read the form of the motion as passed by the other place. It was moved:

> That the House of Commons and—

then we are to insert these words "the Senate of Canada",

> —resolve that July 2 and 3, 1987, coming between July 1, Canada Day, and July 4, U.S. Independence Day, be designated "Canada-United States Days of Peace and Friendship" in recognition of the close and peaceful relations that exist between the two countries, the warm, personal links that prevail between neighbouring communities along the length of the common border and the commitments to freedom, democracy and human rights shared by the two nations; and
>
> That a Message be sent to the Senate requesting that house to unite with this house in the said Resolution by filling in the blank with the words, "the Senate of Canada".

[Senator Neiman.]

As honourable senators will see, it is the intent of the motion to designate July 2 and 3, those days coming between July 1 and July 4, as Canada-United States Days of Peace and Friendship. A similar joint resolution has already been passed unanimously by both houses of the U.S. Congress and has been signed into law by the President.

The object of this resolution is to encourage Canadian communities along our common border, the longest undefended border in the world, to join with adjacent U.S. communities in celebrations marking the close relations between our two countries. These festivities would be coordinated by groups on both sides: associations of mayors; professional, labour, educational or religious organizations; public service clubs and other special interest groups.

I emphasize that no official actions or expenditures by the federal government are contemplated by the United States government and none is proposed by the Canadian government. In short, it is to provide an initiative for groups at the local level and would utilize the time, energy and talents of the citizens in neighbouring communities.

These festivities are intended to celebrate the history of our countries' close ties, while bringing Canadians and Americans from all walks of life, from school children to senior citizens, into closer relationships, and thus to expand our national and international contribution to peace and friendship.

The celebration dates, July 2 and 3, coming between Canada Day and U.S. Independence Day, are symbolic and practical. They would commemorate our two countries' achievement of independent democratic governments and free societies and would salute our having lived in peace and harmony for 175 years.

These are also dates when hundreds of thousands of Canadians and Americans are on holiday, many of whom cross the border to visit each other's country. These celebrations would highlight the cultural, ethnic, philosophic and historic similarities that bind our two nations together.

Our advocacy of activities to celebrate these close relations does not obscure the fact that Canada and the United States have had and will continue to have differences of opinions on various issues. However, the strength of our long and harmonious relationship should enable us to work together to resolve these differences in a peaceful manner.

This year, 1987, marks the 175th anniversary of the War of 1812, the last war between Canada and the United States. It would be a fitting tribute to mark this occasion by designating July 2 and 3, 1987, as "Canada-United States Days of Peace and Friendship".

I should tell honourable senators that I have discussed this resolution with my predecessor as co-chairman of the Canada-U.S. Parliamentary Association, Senator Stanbury. It was not possible for Senator Stanbury to be present today. However, he has asked me to say that he wholeheartedly supports this initiative.

I should also like to pay tribute to Mr. David Boyer, a private United States citizen and a senior editor with the *National Geographic* magazine, who worked tirelessly in both the United States and in Canada to have this motion passed. He deserves our sincere thanks for his efforts.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I second Senator Balfour's motion. Senator Stanbury had intended to do so, but for the reasons mentioned by Senator Balfour he did not. I associate myself wholeheartedly with the comments made by Senator Balfour. I suppose that two matters will always cause problems for governments in Canada—and to talk about a final solution to either one is fruitless—they are regional disparities and Canada-U.S. relations. It is impossible to escape the complications that flow from the fundamentally wonderful relationship between the people of Canada and the people of the United States; it is something that needs constant nourishment.

Anything we find on which we can agree I believe we should support. I must say that I am not sure of the implications of naming these as special days in terms of negotiations as to holidays in labour contracts and other effects under the banking and bills of exchange acts, but it seems to me that the worthiness of the motion—particularly the words that are used in the motion itself—give it enough momentum to carry it over some of these technical consequences. Therefore, I support the passage of this motion.

On motion of Senator Petten, for Senator MacEachen, debate adjourned.

● (1620)

## ILLITERACY IN CANADA

DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Fairbairn calling the attention of the Senate to the question of illiteracy in Canada.—(*Honourable Senator Marsden*).

**Hon. Lorna Marsden:** Honourable senators, on March 11 last Senator Fairbairn brought to our attention the very important question, and problem, of illiteracy in Canada. I was very pleased to see the *Globe and Mail* editorial yesterday which referred to her speech, echoed her concerns, and urged action. In her speech she described both the scope and meaning of this problem in our society. Honourable senators will recall that in describing the scope of the problem she told us that illiteracy affects people in all age groups, of all social classes, from all language and cultural groups, and in all regions of our country. The best estimates, as Senator Fairbairn told us, indicate that today approximately four million Canadians can be counted as illiterate.

There is no question that this is a problem of major dimensions. There is disagreement, however, among experts on how one measures literacy or illiteracy. I am sure that all honourable senators recognize that this is not easy to measure any more than it is easy to measure what is poverty or what is not poverty. A great deal depends upon the circumstances. Literacy can be conceptualized as on a continuum from those unable to read at all to those with reading, writing and comprehension skills at the most sophisticated level and sometimes in several languages.

UNESCO uses as a definition for developed societies like ours nine years or more of education. It feels this to be a kind of cut-off point by which to define the question of literacy; and it is on that rough guideline that most of the estimates we use are based. That is the rule of thumb to estimate the extent of the problem among adults in Canada.

I would like to comment on the measurement of the dimension of literacy, first pointing out that we cannot dismiss the problem of illiteracy by suggesting, as some have done, that the way in which it is measured is not scientifically accurate, because scientific accuracy, in the usual sense of the term, is not a feature of this problem except at the extremes of the continuum. We know that illiteracy is a major problem because of the effects that it has on the social, economic and political lives of people in this country—the effects which Senator Fairbairn described so eloquently.

I argue that the definition used contains a level that, far from being debatable at the current level, will be raised very shortly, and that illiteracy, instead of declining, will increase unless we take the kind of action that Senator Fairbairn is suggesting.

There are those who ask whether we require such great skills in reading, writing and comprehension in order to be part of an economy and society in which so much information is conveyed on television or by other such visual images which do not require reading and writing ability. I suggest that we do need to be concerned.

Last year I had the pleasure of interviewing Dean Patricia Graham, head of the Harvard School of Education. In discussing the problem of illiteracy, Dean Graham described a good example of the escalation in demand faced in both our countries by talking about three generations of her own family who are still living. Her grandfather, a farmer in the American mid-west, needed to be able to sign his name and do a little reading, but literacy was not a very high demand in his life and his rural community. Her father had to be sufficiently literate to get a driver's licence, to use the fertilizers on the farm, and to fill in the kinds of forms that are required. So he had education which was much greater than his father's, but not much relative to that of his daughter. She points out that her father and grandfather were very effective farmers who prospered. She is the third generation member, now head of

the Harvard School of Education; and it is quite clear that no longer is she a member of farm life but, like so many families, her family has spread out into many walks of life, all of which have required intensive sophisticated reading and writing skills. What she described is a good example of the escalation in demand for sophisticated levels of literacy in our society, which have accrued very rapidly over generations of people still alive today. There are thousands of Canadian families who have had exactly the same experience, including probably most of the families represented in this chamber.

But we do not have to look simply at the escalation in demand over time; we have but to look at the challenges posed by the programs for which we in this chamber are responsible. What challenge to reading and writing skills are posed by our current pension plans, our income tax, our government programs of all kinds, from Unemployment Insurance to health programs and to job training access programs? We all encounter in our daily lives Canadians who have real difficulty in just using the programs which are designed to help them. I have a friend—and I am sure that all honourable senators know similar people—who is a very intelligent man, the father of a family, with children at university, who earns a good living, makes his own way very successfully in the world, but who regularly asks for assistance with his banking matters, pension and other issues which are now part of his everyday life but which were not part of his preparation for everyday life in this country.

So, in the sense illustrated by the examples I have given, we should be raising the standard measurement of literacy, especially in a society such as ours in which we want to pursue a vigorous democracy and what we call "an information society".

Those honourable senators who read David Suzuki's column in the weekend edition of the *Globe and Mail* will have seen his useful comments on this question. He was referring to the challenges of science and technology, and he argued that if a few years ago we had made the information available, Canadian citizens would act and vote intelligently on those issues. This weekend he was recanting. He did that because of the complexity of information and information overload faced by the average citizen who is called upon to make decisions and to cast an informed vote in our society.

I agree with Dr. Suzuki that one of the great dangers that we face in this country is the oversimplification of information, which we all have to face in various parts of our lives in which we are not expert. If we are not to have simplistic solutions to complex problems, it is very important that all citizens be able to read about and understand the issues in their own way and in their own time. That means the ability to read and write at a sophisticated level, which has been achieved to a far greater extent in other societies, and which we are perfectly capable of achieving here.

So I join Senator Fairbairn in urging action and support for helping people who are challenged by illiteracy, and helping those who are working with people who suffer from that problem.

[Senator Marsden.]

Honourable senators, there is something that we can do, and do soon, in this chamber. Senator Fairbairn pointed out that 70 per cent of those regarded as illiterate in Canada are Canadian born, and that a great many of them are young Canadians. It is those young people on whom I would like to focus your attention this afternoon. They are Canadians who, for a variety of reasons, are emerging illiterate from our education system. It is that variety of reasons that we must understand. Senator Fairbairn spoke about those with learning disabilities, on the one hand, and, on the other hand, about parents who are either ignorant of the symptoms which lead to illiteracy or are sometimes indifferent to them.

We are all aware that about one in five Canadian children have some disability, and we know of other Canadian children who because of social circumstances may lack the ability to concentrate on learning at that stage in life when other children in their age group are mastering the skills of reading and writing. This goes on to complicate the lives of those who have missed that skill forever after.

• (1630)

Honourable senators, the report of the National Finance Committee on the Financing of Post-secondary Education in Canada, tabled in this chamber last week, makes the point on the subject of accessibility to post-secondary education that when it comes to university admission, reducing tuition fees to zero would not result in much of an increase in university enrolment. The report explains that barriers to entry to post-secondary education come much earlier in life than those posed by paying the fees at the moment of admission. They come in elementary school and in secondary school, in the choice of courses which stream a young person toward or away from university, and in the encouragement or lack of it which young people are given when they think about going on to some kind of post-secondary education. But the worst barrier, the most fundamental barrier to any kind of retraining or education later in life now demanded by our economy is the lack of the ability to read, write and comprehend. As our labour force becomes more and more dependent on high literary skills, even in jobs which are in many ways not very demanding of a high degree of education, it can become the ultimate barrier to a decent life and independence for all too many Canadians. Who is responsible for the problem of illiteracy among young people in Canada? As the Senate Special Committee on Youth heard, some people blame teachers, some people blame parents, some people blame trustees, all groups are blamed in their turn. But Senator Fairbairn suggests that we are all responsible and that we can all act. Clearly, it is pointless to focus the blame on the school system or the parents or the teachers or some other group in our society. The problem is a problem for us all, and we must act collectively in order to get to a solution.

The act to which we can contribute here is to share the burden with teachers and parents by taking a very serious look at the child-care discussion which now faces us in Parliament. We can promote an active interest in the current discussions on the issue of child-care, the major report of which was tabled

in the House of Commons yesterday as were the minority reports of the critics, Lucie Pépin and Margaret Mitchell. By the time children get to grade one and into school, years are lost, crucial years of development. If they have some sort of disability which goes unrecognized, this is a special problem. Even if they have no disability to learning, those early years are very important to the skills of reading and writing. Honourable senators will all have seen the very popular television program "Sesame Street", which began in 1969 with exactly this problem in mind, the need of encouraging young children to enjoy learning and to develop their reading and writing skills as soon as possible. Child-care provides an opportunity for teacher, health-care worker and parent together to assess the child to see if there is some special need which can be met in the early years before schooling starts. But that, of course, is not the limit of what a good child-care program in this country could offer, for most children do not have any sort of disability.

Good quality child-care provides an opportunity for children to learn with other children, and provides opportunities for them to learn preparation skills for those crucial early years of school in all sorts of ways. I would like to quote from the report tabled by Lucie Pépin yesterday called, "Choices for Childcare, Now and the Future", in which she says:

> Beside encouraging the earlier development of literacy skills, these programs—

She is referring to early child-care programs.

> —have greatly assisted children and families by allowing an opportunity for the earlier discovery and treatment of disabilities and impairments of all kinds. These programs also stimulate the early development of social interaction skills, without the pressure for educational achievement encountered once the child begins regular schools. In isolated or multicultural communities and for handicapped children, the childcare setting can be particularly helpful in developing social skills, including tolerance and awareness of others.

Good quality child-care with well-trained child-care workers is probably the greatest benefit we could provide to our country for our future.

In the debate on child-care you will no doubt hear a great deal about financing and about jurisdictional questions between the provinces and the federal government. Those are important matters. But the most important matter is the opportunity which could be provided to our society by the increased provision of good child-care for Canadian children. It is those very children who are most at risk, who receive the least attention from their parents who are struggling to make ends meet, who stand to gain the most from child-care. Again, I quote the Pépin study:

> Six longitudinal studies conducted in the United States showed striking differences between children raised in poverty who had attended a quality preschool program and those who had not. Those who attended the program showed much higher rates of high school completion, college or vocational training, much lower rates of teenage pregnancy, higher employment rates, less reliance on welfare and much lower crime rates.

Unfortunately, we do not have comparable studies in Canada, but we can rest assured that the problem needs investigation and will be investigated if good child-care programs are supported by this Parliament.

I therefore suggest that we put the problem raised by Senator Fairbairn in the forefront of our minds in considering the child-care issues as we debate them in Parliament. I urge every senator to take the opportunity to look at this important initiative in the context of what has been brought to our attention here. That is, the very large number of young Canadians who emerge from the school system unable to read, write and comprehend sufficiently to take a place in modern economic life.

On motion of Senator Spivak, debate adjourned.

## LEGAL AND CONSTITUTIONAL AFFAIRS

### FIRST REPORT OF FRENCH CONSTITUTIONAL DRAFTING COMMITTEE—SENATE COMMITTEE AUTHORIZED TO INCREASE MEMBERSHIP FOR STUDY

**Hon. Joan Neiman,** pursuant to notice of Tuesday, March 17, 1987, moved:

> That, for the purpose of its examination of and report upon the First Report of the French Constitutional Drafting Committee (Sessional Paper No. 332-159), the membership of the Standing Senate Committee on Legal and Constitutional Affairs be increased to fifteen members, and that Rule 67(l)(k) be suspended in relation thereto.

She said: Honourable senators, you will notice that the purpose of this motion is to examine and report upon the first report of the French Constitutional Drafting Committee. In order to do so and to do justice to the report of that committee, I have proposed that the membership of the Standing Senate Committee on Legal and Constitutional Affairs be increased, for that purpose only, to 15 members. I should tell you that in the Foreword to the report we read the following:

> Section 55 of the *Constitution Act, 1982* makes the Minister of Justice of Canada responsible for preparing a French version of the parts of the Constitution of Canada mentioned in the schedule to that Act, which consist primarily of constitutional Acts enacted by the Parliament of the United Kingdom from 1867 on, in English only.

● (1640)

The minister decided, as well as the officials in his department, that in order to commence this work they wanted to avail themselves of the assistance of a group of expert scholars and linguists and not depend only on the department's staff, even though they are eminently capable of doing that work.

The report points out that there were a number of expert advisers used. I will not list all of those advisers, because their names are contained in the report, but among them was the

late Honourable Louis-Philippe Pigeon, who attended 23 of the 28 meetings of the committee prior to his much-regretted death. M. Gérard Bertrand, Q.C., who was at that time the Chief Legislative Counsel of the Government, was the chairman of the committee.

In the opening comments of the report, it is stated:

> 3. For obvious reasons, the committee chose to begin with the *Constitution Act, 1867*, originally known as the *British North America Act, 1867*, and fourteen Acts that amended it.

The report further states:

> 4. While the committee did not as a matter of course reject the unofficial French version of the Acts of the Parliament of the United Kingdom that are found in the Appendices of the Revised Statutes of Canada, 1970, some of which, as in the case of the *British North America Act, 1867*, were prepared as early as 1867, neither did the committee use it as a starting point because it is a literal translation from the English and therefore contains anglicisms and faulty syntactical constructions and usages. The committee is of the opinion that long usage of such incorrect words or turns of phrase should not, for that reason alone, justify their retention in the official French version of a constitutional Act.

Therefore, the proposed texts are not a literal translation from the English. The committee members were conscious that there would be alternative wording that might be equally suitable. For that reason the committee felt that the texts should be submitted for the approval of the Senate, the House of Commons and the legislative assembly of each province pursuant to the procedure provided for. I believe that copies of the report have already gone forward to the provinces.

This is a substantial document. It is the opinion of the Senate committee that when this first report is referred to it, it would like to have the services of a number of senators who are experts in the field but who are not presently members of the committee. For that reason we have asked for a temporary increase to 15 members. We propose to establish a subcommittee that will deal with this matter and report thereon to the full committee in due course.

Motion agreed to.

## LEGAL AND CONSTITUTIONAL AFFAIRS

### MOTION TO AUTHORIZE COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS—DEBATE ADJOURNED

**Hon. John M. Godfrey,** pursuant to notice of Tuesday, March 24, 1987, moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms.

[Senator Neiman.]

He said: Honourable senators, I originally gave notice of a similar resolution—with one difference—back in 1982. I have forgotten the exact date in 1982. At that time I did not move the motion, because I was looking for support from both the Leader of the Government in the Senate and the Leader of the Opposition in the Senate, and I was also awaiting reaction from the Department of Justice, which has a similar duty to look at all bills to see whether or not they infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms.

I was told by Senator Perrault, the then Leader of the Government in the Senate, that Mr. Chrétien, the then Minister of Justice, opposed the motion, because he felt that that work was already being done by his department. I arranged to have a meeting with Senator Perrault and Mr. Chrétien. It was quite obvious that the bureaucrats in the department made a unilateral decision that they did not want the Senate looking into this, since Mr. Chrétien said at the outset that he had not heard about the matter before our meeting.

I then met with the bureaucrats concerned and we argued for about an hour. I got absolutely nowhere. I then moved the motion, but at that time I requested that the matter, instead of being referred to the Standing Senate Committee on Legal and Constitutional Affairs as in this motion, be referred to the Joint Committee on Regulations and other Statutory Instruments.

I spoke on that motion for one hour and a half on February 9 and 10 of 1983. I have no intention, honourable senators will be relieved to hear, of speaking at that length on the merits of the motion today. I am just going to go through the history. There is no point repeating what has already been said in my previous speeches in this chamber on this matter.

I was told after I had spoken that there was a better chance of this being adopted if it were referred to the Standing Senate Committee on Legal and Constitutional Affairs instead of the Joint Committee on Regulations and other Statutory Instruments. I agreed with this change, and I arranged with Senator Neiman, the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, to move a similar motion. She gave notice of that motion. Then nothing happened for approximately ten months. Senator Neiman never did move the motion. On June 21, 1983, I received a letter signed by Mr. MacGuigan, which went into various arguments against my motion, none of which I thought had any validity whatsoever, and which I answered in a speech I gave on March 13, 1984. What was most significant, though, was a handwritten note at the bottom of the letter. That said:

> John, this letter was prepared for me by the department. Feel free to discuss the matter further if you wish.

In other words, the bureaucrats were still ruling the roost and calling the shots.

On March 13, 1984, I moved my motion again and gave another speech. Senator Frith adjourned the debate. Nothing further happened and the election intervened.

I then moved my motion again on December 11, 1984, still providing for the Joint Committee on Regulations and other Statutory Instruments, and Senator Roblin took a somewhat different view from that of the previous powers that be. He said that he thought the Senate should run its own affairs, and that the Senate did not have to refer to the Minister of Justice and bureaucrats to determine whether or not we should adopt such a motion. He supported the motion, and the motion was adopted by the Senate in February 1985.

The matter was then referred to the House of Commons, and nothing happened. I presume nothing happened simply because it was referred to the Department of Justice, and the same bureaucrat said, "Just sit on it and don't do anything."

Now I am moving this again, but this time I am doing an end run around the bureaucrats in the Department of Justice, who, I suspect, were causing the difficulties again when it went to the House of Commons. I am moving that the matter be referred to the Standing Senate Committee on Legal and Constitutional Affairs so that the Senate can decide this question on its own, without the concurrence of the House of Commons. We do not have to worry about the bureaucrats in the Department of Justice; we do not have to worry about the House of Commons. This is certainly something that should pass. We have already passed it once and I ask that it be passed again.

• (1650)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I wonder if Senator Godfrey could clarify the mechanics. The authorization is to examine the subject matter of clauses of bills; not the clauses themselves, I take it, but the subject matter of clauses of bills introduced in the Senate or in the House of Commons where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms. I suppose that there is a potential for infringement in every bill.

**Senator Godfrey:** Yes.

**Senator Frith:** Therefore, you want this committee to look at every bill that is introduced.

**Senator Godfrey:** Yes. Obviously, the members of the committee themselves are not going to look at each bill. These are highly technical matters, and staff assigned to the committee from the Research Branch of the Library of Parliament will do this work. The sole purpose of this resolution is so that any committee of the Senate or the House of Commons which is looking at a bill will be alerted by the staff of the Research Branch through the Legal and Constitutional Affairs Committee as to a possible infringement so that they can look at a bill and make a decision, in order that any possible infringement of the Charter of Rights and Freedoms will not go through unnoticed. It is not for the members of the Legal and Constitutional Affairs Committee themselves to make a decision as to whether there is an actual infringement.

**Senator Frith:** I understand that. I am just thinking of how it gets to them. You say that the staff of the committee will make the decision as to whether the committee should look at a bill or not.

**Senator Godfrey:** Every bill will be referred because of this motion.

**Senator Frith:** Every bill?

**Senator Godfrey:** Yes, every bill will be referred, and the staff of the committee will look at every bill that comes before a Senate or House of Commons committee in order to see whether there is a possible infringement. This will be automatic.

On the original motion, I must say that four years ago we had a long discussion on this subject. There was slightly different wording and we had suggestions from Senator Flynn. I do not remember how many times the matter came up in the Senate, and finally we ended up with this simple procedure. I am sure honourable senators do not wish to go into the matter all over again so I will refer honourable senators to the *Debates of the Senate* for the discussions that we had at that time.

For example, every regulation is now referred to the Regulations and other Statutory Instruments Committee. By this method every bill will be referred in this respect to the Legal and Constitutional Affairs Committee. Of course, the members of the committee will not look at the bill unless the staff who do the actual examination draw the attention of the Legal and Constitutional Affairs Committee to some particular wording in a bill. That committee, in turn, through the Senate, would alert the particular committee dealing with that particular bill that the wording of a specific clause perhaps infringes the Charter of Rights and Freedoms.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I wonder if Senator Godfrey would entertain a question. At what point in the progress of a piece of legislation through the system would the subject matter be referred to this Zaharoff in the back room whose task it would be to flag the possible infringements? Would it be done prior to first reading in the house of introduction, or would it be done when the bill had been passed by the other place and had come to the Senate for first reading, or would it be done before it is referred? Where would a bill meet the new roadblock?

**Senator Godfrey:** Honourable senators, the minute a bill is given first reading, either in the House of Commons or in the Senate, it would be referred and the staff of the committee would look at it. There is no point in waiting until a bill has passed in the other place. The point is that the committee in the other place should be told to look at the wording if there is a possible breach. It would be too late to wait until the bill had passed in the other place. I know that the Department of Justice does look at all of these matters, and I think they do a good job. It is simply to ensure that in certain cases something does not slip through without the committee having had this matter drawn to its attention. I must tell honourable senators that this is done in Australia.

**Senator Doody:** Senator Godfrey, do you anticipate that the House of Commons or the Senate, whichever house is introducing a piece of legislation, would wait until the committee had passed the wording, or would it just proceed with the normal flow of legislation and then, in some instances, the procedure would come to a screeching halt while the committee examined the wording of a bill?

**Senator Godfrey:** I am sure that legislation would proceed in the normal way. In fact, the houses probably would not even be aware that the committee was looking at the wording. It would only be on those very rare occasions when the experts decided that there was some possible breach that it would be drawn to the attention of the committee concerned in either house. Therefore, there will be no possible hold-up of legislation, except where they draw the attention of a committee to a possible breach of the Charter of Rights and Freedoms. Then, if it is a House of Commons committee, hopefully they will say, "Thank you very much. We would not have noticed that. We will consider it and have our experts give us advice, and if there is an infringement in our opinion, we will do whatever is necessary to correct it."

**Hon. Arthur Tremblay:** Honourable senators, on a point of order, I understood that Senator Godfrey was merely presenting historical background on the motion, and that he was not introducing the motion on its merits. I understood that he would do that at the next sitting.

**Senator Godfrey:** If the Senate wants to hear my one-and-a-half hour speech again, I will oblige. Incidentally, I read it again last week and it is very good. It makes good reading after four years. You might like to hear it again. However, if any honourable senator is interested in reading it, it appears in the *Debates of the Senate* of February 9 and 10, 1983. However, if honourable senators want me to, I will go into the merits of the matter once again, although it has already passed the Senate in a previous session.

On motion of Senator Nurgitz, debate adjourned.

## SENIOR CITIZENS

### OBSERVATION OF SPECIAL WEEK IN TRIBUTE—DEBATE ADJOURNED

**Hon. David A. Croll,** pursuant to notice of March 24, 1987, moved:

> That the Senate recommends to the Government of Canada and to individuals and organizations in Canada that, in honour of the senior citizens of this country, the last complete week of August of this year and of each and every year thereafter, be kept and observed throughout Canada as 'Senior Citizens' Week' as a way of paying tribute to the diverse contributions being made to Canada by the older citizens of our society.

He said: Honourable senators, I introduced this motion on March 24 and Senator Robertson has seconded it. The record shows only my name, but the rule is that these motions are self-starters. They do not need to be pushed.

[Senator Godfrey.]

Honourable senators, I want to speak of Senior Citizens' Week. Today more people are living into their 70s, 80s and 90s as part of the "seniors' boom" that has hit Canada in recent years. Many seniors are living healthier and longer lives than their parents did. Some people are describing the "seniors' boom" as the most important population development since the "baby boom" that followed World War II.

Honourable senators, I will give you a few statistics. I am sure you are aware of them, but, in any event, I will simply remind you. There are presently 2,700,000 Canadians who are 65 years of age or older. This figure is likely to increase to 4,000,000 by the turn of the century. Boys born in 1984 or later can expect to live to the age of 73, while girls can look forward to celebrating their 80th birthday.

One of the most important features of western society is the enormous heritage of social capital left to us by our ancestors, to which we have added from time to time. Our parents were motivated by affection as well as a sense of duty to provide for the material welfare of their children.

In those days immigrants often arrived in Canada with little more than the clothes on their backs, but they gave their children a good education, and within a generation many of them were able to pass on to their children prosperous farms or businesses.

The inheritence of private wealth is important, but it does not compare to the huge accumulation of social capital passed down from earlier times. There is much talk these days about what we owe to our children and to our grandchildren. I am more concerned at the moment about what we owe to the elderly who have given us so much within living memory. Young people take for granted the priceless gift of arable land, roads, utilities, hospitals, schools, museums and stately public buildings that contribute so much to the general welfare. Some of the outstanding contributors to our well-being, even politicians, are recognized and honoured. Usually when they are dead, we name schools, parks, mountains or even highways after them. This, doubtless, pleases their living descendants, but it would also be pleasant and fitting if we could honour some of the other contributors to our society while they are still with us.

We have done this selectively by the designation of particular days to pay tribute to mothers, fathers, veterans and to labour. Such celebrations are confined to family relationships or to specialized groups. Incidentally, I have forgotton to mention that our elders made contributions to two world wars and one great depression.

I should like to propose a broader concept—a tribute to the elderly. Just as we owe younger members of our family love and respect for their care and nurture, we owe elderly people our gratitude for their material and spiritual legacy. I do not think it is nearly enough to set aside a single day to honour senior members of society. I propose, instead, to dedicate a week in which special attention can be devoted to honouring our senior citizens. Specifically, I would like to propose that the last full week of August every year be designated "Senior

Citizens' week". It is a golden time of the year in our country, a time for harvesting and festivities. I suggest to you that it would be a fitting time to pay tribute to the seniors in the community who have borne the heat and burden of the day and who have left us such a rich inheritance. All I am asking you is to let us make a little fuss over grandpa and grandma.

On motion of Senator Robertson, debate adjourned.

The Senate adjourned during pleasure.

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• (1710)

At 5.45 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker:

The Honourable Marcel Danis, Deputy Speaker of the House of Commons, addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service:

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1988 (*Bill C-49, Chapter 11, 1987*)

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 783*)

## TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE

REPORT OF STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE ON SUBJECT MATTER OF BILL C-38

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TUESDAY, March 31, 1987

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

ELEVENTH REPORT

Your Committee, to which was referred the subject-matter of the Bill C-38, An Act respecting the reorganization and divestiture of Teleglobe Canada, in advance of the said Bill coming before the Senate, or any matter relating thereto, has, in obedience to the Order of Reference of Wednesday, 18th February, 1987, examined the subject-matter of the said Bill and now reports as follows:

### Purpose of Bill C-38

The purpose of this Bill is to enable the Government to sell Teleglobe Canada to Memotec Data Inc. of Montreal. The sale is part of the Government's overall privatization programme, which over the past two years has resulted in the transfer of six government enterprises to the private sector.

Teleglobe Canada is a Schedule C, Part II, Crown Corporation under the *Financial Administration Act* with a legislative mandate to establish, maintain and operate Canada's international telecommunications services and to coordinate their use with telecommunications services in other countries. It is the exclusive provider of overseas telecommunications services.

Memotec Data Inc. is a data communications and data processing firm with headquarters in Montreal. It employs a total of approximately 750 people in Montreal, Toronto, the U.S. and London, England. The company's sales for the nine months ended 30th September, 1986, were $31.6 million, and its assets at that date were $83.6 million.

In the view expressed by the Honourable Barbara McDougall, Minister of State (Privatization), divestiture from government will enhance Teleglobe's ability to develop by allowing it to expand its mandate and seize new business opportunities. The Minister also expects that the alliance with Memotec will give Teleglobe a further boost. Bolstered by Memotec's considerable technical and marketing expertise in data processing and systems integration, Teleglobe will be much better able to exploit its own technological strengths and international links to grow into a world-class telecommunications company. At the same time, the regulatory framework within which the privatized Teleglobe will be required to operate will ensure that it continue to serve the public interest.

### Scope of inquiry

A few days preceding public announcement of the sale of Teleglobe, the value of Memotec stock rose sharply amidst heavy trading in the company's shares on the Montreal and Toronto stock exchanges. The Quebec and Ontario Securities Commissions, the Montreal and Toronto stock exchanges and the federal government have launched investigations into the possibility of insider knowledge behind that trading in Memotec stock. Since any impropriety leading to enhanced activity in Memotec stock was under inquiry by competent authority, and since the movement of the stock was unrelated to the merits of the transaction, the Committee decided not to review this aspect of the deal.

### Background to the sale

According to evidence received by the Committee, the intention of the Government to privatize Teleglobe was announced on 30th October, 1984. On 25th March, 1985, Dominion Securities Pitfield Ltd. and Lévesque Beaubien Inc. were engaged as financial advisors in the planned sale. A call for offers to purchase Teleglobe was issued in August 1985.

This bidding round was completed on 18th October, 1985. Eleven bids were received, including three from non-residents. However, because the bids were prepared on the basis of differing policy assumptions, it proved impossible to compare them in a consistent way, and this bidding round was cancelled.

On 19th November, 1986, the Minister of State (Privatization) announced a new bidding process based on a statement of conditions and process of sale tabled that same day. Among the criteria set out in that statement were the following:

- Ownership by domestic telephone companies will be limited to 40%, and would be reduced to one-third after the initial public offering.
- Non-resident ownership will be restricted to 20%. Non-resident telecommunications carriers will be totally excluded from Teleglobe's ownership.
- Within three years of privatization, the purchaser will have to offer at least 5% of Teleglobe's shares to employees and a further 10% to the public.
- The "new" Teleglobe will be required to assume the current public policy mandate of Teleglobe Canada.
- The Government undertook to maintain for at least five years Teleglobe's monopoly in overseas telecommunications.
- Teleglobe will be subject to government directives for a narrow range of national security, foreign relations and international communications policy considerations.
- Teleglobe will be subject to the Canadian Radio-television and Telecommunications Commission (CRTC) regulation under the *Railway Act* and other relevant legislation.
- Effective 1st January, 1988, Teleglobe will be required to reduce the weighted average collection rates for overseas telephone calls by 13.5% and charges for telex services by 10%. Thereafter, for a transitional period extending to the end of 1991, the CRTC will accept as the allowed rate of return on common equity a rate that is two percentage points above the allowed return on common equity of Bell Canada and the British Columbia Telephone Company (B.C. Tel).
- The purchaser must propose pension coverage after the sale that is at least reflective of the norm for the telecommunications industry and must agree to enter into a reciprocal transfer agreement to permit the portability of pension credits from the employees' current plan to the new plan.
- The terms and conditions of employment in force at the time of sale will be binding on the purchaser of Teleglobe insofar as employees at the time of sale are concerned.
- Teleglobe's headquarters and existing operational facilities shall remain in Montreal.

Fourteen companies signed the confidentiality agreement for this second bidding round. Of these 14 companies, seven submitted bids by the deadline of this bidding round, 9th January, 1987. The financial advisors, working with Canada Development Investment Corporation (CDIC), reviewed these bids between 9th and 27th January. On 30th January, the bidders were provided with additional information on two points — concerning communications policy and the tax depreciation base — and were asked to adjust their bids in the new context and respond by 5th February. At the end of this process, the bids which complied with the prescribed terms and conditions of sale were the following six, ranked here by bid value:

| **Parties submitting bids** | **Bid value** ($ million) |
|---|---|
| 1. Memotec Data Inc. | 488.3 |
| 2. Inter-City Gas Corporation | 484.0 |
| 3. First City Financial Corporation | 465.0 |
| 4. Power Corporation of Canada | 445.4 - 460.6 (453.0) |
| 5. Gordon Investment Corp. (1) | 430.8 |
| 6. Caisse/SPAR/CTCI | 418.3 |

(1) This bid contains provisions that would increase the proceeds to the Government, based on a subsequent

public offering of the equity of new Teleglobe, by approximately $25 million.

According to Mr. Paul Marshall, President and Chief Executive Officer of the CDIC, the terms of reference of CDIC were to consider the bids purely on commercial and economic grounds. In addition to the bid values and the ability of bidders to close, the board also considered the capacity of the bidders to provide Teleglobe with ongoing financial support. However, in view of Teleglobe's status as a successfully managed and operated utility, the board concluded that this aspect of the deal did not raise any concerns that would justify re-ranking the bids. Accordingly, in a letter to the Minister of State (Privatization) dated 5th February, 1987, the board unanimously recommended the Memotec bid.

On 11th February, 1987, the Minister announced that a letter of intent had been signed to sell Teleglobe to Memotec.

**Structure of the sale and effect on public accounts**

The Bill authorizes the Government to establish a new corporation under the *Canada Business Corporations Act*. This new corporation will take over the assets and liabilities of "old" Teleglobe in exchange for securities (a combination of about $143 million in debt and $235 million in equity) that it will issue to "old" Teleglobe. Accumulated cash, of approximately $102 million, will be left in "old" Teleglobe. The new Teleglobe will then be sold to Memotec as a going concern.

The Government will retain a special share which will entitle it to receive a dividend on 31st December, 1987 equal to the excess earnings Teleglobe will receive until then by virtue of the fact that Teleglobe's rates to the end of this year will remain fixed at their present level. This dividend is estimated at $18 million.

Accordingly, the estimated gross proceeds to the Government from the Teleglobe sale to Memotec are as follows:

| | ($ million) |
|---|---|
| Accumulated cash | 102.0 |
| Special dividend | 18.0 |
| Sale price | 488.3 |
| Total | 608.3 |

The cost of the sale is estimated by CDIC at about $7 million and another $10 million has been set aside for contingencies. On the Government's accounts, the only asset with respect to Teleglobe is a loan for approximately $2 million. The effect of the sale therefore, will be a reduction in the public accounts deficit and debt of approximately $589.3 million.

**Employee concerns regarding pensions**

In accordance with the conditions of sale announced on 19th November, 1986, Bill C-38 provides that employees of Teleglobe will have the option of either keeping their accrued pension benefits in the Public Service Superannuation Plan or transferring them into the new plan to be established by the purchaser of Teleglobe.

Representatives of Teleglobe employees appearing before the Committee expressed concerns on two main points respecting the Bill's provisions on pensions. Subclause 24(1)b of the Bill provides that to avail himself of the above option, an employee would have to be employed up to the time when he actually avails himself of the option. An employee dismissed before that time would lose the right to the election offered to other employees.

The Teleglobe employees also voiced concerns about the effect of the sale on their pension benefits and about the calculation of the transfer value of pension benefits for those employees electing to transfer their past service to the plan offered by Memotec. They testified that while they had indications that those issues would be covered by regulations under Bill C-38 and by the terms of the sales agreement between the Government and Memotec, they found these means of dealing with their concerns inferior to statutory provisions. They therefore argued that the provisions of the *Pension Benefits Standards Act* concerning continuity of service and methods of determining the current value of the pension credits be incorporated in Bill C-38.

In her appearance before the Committee, the Honourable Barbara McDougall, Minister of State (Privatization), stated that the Government had agreed to delete subclause 24(1)b from the Bill. An amendment to this effect was adopted by the House of Commons Legislative Committee which reviewed the Bill.

Concerning the second recommendation of the employees, Ms. Mercédès Chartier-Gauvin, Senior Policy Advisor, Pension Group, Treasury Board

Secretariat, argued that all of the protection afforded by the PBSA is already covered either under the Bill or under the agreement with Memotec.

According to Ms. Chartier-Gauvin's testimony, there are basically three elements covered by section 30 of the PBSA. The first is the possibility of leaving accrued benefits up to the point of sale in the pension plan of the vendor employer without further accrual. Clause 24 of the Bill does that, with an additional advantage: indexation of benefits commences on date of sale rather than on the date that benefits are paid.

The second protection offered by the PBSA is the possibility of moving to the successor employer's plan without penalty (i.e. prior service is taken into account). This element is covered by the reciprocal pension transfer agreement and by the contract of sale. Moreover, these agreements take into account all previous service, whereas the PBSA provisions would only recognize service back to 1st January, 1987, when the PBSA came into effect.

The third requirement under the PBSA is that for the purpose of determining pensionable service, the period of employment shall be deemed to include employment with both the vendor employer and the successor employer without interruption. Such a requirement is stipulated in the contract of sale and the reciprocal pension transfer agreement.

In testimony before the Committee, the Minister also indicated that Memotec offered a pension plan equivalent to that of the current Public Service Superannuation Plan, the provisions of which are significantly more favourable to the employees than the industry norm. The actuarial assumptions that will be used to determine the value of the pensions being transferred to the Memotec plan will be the same as those that would be used under the PBSA. It is worth noting, nevertheless, that since the Memotec pension plan is a defined benefit plan, any unfunded liability which may arise will in any event have to be met by the employer: employee benefits would remain unaffected.

In the view of the Committee, the provisions contained in the Bill, the reciprocal pension transfer agreement and those to be inserted in the contract of sale meet the concerns expressed by the employees with respect to pensions.

Your Committee has reviewed the subject-matter of Bill C-38 in accordance with the Order of Reference and recommends that the said Bill, when examined by the Senate, be favourably considered.

## APPENDIX A

## LIST OF WITNESSES

**Wednesday, February 25, 1987: (Issue No. 13)**

From Treasury Board (Privatization):
Dr. Janet Smith, Deputy Minister;
Mr. Doug Lewis, Legal Counsel;
Mr. Dean McLean, Project Manager.

From the Canada Development Investment Corporation:
Mr. Paul Marshall, President and Chief Executive Officer.

From Dominion Securities Inc.:
Mr. David L. Torrey, Vice-Chairman.

From the Department of Communications:
Mr. Vince Hill, Director General, Telecommunications Policy.

From Teleglobe Canada:
Mr. Jean-Claude Delorme, President.

From Memotec Data Inc.:
Mr. William McKenzie, President and Chief Executive Officer;
Mr. Eric Baker, Chairman;
Mr. Marc Beauchamp, Director;
Mr. Joseph Szaszkiewicz, Technical Employee.

From McLeod Young Weir:
Mr. Austin Taylor, Chairman;
Mr. John Bennett, Managing Partner.

From Heenan Blaikie:
Mr. Peter M. Blaikie, Senior Commercial Counsel.

From the National Bank:
Mr. Mario Lecaldare, Senior Manager of North American Corporate Banking, Eastern Canada.

From the Teleglobe Ad Hoc Committee on Pension Matters:
Mr. Joel Tas;
Mr. David Conyers;
Mr. Pierre Grenier;
Mr. Michel Guillemette;
Mr. Carlos Saldanha.

From the Canadian Overseas Telecommunications Union (COTU):
Mr. Carlos Saldanha, President;
Mr. Pierre Grenier, Legal Counsel.

From the Teleglobe Technical Supervisors Association (TTSA):
Mr. David Conyers, President.

From the Teleglobe Employees Acquisition Committee (TEAC):
Mr. Michel Guillemette, Vice President.

**Thursday, March 19, 1987: (Issue No. 18)**
**Appearing:**
The Honourable Barbara McDougall, P.C., M.P., Minister of State (Privatization)

From Treasury Board:
Mr. Dean McLean, Project Manager;
Mr. Doug Lewis, Legal Counsel;
Ms. Mercédès Chartier-Gauvin, Senior Policy Advisor, Pensions Group.

From the Canada Development Investment Corporation:
Mr. Michael F.K. Carter, Executive Vice-President.

From Dominion Securities Inc.:
Mr. David L. Torrey, Vice Chairman.

From Lévesque, Beaudien Inc.:
Mr. John P. Byrne.

From the Department of Communications:
Mr. Vincent Hill, Director General, Telecommunications Policy.

## APPENDIX B

## SUBMISSIONS

The Committee received submissions from the following groups:

CANADIAN OVERSEAS TELECOMMUNICATIONS UNION
Montreal, Quebec

TELEGLOBE AD HOC COMMITTEE ON PENSION MATTERS
Montreal, Quebec

TELEGLOBE EMPLOYEES ACQUISITION COMMITTEE
Montreal, Quebec

TELEGLOBE TECHNICAL SUPERVISORS ASSOCIATION
Montreal, Quebec

TREASURY BOARD
Ottawa, Ontario

Respectfully submitted,

IAN SINCLAIR
*Chairman*

# THE SENATE

**Wednesday, April 1, 1987**

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

Prayers.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

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

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at three thirty o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

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# QUESTION PERIOD

[*English*]

## CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN OTTAWA—SENATE REPRESENTATION AT STATE FUNCTIONS

**Hon. Jerahmiel S. Grafstein:** Honourable senators, I have a question for the Leader of the Government in the Senate. In light of the paramount importance of Canada's relations with the United States, on the forthcoming state visit by President Reagan to Ottawa next week, are the Leader of the Government in the Senate and the Leader of the Opposition in the Senate invited to participate in all state functions? Such an invitation would enable them to report back fully to the Senate on this important event.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I think not. We are invited to attend in the House of Commons when President Reagan speaks to the joint session of Parliament. However, I am not aware from my own schedule that there are any other functions that I am required or invited to attend, nor am I aware that there are any matters on the agenda that relate to my particular ministerial responsibilities.

**Senator Grafstein:** Could the Leader of the Government inform us as to whether or not the Leader of the Opposition in the Senate was invited to the state dinner?

**Senator Murray:** I suppose I could obtain that information, but the more direct route for my honourable friend to take would be to ask the Leader of the Opposition in the Senate that question.

## INDUSTRY

INTEREST-FREE LOAN TO GENERAL MOTORS—REQUEST FOR INTEREST-FREE LOANS TO FARMERS—REMOVAL OF MORATORIUM ON FARM FORECLOSURES

**Hon. Hazen Argue:** Honourable senators, my question is for the Leader of the Government in the Senate. Could the leader give us some details of the arrangement that has been made between General Motors, the federal government and the Government of Quebec concerning an interest-free loan of some $220 million?

An article in the *Globe and Mail* of today states:

> This enables the auto giant to avoid up to $110-million in taxes that otherwise would have been payable in future years.

I wonder if the leader could give us a comprehensive statement regarding the details of this particular arrangement.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I can tell Senator Argue that, yes, there has been a $110 million interest-free loan made to General Motors by the federal government, which is matched by an identical amount from the Province of Quebec.

**Senator Frith:** For how long?

**Senator Murray:** The loan is interest free and it is repayable in 30 years.

**Senator Frith:** Are there no instalments?

**Senator Murray:** I may say that this loan will help make possible an investment of some $650 million by General Motors to modernize the Sainte-Thérèse assembly plant. That investment will comprise an immediate expenditure of $450 million and a further expenditure of $200 million after 1990. I am further informed that the project will result in the maintenance and creation of over 11,000 direct and indirect jobs.

**Senator Argue:** I wonder if the Leader of the Government could be more specific in answering the question.

It further states in that article:

> Ottawa and Quebec will each contribute $110-million.

That is clear. The article further states:

> But the key to the tax break for GM was getting the government money in the form of an interest-free loan—payable in one lump-sum after 30 years—rather than as a grant.
>
> This enables the auto giant to avoid up to $110 million in taxes that otherwise would have been payable in future years.

I just wonder if that is an accurate statement, and if that is a further benefit that flows from this almost unheard of arrangement of an interest-free loan for 30 years.

**Senator Murray:** Honourable senators, I do not know how unheard of it is for a federal government, or indeed provincial governments, to involve themselves in assistance of various kinds, and quite substantial assistance to the automobile industry. My honourable friend, who was a member of the previous government, should know something about that. I regret that he finds this initiative not to his liking.

In any case, I have no information in front of me at the moment on the tax implications to which the article in the *Globe and Mail* refers, but I shall inquire to see what information can properly be brought forward on this matter.

**Senator Argue:** I was asking whether the article is correct or not. If the minister does not have that information, I can appreciate that.

The article further states:

> Having received a loan, GM can also utilize the investment tax credit program, giving the company a 5 per cent benefit, worth an additional $11 million.

I understand that General Motors made a large profit last year—it ran over $5 billion—so it was not short of money. It could have undertaken this venture by itself. General Motors is now going forward because of the interest-free provisions of that loan, and I would think also because it can get some important tax concessions.

I have done a little arithmetic on this $220 million figure. If General Motors should take the $220 million and invest it at a rate of return of 7 per cent per year compounded—and that is not a high return—at the end of the 30-year period the $220 million will have resulted in a liquid asset for General Motors of $1.76 billion. So when they pay back the original $220 million, they will have gained $1.5 billion.

My question is: Is there any consideration at all—and this is a serious question—being given to the provision of any interest-free loans to the ailing agricultural industry of Canada, an industry which I submit in all seriousness is just as important in terms of job retention as is the General Motors plant?

**Some Hon. Senators:** Hear, hear!

**Senator Argue:** I also ask if there is any consideration—never mind an announcement—being given to the possibility of a rescue package for the farmers of this country which would provide interest-free loans to them for 30 years, because that would be most welcome. Farm jobs are just as important as any other jobs.

[Senator Argue.]

**Senator Murray:** Honourable senators, the bona fides of this government when it comes to assisting the agricultural sector are well known and well demonstrated in the two years that we have been in office.

**Senator Doody:** Hear, hear!

**Senator Frith:** That is what worries us!

**Senator Murray:** It is very much to be regretted that an honourable senator will stand up in this place and try to divide Canadians: farmers against auto workers; west versus east; and so on and so forth. I hope that before this Question Period ends we might hear from some honourable senators from Quebec and Ontario, where jobs are being protected by this initiative, rising in support of what the government has done.

**Some Hon. Senators:** Hear, hear!

**Senator Argue:** Well, now, the minister is upset. I think that the remarks that he has made are quite despicable, and I have not even gone so far as to say that the government should not have done it. All I am saying is that since the government, in its wisdom, decided to give the biggest corporation in the world what amounts to a grant of $1.5 billion over a period of 30 years, what consideration is being given to the farmers? The answer I received is that they have done a lot.

You have done very little, sir—and I say this with great respect. That deficiency payment is $1,800 for the average farmer and it will be $4,000 in the next payment for the average farmer. That is not nearly enough.

So I say: Is there any consideration being given to interest-free loans to farmers? Obviously, none is being given.

Can the Minister of State for Federal-Provincial Relations say whether it is correct that the Farm Credit Corporation is about ready to remove the moratorium on farm foreclosures so that we shall have the regrettable result of a Conservative government becoming the biggest landowner in Canada through its agency the Farm Credit Corporation?

**Senator Murray:** Honourable senators, if the honourable senator wants to talk about aid to agriculture, we can talk about aid to agriculture. I would hope that he would not do so—

**Senator Argue:** I did it yesterday.

**Senator Murray:** —in the context of criticizing and trying to denigrate an important initiative taken by the government which, as I say—

**Senator Frith:** He did not denigrate it at all.

**Senator Murray:** —will maintain 3,700 assembly jobs at Sainte-Thérèse. As well as direct jobs, the plant supports approximately 2,800 supplier jobs in Ontario and another 1,500 in Quebec. With the increased plant output, supplier jobs will increase to over 5,000 in Ontario and to over 2,000 in Quebec. This is an important initiative.

● (1410)

I have already told the honourable senator that in the mind of any fair-minded person in this country, the bona fides of

this government are not in doubt when it comes to agriculture. We shall continue to support the agricultural industry in Canada in the very difficult times in which it finds itself, largely due, as the honourable senator must know—

**Senator Frith:** —"to the Liberal government."

**Senator Murray:** —to lower commodity prices and over-supplies of those commodities. This is not a short-range problem that is susceptible to a short-range fix. The honourable senator must know that.

**Senator Frith:** Thirty years is not a short-range fix.

**Senator Argue:** I would not mind if there were a fix of any kind. There is no fix. The farmers are just going down the drain without protection.

The minister said my statement was denigrating the deal with the General Motors plant and that this would be divisive to Canadian unity. What is divisive to Canadian unity is to have one set of rules in one place and another set of rules in another.

**Senator Murray:** Show us where that is.

**Senator Argue:** The farmers are not getting anything. There are no interest-free loans for them. If you want some unity in the country, as I do—

**Senator Murray:** What are you saying? Is it that Quebec is getting too much?

**Senator Frith:** The west is not getting enough.

**Senator Argue:** Not at all.

**Senator Murray:** Sit down!

**Senator Argue:** I won't sit down with a statement like that from you. "Shut up!" I could say to you, if you want to say to me, "Sit down!"

**Senator Frith:** The west is not getting enough.

**Senator Argue:** I am saying that the farmers in western Canada could have some interest-free loans for 30 years—

**Some Hon. Senators:** Hear, hear!

**Senator Argue:** —with no payments made, and we could save 140,000 jobs or more on the prairies, because the family farm usually involves three jobs, the husband's, the wife's and one son's or one daughter's. That is the average.

**Senator Flynn:** The farmers are not paying any interest on the money they receive from the government.

**Senator Argue:** Well, what I am asking about is whether there is a mortgage provision which will give the farmers of western Canada the same kind of treatment. If there is anything that the prairie people and farmers will resent, it is the idea that there is one law for General Motors, which is in pretty good financial shape, and not anywhere near the same treatment for farmers, who are relatively destitute.

**Some Hon. Senators:** Hear, hear!

**Senator Frith:** I think he finally got the point.

**Senator Argue:** I have been at it a long time.

**Senator Frith:** It is obvious.

**Senator Argue:** He tells me to sit down! And I tell him to shut up! It is all "parliamentary" language!

## TRANSPORT

### CLOSING OF CN SHOPS, MONCTON—PLIGHT OF NEW BRUNSWICK—REQUEST FOR ACTION

**Hon. Eymard G. Corbin:** Honourable senators, I would not want my question to be perceived as divisive, but, coming from the far east, I should like to ask the Leader of the Government in the Senate what the CN shop workers in Moncton and, indeed, the people of New Brunswick can expect from this government to make up for jobs lost in the province of New Brunswick as a result of decisions taken by the government and its crown corporation.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, since my honourable friend has raised the matter in the context of the initiative that was announced yesterday at Sainte-Thérèse, I think I should point out to the Senate something that I know the honourable senator is aware of, that is that this initiative had the wholehearted support of Mr. Bob White of the National Union and, naturally, the workers in that plant. The tragic thing about the situation in Moncton is that two unions rejected the deal which would have seen several hundred of the workers at those shops maintain their jobs. The honourable senator also knows that the government is assisting Moncton, and that a special $4 million fund has been established to attract other industry to the Moncton area.

**Senator Corbin:** Honourable senators, four million bucks, in the context of the Moncton shops problem, is, shall we say, a drop in the bucket. At any rate, it sounds to me as though it is. What really offends me as a senator from New Brunswick is that there could be this type of decision—indeed, there was a rush to make it—for the province of Quebec. I should remind the Leader of the Government in the Senate that Bob White is not my master, and that I couldn't care less what Bob White says or what the unions say. What concerns me is that New Brunswick will lose—and lose overall—as a result of the initiatives taken with respect to the Moncton shops.

New Brunswick needs something to make up for those lost jobs and lost revenues. That is what concerns us. We are not in the happy situation of the provinces of Quebec and Ontario, where jobs are being created every day. We in New Brunswick find ourselves facing a net loss in terms of jobs, or so it appears to me—and I stand to be corrected.

I would like to ask the Leader of the Government in the Senate if Premier Hatfield and the people of Moncton can expect something other than four million bucks for all they are presently losing. Four million bucks is just not enough. It is incredible that we should get an answer like that. Speaking of the hypothetical lost jobs in Quebec, those jobs have not really been lost, because they are saving in other areas, but Moncton

is losing totally. Moncton is suffering a net loss. What will we get in New Brunswick? Are we out of the national picture?

**Senator Murray:** Honourable senators, so far as Moncton is concerned, the honourable senator knows that Premier Hatfield and ministers of the federal government have been absolutely tireless in trying to save those jobs and, in particular, in trying to persuade the unions and others concerned to accommodate the GE facility in Moncton. That did not happen for reasons that are well known to the honourable senator. The decision that was taken by Canadian National, a crown corporation, was to close those shops because of a reduction in CN's volume of related work in the Atlantic region. The fact is that more than 65 per cent of CN work takes place in western Canada, so CN had to take a decision in the interests of that crown corporation. Every effort was made to locate the alternative facility in Moncton. The honourable senator knows why this has not been possible.

We realize that $4 million for Moncton is not a huge amount, but we hope that it will go some way towards providing incentives and attracting alternative employment to that city and region.

[*Translation*]

## HOUSING

### INTEREST-FREE MORTGAGES—REQUEST FOR GOVERNMENT ACTION

**Hon. Philippe Deane Gigantès:** Honourable senators, I am a senator from Quebec. I believe the Leader of the Government in the Senate hoped that one of us here would have niceties to say to him and to that aid granted to General Motors.

It is my hope that coming from the government this is something that will be ongoing, and that perhaps they will start giving mortgages at 0 percent interest. If the calculation made by Senator Argue is accurate, 30 years from now the owners of these new homes will all be in a position to repay their mortgages to the government and will have had an opportunity to invest that money and make large profits and thereby significantly stimulate the economy.

We know very well, and the Leader of the Government more than anyone else, that an investment in the residential construction industry can be expected to create the most jobs. Can we therefore, expect that this government will come up with 0 percent interest rate, 30-year mortgages?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Not today, honourable senators.

● (1420)

[*English*]

## INDUSTRY

### INTEREST-FREE LOAN TO GENERAL MOTORS—EFFECT ON FREE TRADE NEGOTIATIONS—TARGETED SUBSIDIES—REQUEST FOR INFORMATION ON GOVERNMENT POLICY

**Hon. George van Roggen:** Honourable senators, I have a question for the Leader of the Government. I had done some quick mental arithmetic quite separate from that of Senator Argue. We were pretty close. I came out at $1.6 billion at the end of 30 years. I was using a slightly lower interest rate than the honourable senator. If we take this simple calculation that was done by Senator Argue, at the end of 30 years—

**Senator Flynn:** As a simple—

**Senator van Roggen:** I will finish my question shortly, and you can then assist the Leader of the Government in answering it, as you so often do.

**Senator Flynn:** You don't have to assist Senator Argue.

**Senator van Roggen:** If we take that calculation of $1.6 billion over 30 years during which this money can be invested, and if you take an ordinary rate of inflation of three or four percentage points over that same period, it will be paid off with 10-cent dollars. It is, in effect, a grant of $220 million to General Motors. You can dress it up as a loan, if you like, but, in effect, you have given them a grant of $220 million.

According to the press they have a tax advantage of approximately $100 million because it is a loan. I have two questions. My first specific question is: Could the Leader of the Government get me the figure that would have been required to give the same amount of money to General Motors if it had been done in the form of a grant? Considering the tax benefits they have received from this, it would probably be a grant of approximately $300 million.

My second question is in two parts. What consideration did the Cabinet—I know that the Leader of the Government cannot tell me cabinet secrets—what consideration did the government give to the effect that this exercise will have on the ongoing free trade negotiations with the United States; and, second, can he give me an assurance that whatever deal is signed in the way of a trade agreement with the United States, it will preserve Canada's right to provide this type of subsidy to industries in Canada?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will try to get the information sought by the honourable senator. As for the assurance he has asked for, it is rather highly hypothetical at this point.

**Senator van Roggen:** As a supplementary, do I understand the answer to be that my questions about free trade negotiations are highly hypothetical?

**Senator Murray:** That is correct.

**Senator van Roggen:** Honourable senators, the second part of my question was not at all hypothetical. I was asking for an assurance that whatever agreement is made with the United States, Canada's right to enter into this type of subsidy will be preserved.

**Senator Murray:** Honourable senators, the Leader of the Opposition and I had an exchange about this general subject the other day, in the course of which I stated that the capacity of the federal government to assist in regional development is

not under negotiation in the trade negotiations with the United States.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, is it not a fact that the Americans are requesting, as part of the trade agreement on subsidies, a prohibition on targeted subsidies which, if granted, would exclude this type of package? Is it not a fact that the Americans are asking for that; and is the minister now prepared to say that Canada will not give that concession to the United States?

**Senator Murray:** I am not sure that it is the case that the Americans are asking for that. They may indeed be asking for it, but the Americans may be asking for a great many things at the table, and so may we. We will see how it all comes out in the end.

**Senator MacEachen:** Honourable senators, I think that is a rather bland and cheerful dismissal of an important question: "We will see how it all comes out in the end."

**Senator Frith:** He didn't expect to get away with it.

**Senator MacEachen:** I want to know whether the Americans have asked for it—that is a question of fact—and has the government made up its mind as to what it will do with the American request?

**Senator Murray:** I do not think the honourable senator can expect that I or any other minister will divulge in the Senate, even if I knew the answer to the question—which I must confess that I do not—the details of the discussions that take place at the negotiating table.

**Senator MacEachen:** Honourable senators, maybe I should ask this question: Why is it that this information is freely given to the provinces? They know perfectly well that the Americans have asked for this concession, and that the Government of Canada is considering it. Why can we not get the same information that is given to the provinces? I can ask a question in the Senate about what the Americans are asking for and not get an answer, while at the same time it is not difficult to find out by calling a provincial official in any province of Canada.

**Senator Murray:** Honourable senators, I should be very sorry to hear that provincial officials are violating the confidentiality of this important relationship that has been established between the federal government and the provinces in respect of these negotiations, and I should be extremely disappointed to have to think that my honourable friend was encouraging them to do so.

**Senator Argue:** Everything leaks! Don't you know that?

**Senator MacEachen:** Honourable senators, the honourable minister is saying, "Of course, we tell provincial governments and provincial officials, and we tell them to shut their mouths and please don't speak to them." Has the government not told Mr. Walter Light, the head of the private sector advisory group, about this matter? Why can you not tell us?

**Senator Murray:** Honourable senators, we have entered into a very close relationship with provincial governments in regard to these negotiations. In the course of our discussions with the provincial governments, it is probably true that we are divulging information of a confidential nature to them. So far, and insofar as I am aware, the confidentiality of those discussions has been respected by the provinces and by all others who may have been privy to them.

**Senator MacEachen:** But what about the private sector? Has the government not told the private sector? Mr. Walter Light was told all about what is going on. Why can we not be told?

**Senator Murray:** Honourable senators, when my honourable friend says, "Haven't you told him all about what is going on?", I rather doubt that that is the case. There are ways of imparting certain information on a need-to-know basis to people who are essentially in an advisory capacity to the government, and the honourable senator, who is quite experienced in these matters, knows all about those methods. He should not expect, I repeat, that any minister would at this stage of the negotiations divulge in Parliament or publicly the details of discussions taking place at the negotiating table.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators—

**Senator Flynn:** Senator Guay is standing.

**Senator Frith:** —on that point, it seems to me that we are seeing an example of the style the government is adopting when it is asked for any information about the government's policies on important issues relating to the trade negotiations. In the debate on the subject of free trade in the other place, that was the position taken by the Prime Minister and the minister responsible—"Don't ask us anything about it, because it is all very secret, delicate negotiations, and therefore we can't give you information."

**Senator Murray:** He said more than that.

**Senator Frith:** Of course, he said a lot more. The debate went on all day. I agree that it is not unreasonable for the government to take the position that it cannot give all the details or keep everybody up to date on all the details of the negotiations day by day, but "detail" is the word that is always used. It seems clear to me that targeted subsidies is hardly a detail. I mean, that is something that surely the government has a policy on and about which people are entitled to know. So, with respect, I think that the Leader of the Government, in trying to avoid taking a position on the question of whether or not the Americans have asked for targeted subsidies, is also trying to avoid giving the government's position on targeted subsidies, which is not really a detail of the negotiations. It is a very large policy question. The Leader of the Government can still say he will not tell us, but please do not tell us that it is a detail. You are just not going to tell us? What is the answer to my question?

● (1430)

**Senator Murray:** Was there a question?

**The Hon. the Speaker:** Senator Guay?

**Hon. Joseph-Philippe Guay:** Honourable senators, five or six weeks ago—

**Senator Frith:** Yes, there was a question. Will you tell us whether it is part of your policy in these negotiations—

**Hon. Jacques Flynn:** Order! The Chair has recognized Senator Guay.

**Senator Frith:** Order—

**Senator Flynn:** I rise on a point of order.

**Senator Frith:** Yes, but you know—

**Senator Flynn:** The Chair has recognized Senator Guay.

**Senator Frith:** The Chair does not have to recognize anyone in this place.

**Senator Flynn:** Yes, when two senators rise at the same time. You know that very well, and when I rise on a point of order, you should resume your seat.

**Senator Frith:** There is nothing in the rules to that effect.

**Senator Flynn:** Honourable senators, I rise on a point of order. Under the rules here, when two senators rise at the same time the Speaker recognizes one of them, and that is what he did in the present case. He recognized Senator Guay.

**Senator Guay:** I yield to Senator Frith!

**Senator Flynn:** That really proves the point that I wanted to make.

**Senator Frith:** The question that I asked was whether it is the policy of the government in the comprehensive trade talks to resist any suggestion that Canada abandon the policy of targeted subsidies.

**Senator Murray:** Honourable senators, the question is hypothetical—

**Senator Frith:** It is true that what is hypothetical is whether you have a policy. I take that answer.

**Senator Murray:** —because it is based on the hypothesis that there is an American demand to be resisted.

**Senator Frith:** It is not. I said whether or not they have asked for it.

**Senator Murray:** My friend is suggesting that we should go in saying: "Before you bring that up, we want you to know that our position is such and such." The question is hypothetical. Senator Frith has asked whether we are resisting a certain American demand, and I am saying that that is based on the hypothesis that the Americans have made that demand, and I am not aware that they have.

**Senator Argue:** It is a correct hypothesis.

**Senator Murray:** Senator Argue says it is a correct hypothesis. Perhaps he has been talking to one of the provinces as well.

**Senator Frith:** Nice try, but if you pay attention to the question, you will realize that what I asked was, whether the Americans asked for it or not, what is the government's position on targeted subsidies. Because it is not believable that any government anywhere entering into free trade talks would not give attention to the question of targeted subsidies. I cannot believe that the government is so amateurish that they have not long ago developed a policy on targeted subsidies, and that is what I am asking about. The answer that we are getting is that it is a detail; that it is hypothetical. It is not hypothetical—

[The Hon. the Speaker.]

**Senator Argue:** It is a cover-up.

**Senator Frith:** The question is: Have you a policy on the question of targeted subsidies? That is not a hypothetical question. It might be. If you do not have such a policy, tell us, and then we'll see.

**Senator Murray:** Honourable senators, I can tell the Deputy Leader of the Opposition that our negotiators have a mandate from the Government of Canada outlining the objectives of this country in those negotiations and the positions that our negotiators are to take. However, that mandate as such, and the details of those negotiating positions, are not being made public for a very good reason.

**Senator Frith:** What is that reason?

**The Hon. the Speaker:** Senator Guay?

**Hon. Peter Stollery:** I would like to remind the Leader of the Government—

**The Hon. the Speaker:** Senator Guay?

**Senator Guay:** It is the same subject, and I yield to Senator Stollery!

**Senator Stollery:** I would like to remind honourable senators that the Senate participated a year ago in a joint committee with the House of Commons to study this subject. This has been the subject of both public and parliamentary debate. We now have an example of a very large subsidy being given to what, in effect, is a subsidiary of a U.S. corporation, and I do not think that it is a legitimate excuse for the government to say that this is not something for us to talk about or know about when everyone in the country is talking about it, including a special joint committee which was given the task of looking into this matter as part of its terms of reference. I do not think that it is really good enough for the government to say that this is a subject that is only to be dealt with by the negotiators of the free trade talks and is not something that can be discussed in public or in the Parliament of Canada. This is clearly an issue that will have severe repercussions for the very negotiations the government is undertaking.

**Senator Murray:** Honourable senators, I thank my honourable friend for reminding me that the subject of the trade negotiations came up in the context of the initiative that we have just announced at Sainte-Thérèse. The fact of the matter is that the initiative we have just announced at Sainte-Thérèse was taken in the context of our present laws, our present policy and our present guidelines governing assistance to industry. To speculate whether it would be possible to do so five or ten years from now in the context of another agreement with the United States is, I repeat, wildly hypothetical.

**Senator van Roggen:** Honourable senators, as I understood the last answer of the Leader of the Government in the Senate, it was that this subsidy was given under existing laws and that therefore a free trade agreement with the United States might well alter that situation so that such targeted subsidies would not be available in the future. Is that what he is saying?

**Senator Murray:** What I have said is that in the context of a free trade treaty with the United States, whether this or any other particular subsidy would be possible is a wildly hypothetical question.

FREE-TRADE AGREEMENTS INCLUDING TARGETED SUBSIDIES

**Hon. George van Roggen:** Perhaps if the Leader of the Government cannot answer this question now, he could obtain an answer from departmental officials. My question is: Is there any other free trade agreement anywhere else in the world—and there are many such agreements within Europe, Australia, New Zealand and elsewhere—that would permit such a clearly defined, massive, targeted subsidy as this?

**The Hon. the Speaker:** Senator Guay?

**Senator Guay:** I think the Leader of the Government in the Senate is going to answer that question.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The honourable senator is asking me to do some research. If that information is readily available, I shall bring it in. Otherwise, I suggest that he commission the Library of Parliament.

**The Hon. the Speaker:** Senator Guay?

**Hon. Philippe Deane Gigantès:** Honourable senators—

**Senator Guay:** If it is on the same subject, go ahead.

**Senator Gigantès:** —while doing this research for Senator van Roggen, would the honourable leader look at the latest of the so-called free trade agreements signed between the United States and Israel and tell us whether targeted subsidies are allowed in that agreement?

**Senator Murray:** Honourable senators, my honourable friend is perfectly capable of looking at the agreement between the United States and Israel. However, I suppose I could have that research done for him also.

## EMPLOYMENT

ST. BONIFACE, MANITOBA—CLOSING OF HOG DIVISION OF CANADA PACKERS PLANT—SUGGESTED INTEREST-FREE LOAN FROM GOVERNMENT

**Hon. Joseph-Philippe Guay:** Honourable senators, my question is to the Leader of the Government in the Senate. Some five or six weeks ago I asked the Leader of the Government in the Senate to bring to the attention of his colleagues in the cabinet an important event which had taken place in my area of St. Boniface where, through the closing of the Canada Packers Hog Division, we were about to lose 1,000 jobs in no time flat. If I recall correctly, the Leader of the Government in the Senate told me that he would do that. I have not heard anything about the matter since that time.

However, I heard the leader say today that the grant that was given to Sainte-Thérèse was following the guidelines of the government industrial policy. If that is the case, perhaps the government would follow the same industrial policy and extend the same courtesy to my area where Canada Packers has now closed down its main killing plant. Canada Packers had indicated that because of the aid given to the new plant at Neepawa, and because of the fact that the plant Canada Packers had in Winnipeg was outmoded and needed new equipment, they had no alternative but to close that plant. It was then that I brought to the attention of the Leader of the Government that 710 employees would be laid off on April 10 and approximately another 300 would go in the near future.

● (1440)

I felt that several hundred of them could not get unemployment insurance benefits because the company was trying to arrange some kind of severance pay.

I asked the leader if he could do anything to encourage them to keep those jobs, because many of the employees of Canada Packers had made those jobs lifetime jobs, and because many were committed to mortgages, car loans, and everything else one can think of, and because they had families, young families in many instances. I felt that something should be done.

In view of what the government has given to the General Motors plant at Sainte-Thérèse, is there a possibility the government will consider giving an interest-free loan to Canada Packers so that it can modernize its plant and keep those thousand or so jobs in my area?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I recall—

**Senator Guay:** An interest-free loan for 100 years?

**Senator Murray:** —the occasion some weeks ago when Senator Guay asked about this matter. I recall having a word with Senator Roblin about this as well. I apologize if a report has not been brought in. I shall try to obtain one quickly.

**Senator Guay:** Do I also understand that the leader will make further representations on my behalf to his colleagues in the cabinet?

**Senator Murray:** I shall convey Senator Guay's representations to the government.

**Senator Argue:** If it's good for General Motors, it's good for Canada Packers—even though it is located in Winnipeg!

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## BUSINESS OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, if I might once again rise in my place to make a request for cooperation from honourable senators, yesterday, honourable senators will recall, I asked

leave to introduce second reading of Bill C-38, respecting the reorganization and divestiture of Teleglobe Canada. At that time the information I had available to me was not sufficient to convince honourable senators opposite that that particular leave should be granted, so it was not granted.

Further information has come to my attention which I have shared with my friends opposite. I understand that Senator MacEachen has been in conference with senior officials of the company, and that he has received copies of correspondence from the unions, and so forth.

It appears that an excellent case has been made for the movement of this bill through this chamber and on to Royal Assent later today. I wonder if I could ask leave of the Senate now to introduce that bill for second reading, and perhaps later today, or immediately thereafter, ask leave for third reading and, subsequently, Royal Assent.

I can obtain further details if they are necessary and if honourable senators wish me to, but I believe a case has been made and that it would be most responsible of the Senate to pass this bill today.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, what Senator Doody has said is correct. For the reason he mentioned—namely, that there have been some discussions with the Leader of the Opposition on this subject—I wonder if this matter can stand until a little later. I know that the Leader of the Opposition is talking about it right now. I suggest we stand it and go on to Order No. 1 so that Senator MacEachen may be in the chamber when this matter is considered further.

## CANADA-UNITED STATES DAYS OF PEACE AND FRIENDSHIP

DESIGNATION OF JULY 2 AND 3, 1987—CONSIDERATION OF MESSAGE FROM COMMONS—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the following Message from the House of Commons:

WEDNESDAY, March 25, 1987

ORDERED,—That the House of Commons and resolve that July 2 and 3, 1987, coming between July 1, Canada Day, and July 4, U.S. Independence Day, be designated "Canada-United States Days of Peace and Friendship" in recognition of the close and peaceful relations that exist between the two countries, the warm, personal links that prevail between neighbouring communities along the length of the common border and the commitments to freedom, democracy and human rights shared by the two nations.

And that a Message be sent to the Senate requesting that House to unite with this House in the said resolution by filling in the blank with the words "The Senate of Canada",

And on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Frith:

That the Senate do agree with the House of Commons in the said Resolution by filling in the blank space left therein with the words "the Senate of Canada"; and

That a Message be sent to the House of Commons to acquaint that House accordingly.—(*Honourable Senator MacEachen, P.C.*.)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, yesterday Senator Petten stood this order in Senator MacEachen's name believing that Senator MacEachen wanted to speak on the matter. He does not want to, so on his behalf I yield to any other senator who wishes to speak about it.

Order stands in name of Senator Corbin.

## ENERGY AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO STUDY PRODUCTION AND USE OF COAL IN CANADA

On the Order:

Resuming the debate on the motion of the Honourable Senator Hastings, seconded by the Honourable Senator Petten:

That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the production and use of coal in Canada, or any matter relating thereto; and

That the Committee present its report no later than 31st March, 1988.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I support this motion.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

## ENERGY AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO STUDY PRODUCTION AND USE OF NATURAL GAS IN CANADA

On the Order:

Resuming the debate on the motion of the Honourable Senator Hastings, seconded by the Honourable Senator Petten:

That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the production and use of natural gas in Canada with particular reference to natural gas deregulation, or any matter relating thereto; and

That the Committee present its report no later than 31st March, 1988.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I support this motion.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

[*Translation*]

## POST-SECONDARY EDUCATION

### CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Seventh Report of the Standing Senate Committee on National Finance (post-secondary education) tabled in the Senate on 25th March, 1987.—(*Honourable Senator Simard*).

**Hon. Jean-Maurice Simard:** Honourable senators, I do not intend to comment on this report today. However, I would have a question for the chairman of the Standing Committee on National Finance, but he has just left. I saw him here a moment ago. In his absence, I might direct my question to the Deputy Leader of the Opposition.

Here is my question. Could the majority in this house agree to the request I made to Senator Leblanc and a few members of the opposition as to whether the opposition would be prepared to undertake a pre-study of Bill C-44? The connection between Bill C-44 and Order Paper Item No. 7 is that in the conclusion of the report the committee members deplore the weakness of the equalization formula. Since Bill C-44 concerns federal-provincial fiscal arrangements and even though it is still under consideration in the House of Commons, our committee would have a good opportunity to study the subject matter. Keeping in mind a recent tradition to study the subject matter of bills, I wonder if the opposition can tell us today or tomorrow whether the Leader of the Opposition agrees to letting the Standing Committee on National Finance study the subject matter of Bill C-44.

For some time now a few senators on this side of the house have had the impression that the Leader of the Opposition is somewhat reluctant to use the handy process of studying a bill before it gets here, particularly those measures which are of more direct concern to us.

Considering the somewhat heated debate we witnessed this afternoon between representatives from Saskatchewan, Quebec and Manitoba, and considering the interest of the five provinces that are affected, namely Manitoba, New Brunswick, Quebec, Saskatchewan and Prince Edward Island, I think both the opposition and the government would benefit from having honourable senators examine this bill.

Today I was able to talk to some officials from New Brunswick, who generally said they were happy with the bill. However, they were worried about the slight restriction the Minister of Finance made when there was a question of forgiving the $270 million the provinces were supposed to pay back to the federal government before the proposed amendment, as a result of population adjustments.

So if we are really interested in the welfare of our respective provinces, and I am sure all senators share this sentiment, I wonder whether we could not examine this bill right away so we will know where we are. I would therefore ask the Leader of the Opposition or the deputy leader to let us know whether they intend to give the Standing Committee on National Finance the go-ahead, so that we can examine Bill C-44 either today or tomorrow or at least as soon as possible.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, it is the first time I have been asked to state what would be the position of the opposition on a subject. I will refrain from aswering for fear of setting a precedent. I suggest that the senator was right when he decided at the start to direct his question to the committee chairman. Every honourable senator can look at the suggestion put forward by Senator Simard. I just cannot take a position on this.

**Senator Simard:** Thank you, honourable senators. I am not sure which part of my remarks according to the Deputy Leader of the Opposition would create a precedent. I was told that I could direct a question to any standing committee chairman just about any time in this chamber. In view of his absence, I felt I could go to the source and direct my question to the nearly supreme authority of the official opposition. I repeat that this is a matter in which we are truly interested.

First of all, it would make it possible for us, I mean for me and others, to study and assess more accurately the report tabled last week and Bill C-44. I will wait for his answer with my usual patience.

**Senator Frith:** This comment was quite in order. What was slightly out of order was to direct a question to the Deputy Leader of the Opposition on the position his party is likely to take on a motion or a suggestion.

• (1450)

[*English*]

**Senator Sinclair:** Hypothetically.

**Senator Frith:** Ce n'est pas "wildly hypothetical." What was the other term you used for hypothetical? Was it highly hypothetical?

[*Translation*]

But all I can do is assure you that my colleagues are prepared to consider your suggestion and report to you.

**Hon. Jacques Flynn:** With considerable sympathy!

**Hon. Eymard G. Corbin:** Honourable senators, I rise on a point of order. I feel this procedure is somewhat irregular. Senator Simard just asked if the official opposition in the Senate was prepared to do this or that in committee. It seems to me that it is the government which controls the agenda of the Senate and it is its responsibility to refer this type of question to the committee. Is that not the usual way to proceed?

**Senator Flynn**: No, it is up to the Senate to decide.

**Senator Corbin**: Yes, but who in the Senate determines how we are to proceed?

**Senator Simard:** The majority rules.

**Senator Corbin:** Honourable senators, I do not see why Senator Simard insists on proceeding by way of question or inquiry. If he wants to do this or that, why does he not table the motion immediately? The Senate shall deal with it and we shall refer the question to committee as soon as possible. Otherwise, private negotiations apply.

**Senator Flynn:** It is not a point of order.

**Senator Simard:** Honourable senators, the reason I have asked this question is that I have already consulted the chairman of the Standing Committee on National Finance who has told me in the kind fashion for which he is known that there are possible problems. We all know that the opposition, through its leader, has made it clear that it is less and less interested in preliminary consideration procedures. Yet we know that the same opposition blames the government for giving too short a notice to the Senate and blames the House of Commons and our leader in that house for affording them too little time to consider bills for which assent is sought. Over the last few years, we have recently built a wonderful tradition whereby bills which are of interest to citizens, as well as senators, can be given preliminary consideration. This seems to be less and less the case. To respond to Senator Corbin's question, I may say that I have sought the advice of Senator Leblanc, who seems slightly puzzled and who is waiting for a general directive. We will then truly have the last word.

[*English*]

Perhaps I may ask the Leader of the Opposition in the Senate since I have failed to obtain an answer to my question from Senator Frith.

Will the Leader of the Opposition in the Senate agree that the Standing Senate Committee on National Finance can start the pre-study on Bill C-44?

**Senator Corbin:** Make a motion!

**Senator Simard:** Well, I have asked the question. I am prepared to make any motion, but I did not think that we always had to be so formal. If that is the case, I am prepared to make a motion, but I would like to get an answer from Senator MacEachen if he so wishes to let us know what his views are.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I will take a leaf out of the book of the Leader of the Government and say that I will reflect upon his question and give him an answer in due course.

**Senator Frith:** Hypothetical as it is.

[*Translation*]

**The Hon. the Speaker:** Honourable senators, does Senator Simard move that we adjourn debate until later this day or until the next sitting of the Senate?

**Senator Simard:** Yes, Mr. Speaker, I would like to move adjournment. However, before doing so, I would like to invite the Leader of the Opposition in this house to be at least consistent with the position he has repeatedly put forth and therefore to allow senators to discuss a bill which is important to them and to all Canadians.

I thought that given today's Question Period Senators Argue, Guay, Corbin and others have indicated that they wish to discuss and to put forward the needs of their respective provinces. These senators might want to consider the bill on federal-provincial fiscal arrangements in pre-study.

In my view, it is not logical to argue on the one hand that there is insufficient time to consider bills and, on the other, to refuse to use the time at our disposal over the next few days to consider a bill such as Bill C-44.

[*English*]

**Hon. Charles McElman:** Honourable senators, I rise on a point of order. The honourable senator is stretching not only the rules but also the patience of honourable senators. He has instituted a debate. He is well aware that our rules provide for a debate on any subject. If he wishes to put a motion or a question before the house, let him do so. I am sure that the Leader and the Deputy Leader of the Government, the Honourable Senator Flynn and our colleague the Honourable Duff Roblin—whenever questions were, with temerity, put to them when they were on this side of the house—quite properly stated that under the rules they had no obligation to answer questions. Questions were directed only to the Leader of the Government, a cabinet minister or the chairman of a committee.

**Senator Frith:** About the work of his or her committee.

**Senator McElman:** About the work of his or her committee, yes.

• (1500)

Honourable senators, we would do well to stay within the rules in that respect, but if the honourable senator wishes to have a debate on this subject, then he should put down a motion to that effect and proceed with it. I suggest to my colleagues that a debate of this nature is not appropriate, nor is it appropriate to be putting questions as has been done in the last ten minutes.

**Hon. John M. Godfrey:** Honourable senators, I should like to raise a point of order on two points. One relates to the statement made by Senator Corbin that the government controls the agenda of the Senate. I do not think the government controls the agenda of the Senate in a situation like this. I think the Senate itself controls the situation and makes the decision as to whether a bill should be pre-studied. On the same point of order, I do not think it is up to Senator MacEachen, the Leader of the Opposition, to decide unilaterally whether a bill should be pre-studied; it is the Senate itself which should make that decision.

**Senator Corbin:** Honourable senators, on a point of order, with respect to the same matter, Senator Simard would lead one to believe that earlier this day, when I rose during Question Period, I was addressing myself to questions of equalization payments with the provinces. I raised no such matter. I simply wanted to know why the government was so

cheap with the people of Moncton when it was so generous with the General Motors plant at Boisbriand, Quebec.

[*Translation*]

**Senator Simard:** Mr. Speaker, I took good note of the point of order raised by Senator McElman, my friend from New Brunswick. I am certainly not going to criticize his contribution, it is not for me to do so.

My impression has been over the two years I have been attending Senate proceedings that the rules are quite flexible in this place. That flexibility I have enjoyed, both during Question Period and at other times.

However, if I have no answer soon to my question, I will consider putting forward a motion to that end, if need be. Of course, I knew Senator Corbin had not referred to equalization, but I wanted us to discuss, in a pre-study or otherwise, equalization and the proposed changes. Not only is equalization a basic principle for which the New Brunswick government and its Premier fought and which they insisted on enshrining in the Constitution, but now that we have before us federal-provincial agreement proposals, it would seem essential that this primary source of revenues that is recognized in the Constitution could be discussed here.

Clearly, we can refer to plant shutdowns in Moncton as we can refer to grants given to GM in Boisbriand. But the most significant, the most effective yet of basic tools for helping certain provinces is equalization. What is involved is not $4 million, or $200 million, but a $5.6 billion a year program that mainly concerns five provinces, a few of which are home to some senators who rose earlier during Question Period.

This being said, I appreciate that Senator Corbin did not wish to deal with the equalization program, but I personally wanted to do so. Unfortunately I somewhat missed the goal, but there may be other opportunities to come back to that. Thank you.

**Senator Corbin:** Honourable senators, I insist on rising once more on a point of order.

Not only did I not deal with the matter of equalization, but I reserve the right to do so on whatever occasion. I did so last week in course of the debate on Bill C-3. Today, I felt that the matter of the CN plants in Moncton was of prime importance, in the light of what is going on in Quebec.

If Senator Simard is interested in referring the matter to or proposing that the matter of equalization be discussed in committee, let him do so, as was suggested to him a number of times today. Let him put forward a motion to that end.

On motion of Senator Simard, debate adjourned.

[*English*]

## BUSINESS OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, with respect to Bill C-38, the Teleglobe Canada Reorganization and Divestiture Bill, I do not wish to appear to be needlessly urgent, but there are some logistics involved if there is to be Royal Assent today.

**Senator Sinclair:** I do not want any more trouble.

**Senator Doody:** We will have to set the wheels in motion and notify the judge if it is to be.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, in connection with the Teleglobe bill, yesterday when the deputy leader asked for consent to waive the notice requirements, I declined because I did not feel the reason given was very powerful, but when I left the Senate chamber I received further information to the effect that any delay in passage of this bill would cause a financial penalty or hardship of some significance to the purchasing company. That is information which we did not previously have before us. I do not think the Deputy Leader of the Government had it, so it is new information.

Further to that, since that time we have received the report from the committee; I have had an opportunity to discuss the matter with the chairman of the committee; and I see no difficulty, if other senators are agreeable, with giving the bill passage today.

I would ask the Deputy Leader of the Government whether it is his intention to have Royal Assent today.

**Senator Doody:** Yes, it is, honourable senators. That is why we need some preliminary notice so we can issue the necessary invitation to the Deputy of the Governor General and set the wheels in motion for a Royal Assent later this day.

Senator MacEachen is absolutely right. The information that came to hand was not available when I first asked for leave. I mentioned that in my comments earlier. I also mentioned the fact that both of us had been in conversation with people of knowledge in this particular matter who acquainted us of additional facts.

If the Senate is willing to give leave, I ask that the motion for second reading of Bill C-38 be moved now.

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

**Hon. Senators:** Agreed.

[*Translation*]

## TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE BILL

### SECOND READING

**Hon. Martial Asselin** moved seconding reading of Bill C-38, respecting the reorganization and divestiture of Teleglobe Canada.

He said: Honourable senators, I have been asked to introduce in the Senate Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada.

I want to take only a few moments to talk about the principle of the bill, since it was given thorough consideration in the House of Commons and also in the Senate when we proceeded with preliminary consideration of this legislation.

Honourable senators, the bill provides the statutory framework for privatizing Teleglobe Canada, which, as you know, is

responsible for Canada's international telecommunications facilities and services. The sale is in line with the government's privatization policy, the objective being to privatize crown corporations where government participation is no longer necessary to achieve public policy objectives.

It is perhaps fair to say that the policy to privatize crown corporations does not necessarily meet with the approval of all Canadians and all parliamentarians. The fact remains it is a Government policy and a government decision. We can of course criticize, accept or reject, but nevertheless, today we are being asked to consider a government decision to privatize Teleglobe Canada.

The Government of Canada is privatizing Teleglobe Canada by selling the corporation to Memotec Data Inc. in Montreal. The federal government will receive $608 million in proceeds from the sale, while consumers, as of January 1, 1988, will benefit from rate reductions on international telephone calls averaging over 13 per cent. Telex rates will go down 10 per cent as of the same date.

The important thing is that consumer interests will be protected by the CRTC. This protection does not exist under the present configuration of Teleglobe Canada. Employees will have a pension plan that is comparable to the present government plan.

Furthermore, they will be able to purchase shares in the new company on very favourable conditions. In fact, one of the conditions of sale is that about 5 per cent of the new company's share capital will be available to employees, who can purchase the shares at 90 per cent of cost through interest-free loans repayable over five years.

In addition, Teleglobe employees will also remain subject to the Canada Labour Code as far as labour relations are concerned. This means that all existing collective agreements will remain in effect and that headquarters will remain in Montreal.

Teleglobe Canada will be in a good position to seek new markets under the expert guidance of the private sector.

Basically, within the parameters of the sale process, this bill authorizes the creation of a new company which will eventually be sold by the government.

The current assets of Teleglobe will be transferred to the new company in exchange for securities.

The statutes of the new company will set ownership restrictions on national telephone companies, non-residents, and non-resident telecommunications carriers.

At first, national telephone companies and their affiliates, that is telecommunications companies so designated, will be authorized to hold a maximum of 40 per cent of the voting shares of the new company. As soon as the company goes public, this limit will drop to 33.3 per cent.

Non-residents will not be allowed to hold more than 20 per cent of the company voting shares.

Non-resident telecommunications carriers will be totally excluded from ownership now and in the future.

[Senator Asselin .]

Legislation will allow telecommunications companies designated as such and which hold new company shares either to vote for membership on the board of directors or to appoint directors, of course to the extent that such directors do not make up more than one third of the board of directors. In addition, the voting rights of designated companies will be restricted to prevent them from acquiring control of Teleglobe.

The new company will continue to perform the operations which were done by Teleglobe before the sale. It will be responsible for providing public telecommunications services such as coordinating telecommunications services between Canada and places outside Canada; for making use of developments in cable and radio transmission or reception for public telecommunications services; for conducting research and development in the area of telecommunications; and for representing Canada in international agreements such as Inmarsat, Intelsat and the Commonwealth Telecommunications Organization.

It will be impossible to wind down this corporation, except if other bills are adopted to this effect, and its headquarters, as I said earlier, shall be located in Montreal.

Except in certain individual cases, the directors of the new corporation will not be authorized to act as administrators or directors of a designated telecommunications common carrier or as their associates.

No one has questioned, I think, the principle of the sale. Some have nevertheless questioned the principle of privatizing crown corporations. But as to the value of the sale and the price paid, there has been no mounted argument. I should like to indicate briefly here what were the offers which we had received from private corporations for the purchase of Teleglobe. First, I should say that the department headed by Hon. Barbara McDougall had convened a panel of experts to look into this privatization from all angles and to advise later the minister and her department on the way to proceed to select the most deserving bidder.

The government received several offers, including one for $465 million from First City Financial, another one for $484 million from Intercity Gas, another one for $430 million from Gordon Investment, La Caisse de dépôt, $480 million, Power Corporation, $445 million, and Memotec Data Incorporated, $488 million.

I think that if you consider these various bids, you will, as the experts did, conclude that the sale to Memotec Data Incorporated was a sound financial transaction, because Memotec will pay $488.3 million, a premium of $110 million over the revised book value of Teleglobe Canada which was $378 million. This is quite a good return on the investment made by Canadian taxpayers in Teleglobe Canada.

There have been a few problems in connection with the employees' pension plan; some claimed that the actuarial assumption was not high enough and would not make it possible for Teleglobe employees to benefit from a pension plan that would be comparable in every detail to the plan now in the federal public service, but their concerns have been

allayed because other actuarial studies have been carried out. It seems to me that now the employees are satisfied with the amount which will be transferred to the private pension fund, so that they will be able to benefit from the pension fund when they decide to retire.

As I said a while ago, one is for or against privatization. It's a political decision. The government has decided to seek new opportunities for growth and job creation. Up to now, we think that the government has not erred in that policy. If we look at the performance of de Havilland in Toronto, it has sustained a vigorous economic growth since its privatization and many jobs have been created. The same holds for other companies that have been privatized. In fact, the government, in taking this policy decision to privatize crown corporations, provides them with an opportunity to grow and expand and create more jobs.

When she talked about this legislation before the Senate or the House of Commons committees, the Minister summarized her views on the privatization of Teleglobe in the following terms:

> Rapid technological development requires some adjustment, not only to face competition but to get ahead of world competitors in the delivery of services and telecommunication equipment. The merge of a new Teleglobe corporation with Memotec will promote industrial dynanism and serve the interests of all Canadians, while allowing Canada to remain a world leader in the telecommunication field.

Those are in a few words, honourable senators, the principles of this legislation which I have tried to explain to the best of my ability.

This legislation, as you know, went through a pre-study in committee and a report was presented in the Senate yesterday. Honourable senators had the opportunity to study it. I do not think it would be useful, unless some particular problem comes up, to refer this bill to a committee for further study. Therefore, I ask honourable senators to pass this bill on second reading. Thank you.

● (1520)

[*English*]

**Hon. John M. Godfrey:** Honourable senators, I was a member of the Banking, Trade and Commerce Committee which studied this bill, and I congratulate Senator Asselin on his complete exposition of all of the facts. I see no purpose in repeating them. However, on the question of privatization, there is one other possible reason why the government wanted to privatize Teleglobe. I believe that Teleglobe was always a source of embarrassment to the private sector because it always did so well. The conventional wisdom is that the private sector always does better than anything run by the government. However, under Mr. Delorme the reputation of Teleglobe within the business community was absolutely first class. It was founded as a result of a government takeover, because originally, I believe, the Marconi Company had it up to 1949. It was then taken over by the government under an international agreement which required companies engaged in international telecommunications to be taken over by governments, and it has since done extremely well.

It was Sir Harold Macmillan who, when talking about some of the privatization that was going on in England, said that it was like "selling off the family silver." It is selling off a very valuable asset, and it helps the government to present a better financial picture—not last year, as it now turns out, but for this fiscal year starting today. Since the proceeds are shown as revenue, it reduces the government deficit by some $600 million.

When the committee studied it, my first question was: Why not a public issue? Why are they selling it to a private company when we have been reading so much about what has been going on in the United Kingdom regarding all those public issues? I must say that the advice received by the government from their advisers in the United Kingdom, where the price of the stock immediately went up spectacularly, was not of the highest calibre. The answer here was that the government was prepared to go either route. One of the bids came from the Gordon Investment Corp., which was going to sell it off to the public. The result would have been $430 million plus $25 million; in other words, $455 million as opposed to the $488 million that the government was getting from Memotec. So on the basis of the higher price, I believe the government was quite justified in following the course it did.

Another matter that concerned the members of the committee was the fact that Memotec is a very small company. Did the company have the financial ability to do this? Mr. Paul Marshall, president of the CIDC, appeared before the committee, and I must say that he was a very impressive witness. He arrived with a number of experts. They had obviously studied the matter in great depth and had received the best advice they could get—at a cost, I might say, of $7 million. These privatizations have been a great boon to the investment dealers who have been used to give advice to the government. He pointed out that they had also received advice from auditors and others. I was quite convinced that Mr. Marshall as the ultimate negotiator did an excellent job, and the committee was satisfied that Memotec could get the financing, that assurances had been given by their underwriters.

Senator Asselin mentioned the concerns of the unions about employees' pensions. The committee looked into that very closely, and it is documented in detail in the committee's report. The report includes a positive statement in the second last paragraph, which says:

> In the view of the Committee, the provisions contained in the Bill, the reciprocal pension transfer agreement and those to be inserted in the contract of sale meet the concerns expressed by the employees with respect to pensions.

There was one particular item that they were concerned about. One of the clauses with respect to pensions originally in the bill—I will not bother honourable senators with the details—

was taken out by an amendment proposed by the minister because of the representations of the unions. So I agree with Senator Asselin that the bill should receive the support of the Senate. There is no point in sending it back to the Banking, Trade and Commerce Committee which originally met on this matter on February 25 and the last meeting was on March 19. The committee recommends its passage and I support the bill.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Senator Asselin:** Honourable senators, before proceeding, I should like to thank Senator Godfrey for the information he has given to the Senate. I know that he was a member of the committee which yesterday presented the report to the Senate. With regard to the Gordon Investment Corp., I should say that experts have considered very carefully all of the submissions that were made to the government, and the minister could make no other choice. The minister followed the advice of the departmental experts. I wish to thank Senator Godfrey for his participation in the debate.

Motion agreed to and bill read second time.

THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

● (1530)

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

1 April 1987

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General,will proceed to the Senate Chamber today, the 1st day of April, 1987, at 5.00 p.m., for the purpose of giving Royal Assent to a Bill.

[Senator Godfrey.]

Yours sincerely,
Anthony P. Smyth
Deputy Secretary, Policy and Program

The Honourable
The Speaker of the Senate
Ottawa

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION TO AUTHORIZE JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS—DEBATE ADJOURNED

**Hon. John M. Godfrey,** pursuant to notice of Tuesday, March 24, 1987, moved:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, bestow powers to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms or contains the powers set forth in Paragraph 2 of Part 9 of the Cabinet directive on the preparation of legislation approved on 16th April, 1981, the said Part 9 reading in part as follows:

"9. REGULATIONS

In the preparation of proposals for legislation, departments and agencies should observe the following principles respecting regulation-making powers:

(1) When bestowing the power to make regulations upon a person or a rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.

(2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. These powers include the following:

(a) power to make regulations that might substantially affect personal rights and liberties;

(b) power to make regulations involving important matters of policy or principle;

(c) power to amend or add to the enabling Act or other Acts by way of regulation;

(d) power to make regulations excluding the ordinary jurisdiction of the Courts;

(e) power to make specific regulations having a retrospective effect;

(f) power to subdelegate regulation-making authority;

(g) power by regulation to impose a charge on the public revenue or on the public other than fees for services;

(h) power to fix by regulation, rather than by the statute itself, the penalties for breach of a regulations; and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

He said: Honourable senators, I would like to give a brief history of this motion. It really dates back to 1971. At that time the Honourable John Turner, as Minister of Justice, issued a directive about enabling clauses in bills. Enabling clauses are those clauses that permit the government or somebody in authority to pass regulations. That directive, which was sent around to all ministers and all departments, was really a consolidation of practices that had built up over the years. All these prohibitions, such as that which says you should not make regulations that might substantially affect personal rights and liberties, and you should not make regulations that might have a retrospective effect, had been policy. Mr. Turner merely codified everything, and said, "You shouldn't do this unless you give the reasons to cabinet for it before the enabling clause is passed."

There can be valid reasons for including these powers. The point is that the reasons must be given, and attention must be drawn to the fact that they are unusual. This directive was issued long before there was legislation covering freedom of information. The general public did not know about this directive as it was never publicized. It turns out that a Professor Malloy at McGill University had heard about the directive in some way and spoke about it later. He drew it to the attention of counsel to the Regulations Committee, who wrote to the then Minister of Justice, the Honourable Mark MacGuigan, who pointed out that he not only had that directive of 1971 but that subsequently a lengthy document on the preparation of legislation which included this Part 9—which is really a reproduction of the 1971 directive by Mr. Turner—had been approved by cabinet in 1981. It was the opinion of the Regulations Commmittee that the legislators, the people who consider bills, should have the same kind of information as cabinet, and that if the government chose to put in some of these clauses which Mr. Turner had originally warned against, then the committee considering the bill should have the same explanation—given, say, by some official from the department—as had been given to cabinet under the terms of this directive.

I first set down my motion in 1982. I spoke on that motion on April 21, 1983. Senator Frith spoke against it on April 26, 1983. I would like to quote from his speech. He said in part:

> Also, if I am correctly informed, the Minister of Justice has publicly taken the position that he supports a reform of the type proposed in this particular motion. But he prefers that a whole scheme be brought forward relating to reform of legislation—both the primary enabling clauses and subordinate legislation and the relationship between them—which may or may not include this particular motion but will certainly include some of the questions raised by it. So it is not a question of whether something should be done but who should do it and how.

In other words, let us wait to see the whole package, which was not an unreasonable request. However, nothing happened for ten months. I got a little impatient so I moved the motion again on March 6, 1984. In that speech I replied to certain of the arguments Senator Frith had originally raised. Nothing happened again. After the change of government, I moved the motion yet again, and it was adopted by the Senate on February 20, 1985. On April 15, 1986, Mr. Hnatyshyn appeared before the joint committee, and I would like to quote from his testimony.

**Senator Frith:** What did you say happened in 1985? A minute ago you said that something happened.

• (1540)

**Senator Godfrey:** It was passed by the Senate in 1985.

**Senator Frith:** Why, then, must we do it again?

**Senator Godfrey:** Because it needs the concurrence of the House of Commons since the Regulations and other Statutory Instruments Committee is a joint committee.

**Senator Frith:** And it did not get there?

**Senator Godfrey:** It did not get its concurrence.

**Senator Frith:** I understand; it passed here but not in the House of Commons.

**Senator Godfrey:** Yes, it passed the Senate, and being a report of a joint committee, it was also referred to the House of Commons for their consent. At that time I was of the opinion that we did not need the consent of the House of Commons; that we could have gone ahead on just the authorization of the Senate, and there were quite a few precedents on that. In the past the joint committee had gone ahead on motions from the House of Commons which had not been concurred in by the Senate. I think Senator Frith will recall the debate we had on this. Although I have forgotten the circumstances, I believe our Speaker went so far as to rule that a joint committee could not proceed on the motion of the Senate alone; that it also had to have the concurrence of the House of Commons. Therefore, the action was blocked.

Mr. Hnatyshyn then appeared before the joint committee on Tuesday, April 15, 1986, and at that time he said:

> With respect to Senator Godfrey's motion, adopted by the Senate on February 26, 1985, the government has certainly noted its content. You will know that it has only been since February 13th of this year that I have had responsibility for regulatory matters and only since April 1, 1986, that a secretariat has been established within the Privy Council Office. I have, members of the committee, asked officials from the Privy Council Office to review the Senate resolution with regard to what action might be

> taken by the government. I think to comment further, before that review is completed, would be premature.

As I have said, that was on April 15, 1986. Again, nothing happened.

The next thing to happen was that recently Mrs. McDougall, the minister now in charge of regulatory reform, came before the Standing Joint Committee on Regulations and other Statutory Instruments and produced a document which dealt with various aspects of regulatory reform under such headings as "Guiding Principles of the Regulatory Policy"; "Citizens' Code of Regulatory Fairness"; "Regulatory Programs Reform Initiatives"; "Regulatory Process Action Plan". However, not one word in this document related to the question of enabling clauses, in spite of the fact that it is one of the most important aspects of regulatory reform since it is the basis of all regulations.

At this point I will quote from a speech that I gave back on December 11, 1984. I said:

> I refer to the report of the Commonwealth Conference of Delegated Legislation Committees that was held in Canberra, Australia, in September, 1980. This question was discussed, and the report reads as follows:

I am now quoting from the report of that conference.

> Many delegates reported that problems they encountered with delegated legislation were found, upon examination, to have sprung from the parent statute. It was emphasised repeatedly that there is a need for closer control over delegated legislation at its source, that is, in the regulation-making clauses in bills which are passed by the parliaments. Some committees undertake the scrutiny of the empowering clauses in bills, and delegates from those committees stressed the importance of this work.

We then had another Commonwealth conference in April of 1983 which took place in this chamber, and that report said:

> Governments come very easily to regard statutes as convenient vehicles for the conferring of powers on the executive. Far too often, it seems, remarkable administrative or discretionary powers are contained in Bills which also very often seek to confer delegated law-making powers which the experience of scrutiny committees suggests will be troublesome, lend themselves to the making of unfortunate subordinate laws and be used to by-pass Parliament. Parliamentarians have every cause to be troubled by broad or vague enabling powers.

And here they are using the same words, in effect, as were used in the cabinet directive.

> Indeed, the construction and interpretation of enabling powers in Bills is a subject which lies at the heart of any effective parliamentary control of delegated legislation. Parliament must see to it that it understands and approves the precise powers to make delegated legislation granted to the executive. Too often the enabling powers in Bills are passed without examination.

[Senator Godfrey.]

Honourable senators, what I am trying to accomplish with this motion is to ensure that what has happened in the past will not happen in the future. I would remind honourable senators that some years ago the Banking, Trade and Commerce Committee was considering bills confirming international tax treaties. After I joined that committee, I drew to the attention of the committee the fact that the enabling clause was faulty. They were merely copying enabling clauses of previous acts, and, in effect, it allowed the government to increase taxes by regulation, which is against every concept of regulation. The committee had not been aware of that, and when I drew it to the attention of the committee because of the fact that counsel for the Joint Committee on Regulations had drawn it to my attention, it was very embarrassing in that we had already passed four previous bills without spotting this problem. We then proposed an amendment, which the government accepted, for the fifth bill.

The same problem came up again in connection with some energy bills. I can remember writing to Mr. Lalonde and pointing out the faulty enabling clauses in these bills. I got a letter signed by Mr. Lalonde with all of the arguments why the enabling clause was correct, but overlooking the fact that five days previously he had sent me another letter saying he had moved all of the amendments that I had suggested.

I wrote back to Mr. Lalonde saying that I preferred the advice given to him by the bureaucrat who wrote the first letter rather than the advice given by the bureaucrat who wrote the second letter, and never the twain had met. In other words, Mr. Lalonde had already agreed to amend the bill and then, five days later, I received a two-page letter giving the reasons why they would not accept the amendments that I had suggested.

Again, honourable senators, I want to emphasize the points that I made yesterday. It is not up to the joint committee to decide whether there is something wrong with the enabling clauses of bills. Its function is merely to alert the committees considering these bills so that the matter will not be overlooked. The appropriate committees will themselves make the decision. As I pointed out yesterday, it will not hold up any legislation. The committees will not even be aware of it in most cases. The work will be done by the lawyers on the permanent staff of the Standing Joint Committee on Regulations and other Statutory Instruments, who will go through these bills and advise the joint committee. In the past on several occasions we acted in an informal way, which amounted to the sending of a simple letter from the joint chairmen of the Committee on Regulations and other Statutory Instruments to the chairmen of the committees considering specific bills pointing out these matters, and then leaving it up to them to make whatever decision was necessary.

When this process started two and a half years ago, I made a speech at that time, and I remember saying: "This thing has been going on for two and a half years. Please do something about it." It is now two and a half years later. It is not the fault of the Senate, because we did pass this motion. It is the fault of the House of Commons. However, I do not think that

Mrs. McDougall was really aware of this problem. I do not think she has been alerted by her officials as to the importance of enabling clauses. However, it was because of the meeting with Mrs. McDougall that I decided to bring the matter back again and have another go, hoping that we will be more successful with Mrs. McDougall than we have been with her predecessors.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I draw to the attention of Senator Godfrey that by the way in which the motion is worded, it gives the authority to examine the subject matter of clauses of bills:

> . . . where such clauses may, by express words or otherwise, bestow powers to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms . . .

● (1550)

If the authority depends on its being "unnecessarily wide," you have to determine—

**Senator Godfrey:** "Or—"

**Senator Frith:** Yes—"Or—", and then it goes down to "9. REGULATIONS", and the first part of Part 9 deals with unnecessarily wide terms again. I do not know why you put the word "unnecessarily" in there.

**Senator Godfrey:** Because we are not going to look at the bill or draw it to anybody's attention unless it has "unnecessarily wide terms," or unless it "contains the power" set forth in paragraph 2 of Part 9.

**Senator Frith:** You do not understand my point.

**Senator Godfrey:** I understand your point.

**Senator Frith:** I do not know why you have put the word "unnecessarily" in there. Why not "very wide terms"? Why "unnecessarily wide terms"? That is what you are going to find out after the study has been conducted—that is, that it is unnecessarily wide.

**Senator Godfrey:** That is right.

**Senator Frith:** That means that in order to get the authority to conduct that study, you have to prove that it is unnecessarily wide. In fact, what you are trying to prove is that it is unnecessarily wide.

**Senator Godfrey:** To begin with, the lawyers on the committee staff will look at this. The members of the committee will not have anything to do with this. The lawyers will draw to the attention of the members of the committee those instances where they find that it is unnecessarily wide, or that falls in a category covered by one of the other prohibitons.

**Senator Frith:** But they will have come to that conclusion before they have done the examination, then.

**Senator Godfrey:** The members of the committee will not have come to that conclusion.

**Senator Frith:** I don't care who comes to the conclusion.

**Senator Godfrey:** In any event, I did not want to improve upon the directive.

**Senator Frith:** Then forget it!

**Senator Godfrey:** Five years ago I had it worded differently. I had "draw to the attention of the Senate," and someone objected to that then. I think we must have revised it three or four times five years ago, but as far as I am concerned, and as far as the members of the committee are concerned, this will give the committee the authority. We had this passed once before, and all we want is to have it passed again so we can have another go at the House of Commons to see whether they will agree.

**Senator Frith:** My advice has not cost you anything, and perhaps it is worth exactly what you paid for it, but you still did not get my point. If somebody does not want a statute to go there, they will say, "You only have the authority to examine things that are unnecessarily wide." You can then say, "Well, we have to examine it to find out if it is unnecessarily wide." That is the mouth getting the tail.

**Hon. Eymard G. Corbin:** Honourable senators, I have a question. I tried to listen attentively to all of what Senator Godfrey has said, but did I understand him to say that the lawyers of the committee are doing that now, but in an unofficial and unauthorized way? Did I understand that correctly?

**Senator Godfrey:** You did to a certain extent. Four or five years ago they did that. They have not been doing that since. We had an unofficial trial run, and that may have been against the rules, but I was the joint chairman of the committee at that time. I believed that there should be a government supporter from the Senate as joint chairman, because when the joint chairman is a government supporter, the reports made by that committee to the government carry much more weight than if the two joint chairmen were members of the opposition.

We had a trial run then, and I wrote unofficially to those people and pointed out that the Senate Committee on Banking, Trade and Commerce pointed that out approximately five years ago. I said: "Well, we had an unofficial trial run that may not be covered by the rules, but I got these people to do that, and it worked."

**Senator Corbin:** Again to Senator Godfrey: Does the senator really need this type of authority to do this sort of thing? I admit that I do not understand this, but must he have this type of authority to carry on this type of work?

**Senator Godfrey:** That is right, though we could have gone on as I did in the past on an informal basis, and perhaps on an illegal basis, allowing some nit-picker to stand up and start complaining about what we were doing, but this will carry more weight if it is legalized.

Furthermore, I must say that the lawyers who were advisers to the committee at that time were hard workers. They did this work voluntarily for a year or two, and unofficially and informally, but when they did not receive this authority, they used that as an excuse not to look at the bills.

I was not going to tell them to go ahead and spend that extra time on this, but they were quite prepared to do so to demonstrate the necessity. I can tell you that they have similar legislation in Australia which is working.

**Hon. Nathan Nurgitz:** Honourable senators, to give these people some time to get along with each other, I move the adjournment of the debate.

On motion of Senator Nurgitz, debate adjourned.

## BUSINESS OF THE SENATE

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, before we adjourn to await the arrival of the Deputy of Her Excellency the Governor General, there is a motion standing in my name which is found at page ix of the *Minutes of the Proceedings of the Senate* dated March 31, 1987 for Thursday, for moving on April 2, 1987. It is motion No. 2.

I have spoken to Senator Doody and Senator Murray about the establishment of this special committee of the Senate. Senator Murray suggested yesterday that he was going to raise a point of order, and that is one reason why I wanted to speak to him about bringing it forward now. I did not want to deprive him of doing that since he was going to be absent for part of this afternoon's sitting.

In talking to Senator Murray he told me that he had abandoned his point of order, and that he supports the motion. For that reason I ask leave to bring this matter forward and have it disposed of today.

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

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, we have no problem with the principle of this motion, as Senator Murray has indicated. However, there are some questions that should be answered. I suppose the principal one in my mind is why it is not suggested to refer it to the Standing Senate Committee on Banking, Trade and Commerce, and another relates to the number of senators proposed to sit on the special committee. Is the Deputy Leader of the Opposition going to explain why he proposes nine senators, and give us the breakdown of that number and tell us how he arrived at it, and so forth?

**The Hon. the Speaker:** Perhaps the Honourable Senator Frith could put the formal motion before the Senate.

## PATENT ACT

### MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-22—DEBATE ADJOURNED

**Hon. Royce Frith (Deputy Leader of the Opposition),** pursuant to notice of Tuesday, March 31, 1987, with leave of the Senate, moved:

> That a special committee of the Senate be appointed to examine the subject-matter of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto, in advance of the said Bill coming before the Senate or any matter relating thereto;
>
> That the Bill be referred to the said special committee, in due course;
>
> That nine Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the special committee; and
>
> That the committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the committee.



**Hon. C. William Doody (Deputy Leader of the Government):** As I said earlier, honourable senators, we have no problem with bringing this matter forward today, but is it absolutely necessary that it be disposed of today? Senators on this side may have some questions. Perhaps they might wish to raise them in a speech on this motion tomorrow or on Tuesday of next week.

**Senator Frith:** On the first point raised by Senator Doody, that is, why the subject matter is not being referred to the Standing Senate Committee on Banking, Trade and Commerce—strictly speaking, this comes under one of the areas that that committee deals with, namely, patents, but the feeling is that this should be more appropriately dealt with by a special committee of the Senate because, while "patents" is the subject matter, the real subject matter is the cost of prescription drugs. So the feeling is that it would be better if the matter were referred to a special committee of the Senate rather than the Standing Senate Committee on Banking, Trade and Commerce.

As to the number of senators, I picked nine because I thought that could be distributed by having six members of the opposition and three members of the government side sit on the special committee. However, that number is not fixed in concrete.

● (1600)

**Senator Hicks:** It is if you cast a vote.

**Senator Frith:** It is not fixed in concrete as to why I picked it.

When we were discussing it, Senator Petten suggested eight—five and three.

**Senator Marshall:** So he is the culprit!

**Senator Frith:** However, if that is going to be a stumbling block, I can change it.

On the third point, that is the question as to adjourning it so that someone can speak to the motion itself, my objective in proposing the motion is to get the committee going as soon as possible. That apparently is part of the reason for Senator Murray's support for it, because he, as a member of the government, would like to have any processes that will take place on the studying this bill commence as soon as possible. In fact, he wanted a pre-study done some time ago by the Standing Senate Committee on Banking, Trade and Com-

merce. So he is in favour of the pre-study and accepts the idea of the special committee.

That is the only reason why I wanted it disposed of today. I would not press it for the matter of 24 hours, but the committee will probably want to hire some help. I am not asking for that power now, because the committee has to prepare a budget, and so on. However, there are certain organizational details that have to be worked out, and I would like to get that clock ticking as soon as possible. Certainly, I will not press for it today if someone wants to speak to it tomorrow, but I would appreciate it if we could dispose of it tomorrow.

**Hon. Orville H. Phillips:** Honourable senators, before commenting on the motion made by the Honourable Senator Frith, I would like to question him first on the membership of the committee. He mentioned a membership on the committee of six-and-three or five-and-three. The figure of five-and-three appeals to me as being much more reasonable. However, we could run into the problem of a tie vote. If the committee membership were eight—five-and-three—we could have a tie vote.

**Senator Argue:** How would you have a tie vote?

**Senator Phillips:** A more appropriate number would be nine, but maybe we could divvy up the numbers five-and-four as being more reasonable and reflective of the Senate.

**Senator Frith:** Give him an inch and he takes a mile!

**Senator Doody:** That is a long, slow curve.

**Senator Frith:** I do not understand. If you had eight, you will not get a tie vote because you have a chairman.

**Senator Phillips:** The chairman can vote in committee.

**Senator Frith:** But the chairman does not vote unless there is a tie, and there cannot be a tie if the membership ratio is four-and-three.

**Senator Argue:** It is four-and-three—unless you have a defector!

**Senator Frith:** I suggest that working out the number—

**Senator Doody:** Can we leave the number for now?

**Senator Frith:** —is a good reason to put it off until tomorrow, because in the meantime the two whips can discuss it and settle on it. However, if a membership of nine is not acceptable, five-and-three is. But moving up to five-and-four is not acceptable.

**Senator Flynn:** Is it indiscreet to ask whom you have in mind for chairman?

**Senator Frith:** No, it is not at all indiscreet. In fact, somebody said once that there are no indiscreet questions, just indiscreet answers. I cannot give you either a discreet or an indiscreet answer, because that has not been settled yet.

**Senator Nurgitz:** Can we know who the candidates are?

**Senator Doody:** Are you receiving applications?

**Senator Frith:** We are, yes.

**Senator Marshall:** I will not run.

**Senator Frith:** Get in line!

If five-and-three is acceptable, I suggest that we do it today. However, if there is a feeling that there has to be further negotiation between the whips, then we can put if off until tomorrow.

**Senator Phillips:** Honourable senators, in order to allow for negotiations with my opposite number, Senator Petten, I move the adjournment. This will give us a chance to debate it.

**Senator Doody:** I have a question before we move the adjournment. As Senator Frith pointed out earlier, the rules of the Senate specifically mention patents and royalties as being in the domain of the Standing Senate Committee on Banking, Trade and Commerce.

Is it necessary to have a separate motion to change that rule, or do we set up another committee and refer the matter to it in defiance of this rule, without mentioning the fact that it is notwithstanding that specific rule?

**Senator Frith:** No. I looked into that and noticed that rule 67(1)(*l*) concerning the Standing Senate Committee on Banking, Trade and Commerce states:

> . . . to which shall be referred, if there is a motion to that effect, bills, messages, petitions,—

Since there is no motion at the moment for referral to the Standing Senate Committee on Banking, Trade and Commerce, this motion is in order.

I also checked some precedents. The one that immediately came to mind was CSIS. We set up a special committee for that. We were going to send it to the Standing Senate Committee on Legal and Constitutional Affairs, or at least we thought about it, but we set up a special committee. So I think it is in order.

However, I understand the point taken. In fact, I thought that that was the point that Senator Murray was going to raise, but when I spoke to him he said, "No, that was not the one that I was going to raise." I thought about that and I was worried about it, too, but I think that it is in order.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned during pleasure.

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• (1630)

At 4.55 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable

the Deputy Governor General was pleased to give the Royal Assent to the following bill.

An Act respecting the reorganization and divestiture of Teleglobe Canada (*Bill C-38, Chapter 12, 1987*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, April 2, 1987**

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

Prayers.

## THE SENATE

QUESTIONS OF PRIVILEGE

**Hon. H.A. Olson:** Honourable senators, I want to give notice of a serious question of privilege. I am giving notice because a question of privilege is supposed to be dealt with at the first opportunity, and this is the first opportunity I have had for a number of reasons, including bad weather which caused transportation problems yesterday.

Another reason I give notice is that the proceedings of the Standing Senate Committee on Banking, Trade and Commerce are not available yet. I checked on that again this morning. Of course, I have a copy of the "blues", but the proceedings are not generally available to honourable senators because they have not yet been printed.

My question of privilege involves a serious matter, in my view. I was prevented by the chairman of the Standing Senate Committee on Banking, Trade and Commerce from pursuing a line of questioning that I believed was relevant and pertinent to the issue when the Minister of State (Privatization) appeared before that committee.

A second aspect of my question of privilege relates to the report of the committee respecting the pre-study of Bill C-38. I do not want to go any further at the moment than to say that that report is inaccurate. It says that the committee made a decision not to allow the line of questioning I mentioned a minute ago. After careful perusal of the committee's report, I found the committee made no such decision in the committee room. It may be that that decision was made in somebody's back room and was purported to be a decision of the committee, but there was no motion or resolution passed by the committee that said that senators could not pursue a certain line of questioning.

Honourable senators, I hope we can get to this matter at the next sitting of the Senate; however, if honourable senators who are interested in this matter are unable to be present then, perhaps it can be dealt with at the sitting on Wednesday or Thursday of next week. I should simply like to say that I am prepared to pursue this matter at the next sitting of the Senate.

[*Later:*]

**Hon. Ian Sinclair:** Honourable senators, I listened to my colleague, Senator Olson, and look forward to hearing what he has to say, and also look forward to listening to him discuss "relevancy". Unfortunately, honourable senators, I cannot be here Tuesday and Wednesday of next week, but I can be here on Thursday of next week.

However, I can read, and if he feels he wishes to proceed at the next sitting, I will read with interest what he has to say, and likely I will have something to say when it is appropriate for me to do so.

**Senator Frith:** Really?

**Senator Olson:** I could give notice for Thursday, and hopefully Senator Sinclair will be here to hear my enlightening remarks.

**Senator Sinclair:** I still say that I can read, and I would not like my honourable friend to put himself out. If he is ready to proceed on Tuesday, then he should do so.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a question of privilege, namely, the privileges of honourable senators.

Yesterday, in an exchange with Senator Flynn, we debated the question of whether the Speaker has the authority to choose between two senators when the two want to speak at the same time. I said that there is no such provision in the rules. If I can insert a parenthetical comment, the whole event, as it transpired, recalled H.L. Mencken, the famous sage of Baltimore.

**Senator Doody:** He was an iconoclast.

**Senator Frith:** An iconoclast and a great agnostic.

**Senator Macquarrie:** And a great writer.

**Senator Frith:** A terrific writer, a magical writer, as Russell Baker once described him. In any event, someone is supposed to have said to him: "H.L., supposing when you die the first thing that happens is that you find yourself before Jesus and the 12 Apostles. What will you say then?" He answered: "I will say, 'Gentlemen, I was wrong' ".

In that tenor, rule 26 clearly supports what Senator Flynn stated yesterday. That rule states:

> When two or more senators rise to speak, the Speaker shall call upon the senator who in the Speaker's opinion first rose; but a motion may be made that any senator who has risen "be now heard" or "do now speak".

So, honourable senators, I was wrong.

[*Translation*]

## OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Tuesday, March 31, 1987

ORDERED,—That a Message be sent to the Senate to acquaint Their Honours that the Report of the Commissioner of Official Languages for the year 1986 (Sessional Paper No. 332-1/301A) has been referred to the Standing Joint Committee on Official Languages.

*ATTEST*

MICHAEL B. KIRBY
*for The Clerk of the House of Commons*

[*English*]

## VISITORS IN GALLERY

MEMBERS OF UNIVERSITY WOMEN'S CLUB OF OTTAWA

**Hon. Lorna Marsden:** Honourable senators, I should like to draw the attention of the chamber to the presence in the gallery this afternoon of visitors from the University Women's Club of Ottawa.

**Hon. Senators:** Hear, hear!

[*Translation*]

## PRIVATE BILL

REGIONAL VICAR FOR CANADA OF THE PRELATURE OF THE HOLY CROSS AND OPUS DEI—FIRST READING

**Hon. Rhéal Bélisle** presented Bill S-7, to incorporate the Regional Vicar for Canada of the Prelature of the Holy Cross and Opus Dei.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Bélisle, bill placed on the Orders of the Day for second reading on Tuesday next, April 7, 1987.

[*English*]

## CANADA'S INTERNATIONAL RELATIONS

NOTICE OF INQUIRY

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I give notice that on Tuesday next I will call the attention of the Senate to Canada's international relations.

## ADJOURNMENT

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 7th April, 1987, at two o'clock in the afternoon.

[The Hon. the Speaker.]

Motion agreed to.

# QUESTION PERIOD

[*English*]

## THE SENATE

ABSENCE OF GOVERNMENT LEADER FROM CHAMBER

**Hon. C. William Doody (Deputy Leader of the Government):** I must inform honourable senators that Senator Murray will not be able to join us today. He is detained on government business. I would be happy to take notice of any questions senators might have and see that they get to the proper authorities.

**Senator Frith:** You mean you promise you won't try to answer any of them, and you will make no comment?

## CANADA-FRANCE FISHERIES AND BOUNDARIES DISPUTE

SENATE REPRESENTATION AT NEGOTIATIONS

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I refer to a series of questions raised yesterday by me and other senators in connection with the Canada-U.S. trading arrangements. We all know the answers we received.

I notice that in the discussions between Canada and France on the fisheries and boundaries dispute provision has been made to include as observers at these discussions two members of the House of Commons. In fact, the Secretary of State for External Affairs stated in the House that members had been included because of their interest in the question of the boundaries and fisheries.

It is evident that a number of senators also have an interest in this question. We have been pursuing it in Committee of the Whole. I would merely ask whether consideration has been given to including senators as observers, as has been done for members of the House of Commons.

**Hon. C. William Doody (Deputy Leader of the Government):** I will certainly take notice of the question, senator, and see that it gets to the appropriate minister.

## CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN OTTAWA—SUGGESTED CONTENTS OF PUBLICATION

**Hon. Keith Davey:** Honourable senators, I am disappointed that the Leader of the Government is not here.

**Senator Doody:** Oh, oh!

**Senator Phillips:** You should have been here yesterday!

**Senator Davey:** I hold him in high regard and, indeed, I wanted to make a suggestion which I think could even further enhance his career. With honourable senators' permission, I will make my suggestion to the deputy leader. Perhaps he would be good enough to convey it to the leader. Either the leader or the deputy leader might wish to comment.

I have in my hand a document entitled "Canada Today", Volume 17, No. 2, 1986. It is subtitled "Summit '86". I thought it might be helpful to the leader, and now to the deputy leader, to review this publication. It is comprised of 16 11 x 8-1/2 glossy pages of which more than 50 per cent are taken up with photographs. There are 19 photographs in total, and their breakdown is interesting, honourable senators. There are 11 photographs of the Prime Minister and President Reagan together; 6 photographs of the Prime Minister alone, that is, without the President; 2 photos of Mrs. Mulroney alone, that is, without either the Prime Minister or the President, and one of them is the only black and white picture in the book. In all of those 19 pictures, honourable senators, not one was taken of President Reagan by himself.

The copy is tough, hard-hitting and informative. I think two examples will suffice:

> A rainstorm had been forecast but none came. The night was warm, the moon was bright, the guests were glamorous and the menu strikingly Canadian . . .

**Senator Doody:** Where was the Rainmaker?

**Senator Frith:** Yes, where were you when we needed you?

**Senator Davey:** The Rainmaker did not make the cut to the state dinner, let me assure you.

Here is another example of the hard-hitting nature of this prose:

> The glow of harmony would prove to be a silver lining attached to a considerable cloud.

Honourable senators, I am not a cynical fellow. I am confident that the government will produce yet another hard-hitting, tough document about next week's summit. Therefore, I want to make just one or two helpful suggestions. Perhaps we could have more pictures—let's shoot for 75 per cent this time. Why not have less copy and try to make it softer? Could we not include more pictures of the Prime Minister? Indeed, why not print a centrefold that would be suitable for framing? Third—and sadly, here is where politics enters the picture—common courtesy, it seems to me, would dictate at least just one small picture of President Reagan all by himself. Remember, that would be one more than there was last time.

• (1410)

But, for heaven's sake, honourable senators, get rid of all those pictures of the Prime Minister and the President together, because this year that kind of stuff will no longer play Peoria, or even New Waterford. Instead, I would suggest, why not a group picture of the Business Council on National Issues or the Canadian Chamber of Commerce, or even the Tory Senate caucus?

My plan will virtually guarantee that something bigger will come out of Summit '87. I believe that the Shamrock Summit of '86 just could become the Thistle Summit of 1987. I would like your comments, sir.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, the first comment that crosses my mind is the fact that I am grateful that Senator McElman is not here, because yesterday he called our attention—I see that he is here. He is just not in his place. I apologize—to the stretching of the rules, which was almost as intense as the stretching of our patience. I think that same comment might apply this afternoon.

Having said that, I share the honourable senator's disappointment that Senator Murray is not with us today. I know that we all like to see him around as much as possible, and he very rarely disappoints us.

As for the brilliant analysis of the document, I will have to leave that to the peers of the publishing industry who can always make a better comment on it than I can. I have not seen the photos. I am sure they are all delightful. As for President Reagan's being alone, perhaps he likes being alone.

**Hon. Finlay MacDonald:** Honourable senators, would Senator Davey also permit the inclusion in those recommendations that the menu be changed so that we can get rid of that "Angel Hair Pasta" to which our attention was drawn by the honourable senator's leader in his absence?

## TELEGLOBE CANADA

### REORGANIZATION AND DIVESTITURE—APPARENT LEAK RE MEMOTEC BID—REQUEST FOR ANSWERS

**Hon. H.A. Olson:** Honourable senators, may I be permitted to ask a question—

**Hon. C. William Doody (Deputy Leader of the Government):** That would be a change!

**Senator Olson:** Well, I am not quite sure where that—

**Senator Doody:** The last one was a speech.

**Senator Olson:** I see. In that context, I accept the comment.

May I ask the Deputy Leader of the Government when we can expect to receive some answers to questions I raised respecting what appears to be a leak out of the Department of Privatization or the minister's office with respect to the Memotec bid for Teleglobe? I know that we passed the bill yesterday, but I was promised by the Leader of the Government that we would have answers to those questions, but we did not get them. There is something lying there smoking, smouldering, and it is giving off a very bad odour, if I may say so. So why does the government not give us some answers—and, by the way, I need them for next week when we are going to pursue this other matter—because, you know, we had some problems in the committee regarding running interference for the ministers, when we had only one opportunity to have her before the committee. Can the Deputy Leader of the Govern-

ment give us some answers today as to when those questions will be answered?

**Senator Doody:** No, I cannot, honourable senators. I will certainly make inquiries for the honourable senator. My understanding was that this matter was under investigation. But, in any event, I will certainly make inquiries and see what I can find out.

**Senator Olson:** Would the Deputy Leader of the Government go a little further than that and give us an undertaking that he will do his level best to get some answers before next Tuesday so that I will have them in time to raise a matter that I have tried to raise for about six weeks? I am quite sure about what I want to raise, and I am sure that the ministers who were there also knew what I wanted to raise. It is a matter of answering, that's all.

**Senator Doody:** I will certainly try, honourable senators.

**Hon. Ian Sinclair:** Honourable senators, on a point of order, I should like to draw your attention to the fact that the Banking, Trade and Commerce Committee does not run interference for ministers. What it does is deal with relevant matters in the proper manner.

**Some Hon. Senators:** Oh, oh!

**Senator Olson:** Honourable senators, I just want to say that I do not agree with that; and I was not directing my question to the chairman of the Banking, Trade and Commerce Committee at this time. If he wants to answer, I will comment on it.

## CANADA-UNITED STATES RELATIONS

### SUMMIT MEETING IN OTTAWA—ELIMINATION OF ANOMALIES IN MEMORANDUM OF UNDERSTANDING RE SOFTWOOD LUMBER

**Hon. Ian Sinclair:** Honourable senators, I have a question for the Leader of the Government in the Senate. In view of the interest that was displayed by the President of the United States at the time of the "fast track" negotiations on trade enhancement with the United States, and in view of the fact that a memorandum of understanding was entered into under considerable time contraint last December 30, I wonder if the Leader of the Government can inform the Senate whether there is on the agenda for next week a discussion between the Prime Minister and the President of the United States with respect to methods of alleviating or eliminating the anomalies, the inequities and the unfairness that are so apparent in that memorandum of understanding dealing with the softwood lumber industry.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I will make an inquiry respecting that matter. I do not have an answer right now.

### SUMMIT MEETING IN OTTAWA—REQUEST FOR TABLING OF COMMUNICATIONS TO PRIME MINISTER FROM PROVINCIAL LEGISLATURES

**Hon. Stanley Haidasz:** Honourable senators, would the Deputy Leader of the Government in the Senate undertake to table in the Senate sometime next week any correspondence or messages between any provincial legislature and the Prime Minister with respect to issues which they petitioned the Prime Minister to raise at the Summit Conference between the Prime Minister of Canada the President of the United States next Monday?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I will certainly ask if such correspondence is indeed available, and if it is proper to table it I will ask that it be done.

## INDIAN AFFAIRS

### TOBIQUE INDIAN BAND LAND CLAIM—DEFINITION OF "TECHNICAL BREACH CLAIM"

**Hon. Eymard G. Corbin:** Honourable senators, on December 19 last I put a question to the Deputy Leader of the Government with respect to specific land claims. The deputy leader at that time answered by saying that he would certainly make representations to the minister in that respect when, in fact, I had asked for a comprehensive response. There may have been a misunderstanding between us as to what, specifically, I was seeking, because we were then talking about comprehensive land claims and specific land claims.

However, in the interval it seems that the bureaucracy has fathered and mothered a new type of claim which they now designate as a "technical breach claim". I have been led to understand that that matter has now been before cabinet for some time for the purpose of some legal definition. I would ask the Deputy Leader of the Government in the Senate to inquire as to when the native people can expect a definition of, or a conclusion by cabinet with respect to, the meaning of this new term since it seems that no one is quite sure exactly what it means and how it will apply. This has the effect, of course, of putting a stop to many of the undertakings by the native people with respect to their land claims, so I would ask the deputy leader to inquire about that matter and possibly give me a response fairly soon.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I certainly will try. I will make representations and get the answer as quickly as I can.

## INDUSTRY

### INTEREST-FREE LOAN TO GENERAL MOTORS—TERMS OF CONTRACT RE JOB GUARANTEES—ACCESS TO INFORMATION

**Hon. Hazen Argue:** Honourable senators, before we leave Question Period, I would like to ask a further question with respect to the General Motors deal. My question is based on an article in this morning's *Gazette*, and I refer to parts of the article in which Suzanne Michaud, press aide to Quebec Industry Minister Daniel Johnson, is quoted as saying:

> "I haven't actually seen the agreement, but that's part of the deal. I should know, since I work for Mr. Johnson who signed it."

CAW president Bob White was also under the impression that the plant and its 3,500 workers would remain open until 1994.

● (1420)

Then further on it states:

But a federal government official would neither confirm nor deny the date.

The federal official stated:

A contract exists between the government and General Motors, which is confidential.

As an aside, I would think that a contract like that, involving large sums of public money, should be open to public view and should not be kept in secrecy. The federal official goes on to say:

But you must assume the government doesn't give away money without some guarantees—

**Senator Olson:** Well, we know that; they have proven themselves.

**Senator Argue:** It is pretty unclear. But then there is this—I will call it a blockbuster:

However, GM Canada president George Peapples has denied that jobs are guaranteed until 1994. "There aren't any guarantees ever in this business," he said—

My question is: Will the contract be made public? Will the Leader of the Government in the Senate tell us why the government has apparently made a contract with General Motors that has led the General Motors president to deny that there are jobs guaranteed until 1994? It is a give-away to General Motors, but something was to be received in return. Now we have the president of General Motors saying that there are no guarantees whereas we have been informed that there are job guarantees in this contract. I would like to know what, in fact, the situation is.

**Hon. C. William Doody (Deputy Leader of the Government):** I will certainly make an inquiry on the honourable senator's behalf.

**Hon. H.A. Olson:** Honourable senators, could he also make an inquiry and advise senators how they get access to this information?

**Senator Doody:** I am sorry, I missed that question.

**Senator Olson:** I would like the Deputy Leader of the Government to give us an undertaking that he will advise senators how we can seek this kind of information under the Access to Information Act.

**Senator Doody:** I do not know if I can give an undertaking to do that research; I do not have any assistants myself.

**Senator Argue:** Just bring us the contract; bring us the contract.

**Senator Doody:** I will certainly try. I will make that inquiry—I have already undertaken to do that.

**Senator Argue:** A man of your understanding should be able to deliver the contract.

**Senator Flynn:** He cannot take it, even if he wanted to.

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## CRIMINAL CODE

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Nathan Nurgitz** moved the second reading of Bill C-28, to amend the Criminal Code (torture).

He said: Honourable senators, Bill C-28 is a rather short piece of legislation and one of which I think I can offer a not too lengthy explanation. It is a bill that amends our criminal law to conform with the United Nations Covenant against torture and other cruel, inhuman or degrading treatment or punishment. This is a convention of the United Nations of which Canada became a signatory in August of 1985.

There are two major amendments contained in the bill. The first is to criminalize both mental and physical torture.

The second amendment is a new provision that would give Canada jurisdiction over acts of torture committed on Canadian ships and aircraft, as well as acts committed by or on Canadians anywhere in the world. Canada would also have jurisdiction over offences of torture, wherever committed, where the alleged torturer is afterwards present in Canada. Indeed, this breaks new ground in what most lawyers would call jurisdictional matters.

There is always the view that one had to be prosecuted in the place where the offence took place. This is quite an expansion of those rules of jurisdiction.

Two additional provisions in the bill prohibit the use of evidence obtained as a result of torture, and provide that exceptional circumstances such as states of war or other public emergency cannot be used to justify the commission of torture. Of course, these provisions are in conformity with the United Nations Convention. Torture is defined in the bill as "any act or omission by which severe pain or suffering, whether physical or mental, is intentionally inflicted on a person" for reasons of discrimination or for other purposes such as punishment, coercion, intimidation or for the purposes of obtaining information. As outlined in the convention, the offence applies to torture committed by officials such as police officers, public officials, members of armed forces and foreign officials who perform equivalent functions under foreign law. It applies also to any person acting with the consent or acquiescence of such an official.

Quite apart from allowing the prosecution of acts of torture committed within Canada, it also gives jurisdiction to prosecute a torturer, if the act occurred on a Canadian aircraft or ship, if either the accused or the victim is a Canadian citizen, or if the accused is, after the commission of the offence, present in Canada. In the latter case, Canada has the option to either extradite that person or to prosecute him right here in our country under our laws.

These amendments to the Criminal Code effectively expand Canada's existing legal obligations under the International Covenant on Civil and Political Rights which prohibit torture or other cruel, inhuman or degrading treatment or punishment. These obligations have also been given constitutional status under section 12 of the Canadian Charter of Rights and Freedoms, which asserts that everyone has the right not to be subjected to any cruel and unusual treatment or punishment. It was in 1975 that the UN General Assembly adopted the declaration on the protection of all persons from being subjected to torture and other cruel, inhuman or degrading treatment or punishment. The assembly subsequently called upon all member states to reinforce their support for the declaration by making a unilateral declaration against torture. Canada did just that in a declaration made in 1982.

Believing that more was needed than the declaration, the United Nations General Assembly in 1977 requested the Commission on Human Rights to elaborate, and asked that commission to proceed with the drafting of a convention, which it did, based on the 1975 declaration. Canada participated quite actively in the working group of the Commission on Human Rights, and supported the initiative as a concrete manifestation of international action against such treatment. In 1983 Canada sponsored a procedural resolution requesting the Commission on Human Rights to afford the matter the highest priority. A draft convention was submitted and adopted by the General Assembly on December 10, 1984. The United Nations Convention against torture and other cruel, inhuman or degrading treatment or punishment was opened for signature on February 4, 1985, and Canada signed it on August 23, 1985. It is intended that Canada will be in a position to ratify the convention in 1987.

Honourable senators, my understanding of the matter is that the eight or nine basic elements of the convention are contained in Bill C-28, the amendments to the Criminal Code. It is my suggestion, after all members have had an opportunity to speak, that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs where such questions as may arise, both with respect to our obligations under international law and with respect to pure Canadian law, will be answered by officials of the Department of External Affairs and, perhaps, the Department of Justice. I urge the adoption of this bill.

On motion of Senator Frith, for Senator Stanbury, debate adjourned.

## FOOD AND DRUGS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Richard J. Doyle** moved the second reading of Bill S-6, to amend the Food and Drugs Act.

● (1430)

He said: Honourable senators, if you will indulge me for a moment for a personal observation. Some years ago I was dispatched in the name of the late King George VI from small town Ontario to the big city of Vancouver where I was required to find billets in the Kitsilano Beach area, which I did. I found a home operated by a pleasant couple. They provided clean rooms and reasonable meals. The only problem was that the landlady watered the tomato juice—half and half, I would say. It turned out, however, she did not water everyone's juice, only the juice of guests who came from Ontario.

There was nothing personal in that discrimination, for the good woman of the house herself came westward from the great province which I have the honour to represent in the Senate, but that migration had occurred as part of the upward mobility of the 1920s, and with the true zeal of the converted, she believed that no one new to British Columbia should be allowed all of its advantages without establishing residency for at least five years. What's more, people from the east were not likely to tell the difference between watered tomato juice and the real thing anyway.

Later on I would have been protected from such an outrage—at least, if it had been corporately committed and the offending product had been shipped from one province to another. Regulations sensibly set out under the federal Food and Drugs Act, and which have been in effect in one form or another for a hundred years, set standards which specify required or permitted ingredients for any product labelled "tomato juice"—and for hundreds of other food items ranging from sunset yellow food colouring to allspice; from cold pack cheese to sweet basil extract; from Irish stew to wieners and beans or, on the other hand, from wieners and beans to beans and wieners. The regulations governing the recipe list are quite particular. Did you know, for instance, that ice cream shall not contain more than 100,000 bacteria per gram?

Product identities are established by stipulating the "common name" of most foods which must be displayed on the labels. There must be so much of this, there may not be so much of that. Inclusion of all other ingredients is prohibited. While there is no ban on marketing foods that do not meet the standards, consumers purchasing a food, relying on its common name, essentially get what they expect. You might grind up cumquats, add synthetics and get something that tastes like tomato juice. You may sell it, but—landladies, please note—you can't call it tomato juice.

While the primary responsibility for the Food and Drugs Act rests with the Department of National Health and Welfare, administration and enforcement of food standards is carried out jointly with the Department of Consumer and Corporate Affairs. Health, of course, deals with health aspects, Consumer and Corporate Affairs with fraud.

When I mentioned the range of products governed by the recipe list, I failed to include beer—and beer is the trigger of the amendment to the act which demands our attention today. We have come to the famous Labatt Lite Beer case, which some senators with an interest in such things may remember sprang from the introduction in December, 1977, by Labatt's Brewery of a special malt liquor product called Special Lite, which contained 4 per cent alcohol by volume. Inspectors for Consumer Affairs seized some of the stuff on the not unreasonable assumption that Special Lite—l-i-t-e—might be mis-

taken for a light—l-i-g-h-t—beer, the standard for which stipulated a maximum alcoholic content of 2.5 per cent by volume.

However, in a judgment dated January 9, 1978, the Honourable Mr. Justice Collier of the Federal Court of Canada, Trial Division, Vancouver, found that Labatt's Brewery Limited had not packaged or advertised its Special Lite product in a manner likely to be mistaken for the standardized product.

This decision was appealed, and on April 11, 1979, the Honourable Mr. Justice Pratte and Mr. Justice Rhodes Smith of the Federal Court of Appeal in Vancouver set aside the judgment of Justice Collier and granted leave to appeal to the Supreme Court of Canada as part of their decision.

The appellate court felt that there had been a violation of section 6 of the Food and Drugs Act, and stated that this section is "calculated to protect the food-buying public not only against dangerous foods but against being misled concerning the composition of foods."

The matter—the storm in a stein—came before the Supreme Court of Canada in June, 1979. The decision given in December, 1979, reversed the decision of the Federal Court of Appeal, once again finding in favour of the plaintiff, Labatt Breweries of Canada. The Supreme Court ruled that two sections of the Food and Drugs Act were *ultra vires* in that the criminal law power did not apply to recipe-type food standards involving no health or economic fraud considerations. Consequently, this decision jeopardized not only the validity of the malt liquor standards found in the Food and Drugs regulations but also other comparable standards like those for ground beef, enriched bread, salad dressing, sausages and strawberry jam. And certainly tomato juice!

There was, of course, thorough review by an interdepartmental committee. A number of different options were considered, and in 1986 it was decided by the ministers that a nationally-consistent system of food standards be retained in Canada, subject to limitations imposed on federal authority by the "Lite Beer" decision of the Supreme Court.

The decision of the Supreme Court restricted the authority of the federal government to promulgate food standards which could be enforced if such products were sold only within a province. The insertion of the "Trade and Commerce Limitation" into section 6 of the act would simply revalidate food standards if the product were imported or crossed a provincial border.

Cabinet also decided that the Minister of National Health and Welfare and the Minister of Consumer and Corporate Affairs, in consultation with the Minister of Agriculture and the Minister of Fisheries and Oceans, should initiate further discussions with the provinces to foster the evolution of a nationally-consistent system of federal and provincial food standards.

● (1440)

All provinces have signalled an interest in maintaining a nationally-consistent system. All but two of the provinces have indicated that referencing of federal standards will be considered as the first option, as it is probably the least difficult and the least source-intensive mechanism by which to close the loop and cover standardized products sold only within a province.

The major food trade associations as well as the Consumer's Association of Canada have supported the revalidation of food standards by legislative amendment of the Food and Drugs Act. Since the Labatt decision, the recipe-type food standards under the Food and Drugs Act have been difficult to enforce. They have just not been enforced. However, it should be noted that the Department of Consumer and Corporate Affairs has been carrying out monitoring surveys to determine levels of compliance while taking no actual enforcement action because of the legal jeopardy of the standards.

In the seven and a half long years since the decision of the Supreme Court, the marketplace has changed to some degree with respect to standardized food products. The brewing industry has introduced other new products on to the market, and has set 4 per cent as the industry norm for the product now sold as "light beer".

The baking industry, the meat industry, the dairy industry, the fruit and vegetable industry, the confectionery industry and the distilled alcoholic beverage industry have also introduced new products, and have requested the amendment of federal standards during the seven-and-a-half-year period of uncertainty. But because of a ruling by the Department of Justice, it has not been possible to either amend food standards or promulgate new standards in the Food and Drugs regulations.

The recognition of the names of a number of foreign alcoholic beverage products such as Cognac, Armagnac, Irish Whiskey and Scotch Whisky in the Food and Drugs Act has trade implications in that a reciprocity arrangement exists to protect the name and identity of products such as "Canadian Whisky" in overseas markets. Clearly, these appellations are not related to health, and are only indirectly related to fraud.

However, no existing federal statute, other than the Food and Drugs Act, appears suitable as an alternative to deal with the identity of these products, which have considerable economic significance at both international and national levels of trade. Thus, industries involved with these products are anxious to have any uncertainty removed about the validity of the legal standard.

As a participant in the Codex Alimentarius Commission, Canada has an obligation to review and adopt internationally recommended food standards to the degree possible. During the past seven and a half years it has not been possible to adopt such standards under the Food and Drugs Act in accordance with our international obligations. Amendment of section 6 of the Food and Drugs Act would remove this impediment, and work to adopt a number of international standards could once again proceed.

The amendment being proposed would introduce a number of new sub-sections into section 6. Section 22, dealing with the powers of inspectors, would also be amended as a consequence

to the revision of section 6. The new section 6(1) would prohibit the importation and inter-provincial movement of an article of food that is intended for sale unless that article complies with the standard prescribed for that food. The new subsection 6(2) would provide an exemption for carriers and operators of conveyances where they could not have reasonably ascertained that there had been a contravention of any of those paragraphs. The new subsection 6(3) would amend the present section 6 by limiting the application of that section to only those foods that are imported, or that are sent or conveyed or are intended to be sent or conveyed from one province to another.

A new section 1.1(1) would provide the Governor in Council with the power to identify a prescribed standard or a portion of a prescribed standard for food as being necessary to prevent injury to the health of the consumer or purchaser.

A new section 6.1(2) will prohibit the labelling, packaging, selling or advertising of any article of food unless the food complies with any standard or portion of the standard prescribed for that food that has been identified to prevent injury to the health of the consumer or purchaser of the food.

A new paragraph 22(1)(a.1) would permit an inspector to enter any conveyance being used to transport an article of food in order to determine whether there has been compliance with these sections. This change to the powers of inspectors is necessary as a consequence of the introduction of the concept of conveyance or inter-provincial movement.

I believe that few consumers would be sympathetic to a deterioration in the quality of staple foods, to say nothing of the quality of tomato juice.

Food manufacturers and ingredient suppliers have suffered certain lost opportunities since the landmark Supreme Court decision in 1979 in that they have not been able to have food standards amended in response to new technology and changing consumer demand. The inability to amend or develop standards also conflicts with the international obligations of Canada.

Honourable senators, I commend the bill to your consideration, and would ask that it be referred to the Standing Committee on Social Affairs, Science and Technology.

**Hon. Senators:** Hear, hear!

**Hon. John M. Godfrey:** Honourable senators, I should like to ask Senator Doyle a question. Is there any explanation given by the government as to why it has taken seven and a half years to come up with a very obvious solution to a problem that has existed all this time?

**Senator Doyle:** I can only say that there seems to have been a great deal of good intention. The previous government, represented by the gentleman opposite, did indeed draft very similar legislation, but for some reason it came to naught.

As I mentioned, changes were going on within the industry. There seems to have been a great deal of effort expended in trying to keep abreast of these changes so it would not be necessary to come back to Parliament.

[Senator Doyle]

It is, I will agree with Senator Godfrey, very discouraging—and I believe that implication was contained in my remarks that it takes Parliament seven and a half years to plug a loophole.

On motion of Senator Frith, debate adjourned.

• (1450)

## PATENT ACT

### SPECIAL COMMITTEE APPOINTED TO STUDY SUBJECT MATTER OF BILL C-22

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Petten:
>
> That a special committee of the Senate be appointed to examine the subject-matter of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto, in advance of the said Bill coming before the Senate or any matter relating thereto;
>
> That the Bill be referred to the said special committee, in due course;
>
> That nine Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the special committee; and
>
> That the committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the committee.—(*Honourable Senator Phillips.*)

**Hon. Orville H. Phillips:** Honourable senators, on rare occasions the silent Senate receives the odd, begrudged word of praise and recognition. It usually begins with criticism of the Senate and trails off with the sentence, "However, it must be admitted that their committees do good work." This is usually followed by a reference to the Standing Senate Committee on Banking, Trade and Commerce.

In this Parliament the Banking, Trade and Commerce Committee, first under the chairmanship of Senator Murray and, after his appointment as Leader of the Government, under the chairmanship of Senator Sinclair, has continued on in the tradition. I may as well admit publicly that there are those of us on this side who had some doubts about Senator Sinclair becoming chairman of the committee. We doubted that he would have the ability to be impartial. We on this side have found him to be absolutely impartial and an excellent chairman.

**Some Hon. Senators:** Hear, hear!

**Senator Phillips:** That is part of the reason why I am sorry to see that the Leader of the Opposition and the party opposite feel that very important measures like the amendments to the Patent Act should be taken away from this well known committee of the Senate—a committee which over the years has built up an excellent reputation. In this motion we are now

saying, "No, those guys are not good enough to deal with these amendments. We must set up a special group that can be directed, a group the opposition feels they can influence to bring in a report based on their views."

This is rather unfortunate. The rumour mill has been circulating a disturbing story to the effect that the Leader of the Opposition and the chairman of the Standing Senate Committee on Banking, Trade and Commerce do not see eye to eye on a number of subjects, including Bill C-22. Perhaps this is one of the reasons behind this motion. If so, it is a very disturbing reason. There is another rumour to the effect that the Honourable Senator Argue will withdraw his motion to set up a health committee to be appointed chairman of the committee proposed in this motion. We on this side have nothing against the appointment of Senator Argue as chairman of any committee. We are sure of his ability. We even trust his impartiality. However, we do feel regret that this motion will remove the study of the Patent Act from Senator Sinclair's committee.

Earlier I mentioned the respect that has been given the Senate committees. I will point out that this is the second assault by the opposition upon our committee system since the beginning of the new year. The Fisheries Committee was not capable of handling the cod treaty with France. That had to be dealt with before the Committee of the Whole.

Honourable senators, it is not my wish to imply motives to the opposition.

**Senator Frith:** But you are going to anyway.

**Senator Petten:** Perish the thought!

**Senator Phillips:** However, I think certain senators opposite felt that they would obtain a good deal of publicity from the Committee of the Whole. That did not happen, and now, since that technique was a failure, there must be yet another change. Now we will set up a new committee, send it out on the road, and try to get publicity that way. I do not really mind so long as that publicity is for the Senate and not for the Liberal Party.

In my brief intervention yesterday I raised the question of the size of the committee. At that time I suggested that the committee consist of five Liberal supporters and four P.C. supporters. Since then my views have changed, and for a very simple reason—attendance in the Senate. Let me illustrate that by referring to yesterday's attendance record. The *Minutes of the Proceedings of the Senate* lists 74 senators in attendance yesterday. My recollection would indicate that that would be about the average attendance. However, two committees met while the Senate was sitting: Banking, Trade and Commerce with 12 senators on it and the Joint Committee on Official Languages with nine. A number of senators, after Question Period, follow the pattern established in the House of Commons. They leave—they find business elsewhere. The Senate chamber is of no importance to them.

By the time Senator Frith moved his motion yesterday, which was around 4 o'clock, if my memory is correct, the attendance in the Senate had been reduced to 17. That, I might add, had nothing to do with the fact that Senator Frith was speaking.

**Senator Frith:** I am sure they heard I was going to speak—can't blame them a bit. In their place I would have done the same.

**Senator Doody:** Don't be so silly!

**Senator Phillips:** I just want the record to show that that is normal attendance for that hour of the day. I do not want to insinuate that Senator Frith drove them out.

If we take from the chamber another nine members and send them out on the road in committee, attendance would be reduced to about ten senators, which would be less than the quorum. Therefore, I suggest, honourable senators, that the committee consist of five members, three from the Liberal supporters and two from the government supporters. Its main function will be to hear evidence and to receive briefs. Our rule governing committee hearings requires that only three senators be present to hear evidence. It does not require nine or twelve, it requires only three. I would suggest that we consider the number five so as to leave a few people in the Senate. Someone has to look after the shop. It is still necessary to run the chamber, regardless of how many committees the opposition may desire.

Yesterday Senator Corbin rather surprised me when, in a rather naive fashion, he said surely the government runs the Senate agenda. Honourable senators, I think this motion clearly demonstrates that the government does not operate or manipulate this chamber. It is its own master. I hope it will consider that we do have standing committees established. They have operated for years under the rules of the chamber, and I find it rather disturbing that every time the Leader of the Opposition or the Deputy Leader of the Opposition decide they would like to have certain people hear the evidence on specific legislation, they do not change the membership of the committee. No, they change the rule and establish a new committee. I hope that this will be the last that we see of that pattern for some time.

• (1500)

**Hon. John M. Godfrey:** Honourable senators, I would like to ask the honourable senator a question. Why would you confine the membership of this new committee to senators who actually sit here in the Senate until 4 p.m.? Why not include those who are not around at that time, pull them out of their offices and have them sit on this committee?

**Senator Doody:** Violence is against the rules.

**Senator Phillips:** That is somewhat like a theory developed by a political scientist: it works very nicely on paper, but try practising it. It is an entirely different thing. If the honourable senator can get them out of their offices at 4 p.m., then I am sure his whip will be glad to have his assistance.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators—

**The Hon. the Speaker:** I wish to inform honourable senators that if Senator Frith speaks now, his speech will have the effect of closing the debate on this motion.

**Senator Frith:** Honourable senators, I am bound to say that the only really pleasant and encouraging thing that I heard Senator Phillips say was that he was disturbed by this motion; and I find that very encouraging. There must be something very right about this motion if it disturbs the honourable senator for the reasons he put forward.

Honourable senators, he made two basic points, namely, the fact that this committee will be dealing with a subject which includes the subject of patents, which finds its place in our rules as one of the items of the mandate of the Banking, Trade and Commerce Committee. But, of course, the intention is not to suggest that the Banking, Trade and Commerce Committee is not able to deal with it. We have some evidence that the committee feels that this particular branch of the subject of patents would be better dealt with elsewhere.

I have tried to make notes on facts that I could deal with arising from Senator Phillips' speech, but I did not take up much space in doing so.

**Senator Simard:** You must have a good memory.

**Senator Frith:** The question of extraneous things such as agreements or disagreements between the Leader of the Opposition in the Senate and the chairman of the committee, and so on, is just not factual. However, I give Senator Phillips his due. He did say that they were rumours; but that did not prevent him from using them and presenting them as reasons to vote against the motion. But I am not clear that he wants to vote against the motion. He just does not want any more special committees to deal with subjects that are found in the list of items in the mandates of the various standing committees.

His second basic point was a good one—the question of attendance; but I think that Senator Godfrey's point was that it is a non-sequitur to say that there were 74 senators here, that senators leave after Question Period, and therefore we should not establish a committee that will make more demands on the time of honourable senators.

As to the number, honourable senators, I am prepared to amend the motion to make it read eight at five-and-three instead of nine at six-and-three. I think that is a reasonable distribution. If we are trying to reflect the proportion in the membership of the Senate, I think that is a reasonable division. There are 66 Liberals and 32 Conservatives; so it seems to me that if we try to establish the committee on some proportionate basis, then that is quite reasonable.

**Senator Phillips:** Honourable senators, I am sorry to interrupt—

**Senator Frith:** You are not sorry to interrupt at all. You are glad to interrupt. Be honest—you want to interrupt, and you are happy to interrupt. Now interrupt.

**Senator Phillips:** I merely wanted to ask the Deputy Leader of the Opposition about his former colleagues who now list themselves as being Independent. Where does he count them?

**Senator Frith:** I don't, and I didn't, and don't intend to. If you want any independents on the committee, they will come out of your three.

[The Hon. the Speaker.]

So, honourable senators, I know there is support from both sides of the house to get on with this study. I do agree with Senator Phillips that when we are setting up committees of this kind there are two things that we must do: when we are putting members on the committee, we must make sure that we obtain undertakings from them that they will attend the committee hearings; also, we should have it understood that we will continue to need a quorum to operate in the chamber. I believe that the point raised by the honourable senator is one that we must keep raising when any development, by way of committees or otherwise, tends to sap attendance in the chamber itself. Therefore, I seek leave to amend the number of members on the committee to eight, and ask honourable senators to support the motion.

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

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** I will read the modified motion. It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Petten:

> That a Special Committee of the Senate be appointed to examine the subject-matter of the Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, in advance of the said bill coming before the Senate or any matter relating thereto;
>
> That the Bill be referred to the said special committee, in due course;
>
> That eight Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the special committee; and
>
> That the committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the committee.

Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Finlay MacDonald:** Honourable senators, may I ask one question of Senator Frith with respect to his motion? The motion says:

> That the Bill be referred to the said special committee, in due course;

Does that mean immediately?

**Senator Frith:** No. We could not do that until we get the bill. That is why we are referring the subject matter of the bill immediately.

**Senator MacDonald:** I am sorry, I meant the pre-study.

**Senator Frith:** Yes. The wording of the motion is that the subject matter be referred—which is the formal vocabulary for "pre-study". We will start on the pre-study, and when the bill arrives in the Senate it will be referred to committee. At that time I assume that the committee will be in the course of its pre-study, because it is the intention to start right away.

[*Translation*]

**Hon. Jean-Maurice Simard:** Honourable senators, I have a question for the Deputy Leader of the Opposition. Should we consider this desire for a pre-study period as a policy which could apply to all bills which committees would like to consider, including Bill C-44? Are we to conclude that you intend to accept the proposal I made yesterday in the same spirit with which you introduced this motion?

**Senator Frith:** If I may reply in English—

[*English*]

Nice try, but no comment.

**Senator Simard:** No comment, no vote.

[*Translation*]

**Senator Frith:** Honourable senators, Senator Simard did not move a motion before the Senate.

Motion, as modified, agreed to.

[*English*]

## NATIONAL DEFENCE

### APPOINTMENT OF SPECIAL COMMITTEE—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lafond, seconded by the Honourable Senator Doyle:
>
> That a Special Committee of the Senate be appointed to hear evidence on and to consider matters relating to national defence;
>
> That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee; and
>
> That the Committee report to the Senate no later than 15 December, 1987.—(*Honourable Senator Phillips.*)

**Hon. Orville H. Phillips:** Honourable senators, when I adjourned the debate, I did so in the name of Senator Doody. It is my understanding that Senator Marshall wishes to speak this afternoon. I am quite willing to yield the floor to Senator Marshall. However, before doing so, I would like to say that I personally would be happy to support the re-establishment of the committee.

• (1510)

**Hon. Jack Marshall:** Honourable senators, I would like to say a few words in support of the motion of Senator Lafond, dated Tuesday, March 10, to appoint or re-establish a special committee of the Senate to hear evidence on and to consider matters relating to national defence.

Since the committee began its work back in 1980, as I am sure honourable senators are aware, it has provided an analysis on various aspects of Canada's forces which has served as a basic reference document for much of the national debate on defence issues. The committee has played an important role in recent efforts to clarify those defence issues and to examine the state of Canada's armed forces. It has conducted detailed inquiries into the structure of the forces and the capabilities of two of our major commands.

The former committee began its work with a study on Canada's armed forces manpower, and then focussed on maritime command and air command dealing, in the latter case, with territorial air defence and military air transport.

It is the hope of Senator Lafond, a hope that is certainly supported by all members of the former committee, I think, that in order to complete that analysis of Canada's total force, we should examine our land forces, including Mobile Command, Training Command, Communications Command, Northern Command and Canadian Forces Europe. As pointed out by Senator Lafond in his remarks on March 12, this objective is urged with strong emphasis by recognized and prestigious military associations across the country.

I think it is appropriate to say, and also significant, that the reports of the committee have been praised not only by defence ministers, senior military officers and retired military personnel, but also by a very broad spectrum of public opinion. If I may be so bold, I would like to quote just one of many articles of support from recognized defence journals. I refer to *Jane's Defence Weekly,* which in 1984 stated:

> . . . that the committee had begun playing a key role in defence circles . . . not as an apologist for past government doctrine but as a catalyst for change.

That article went on to say:

> The committee has spent three years conducting an unusually intensive study of military matters. Starting with manpower requirements and more recently moving to the formidable problems faced by our navy, the senators have sought to bring defence issues from the periphery of debate to front and centre. Their report on maritime command in particular is a devastating assessment, not least because it is well documented and clearly argued.

Honourable senators, Senator Phillips alluded to the credible reference to committees and the work that they are doing. I would like to endorse that and say that if the Senate gets a little credit for its work, it is in the area of the studies conducted by its committees, and the Special Committee on Defence is no exception.

Similarly, if ever there was a need for a continuation of sober monitoring of Canada's ongoing military establishment fitted to Canada's true needs and representing our nation's determination to uphold its self-respect, not only towards its defence at home but as an important member of the international community, then that time is now.

Therefore, honourable senators, I appeal to this chamber to adopt the motion of Senator Lafond to reconstitute the Special Committee on National Defence in order that it might complete its worthwhile effort.

**Hon. John M. Godfrey:** Honourable senators, I was a member of the former committee, and when this motion was first made I was very much in favour of it, because I presumed that the committee would be looking into the government's new white paper on defence. So I have certain questions in my own mind as to why the committee would commence sitting at this moment, without waiting for the white paper. Therefore, honourable senators, in order for me to have an opportunity to look at Senator Lafond's speech, I wish to adjourn the debate, and I will speak to the matter on Tuesday.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, before Senator Godfrey adjourns the debate, I would like to speak to it in the meantime.

**Hon. Henry D. Hicks:** I also wish to speak to it, and perhaps Senator Godfrey could adjourn the debate after that.

**Senator Godfrey:** Very well.

**Senator Frith:** Honourable senators, the Special Committee on National Defence has in the past received well-deserved praise in the press, and, as Senator Marshall has pointed out, particularly in the military press, and has certainly brought favourable attention to the Senate.

However, there are some senators who feel that if the work done by this committee is to continue to be done on a long-term basis, then it should be done by the Standing Senate Committee on Foreign Affairs. That committee's mandate is set out in rule 67(1)(*h*), which concludes by saying:

> . . . papers and other matters relating to foreign and commonwealth relations generally, including:
>
> . . . (iv) defence;

Throughout the existence of this committee, Senator Lafond has been very candid, and he repeated that candid position on page 617 of the *Debates of the Senate* of March 12 when he said:

> As honourable senators are aware, I have been an advocate for a number of years of there being a standing committee of the Senate on national defence.
>
> **Senator Bell:** Hear, hear!
>
> **Senator Lafond:** However, the Senate has not judged it appropriate to create such a committee up to this time and until further notice.

In light of the fact that there are, I believe, many senators who feel that the work of this committee would best be carried on as a subcommittee of Foreign Affairs, or as the work of the Committee on Foreign Affairs itself for that matter, I believe that the motion as it stands goes further than it should. I had understood that, in spite of the feelings that some senators had that the Special Committee on National Defence should operate through the Standing Senate Committee on Foreign Affairs, the committee wanted to be re-established in order to complete its work on Mobile Command. At least, that was what I was originally told. Either that, or I misunderstood, because it is quite clear from Senator Lafond's speech at page 617 of the *Debates of the Senate* of March 12, 1987, that he has in mind much more extensive work for the committee. In fact, I think Senator Lafond would frankly admit that since he would like that committee to be a standing committee, then as long as it is not he will make it a permanent special committee—which will not make it a standing committee in law but will make it one in fact. I do not criticize Senator Lafond for that; that is his viewpoint. I just do not agree with it.

[Senator Marshall.]

At page 617, for example, we find him saying:

> . . . to invite the Senate to reconstitute this special committee so that it will be in existence when the white paper comes down—I am still optimistic—and also to complete our studies on Canada's Armed Forces, by looking into Mobile Command and our land forces generally.

Then further down he said:

> Of course, getting into a study of our land forces involves looking into a variety of commands such as Mobile Command itself . . .

And as Senator Marshall also said—

> . . . Canadian Forces Europe; Training Command; Communications Command and Northern Command. This may become extensive in terms of time.

I think that looks to be an understatement. Nevertheless, the motion states that the committee must report by December 15, 1987.

Honourable senators, I am prepared to support this motion with an amendment, because the present form of the motion is as follows:

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

However, if you look at rule 67(1), the word "defence" appears under the Foreign Affairs heading. Therefore, it is clear that if we continue with a study as extensive as that which is stated here, in effect, we are taking subsection (iv) out of rule 67(1)(*h*) and transferring it over to the new committee. I would like to limit the work of the committee to completing that cluster of good work that it did on the other studies mentioned by Senator Marshall.

Honourable senators, I see Senator Phillips is back with us. When he was speaking about the special committee on Bill C-22, he said he hoped that this would be the last time that anyone wanted to establish a special committee when that committee's mandate fell under the mandate of a standing committee. Honourable senators, it was not the last time. It took approximately ten minutes for another one to come down, and Senator Phillips stood up and supported it. Politics makes strange supporters, doesn't it?

• (1520)

**Senator Flynn:** Perhaps he changed his mind.

**Senator Frith:** He is entitled to change his mind, I agree.

**Senator Flynn:** No, you changed his mind.

**Senator Frith:** I changed his mind? That will be the day when either one of us changes the other's mind! But it might happen!

**Senator Phillips:** Let us change his mind.

**Senator Frith:** My amendment, honourable senators, is:

> That paragraph 1 of the motion be deleted and the following substituted therefor:
>
> "That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate;".

I will have a few brief words to say on the amendment.

MOTION IN AMENDMENT

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Petten:

> That paragraph 1 of the motion be deleted and the following substituted therefor:
>
> "That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate;".

Is it your pleasure, honourable senators, to adopt the motion in amendment?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I wish to speak briefly to the amendment.

As I mentioned when speaking to the main motion, I believe that the study that is set out and explained in the third-to-last paragraph on page 617 of the *Debates of the Senate* of March 12, 1987, is much more extensive than I believe is necessary to complete that cluster of studies that the committee commenced some time ago.

**Senator Marshall:** Would you repeat the paragraph that you are referring to?

**Senator Frith:** Yes. It states:

> Of course, getting into a study of our land forces involves looking into a variety of commands such as Mobile Command itself; Canadian Forces Europe; Training Command; Communications Command—

**Senator Marshall:** That is okay.

**Senator Frith:** All right.

I want it understood that the members of the committee are much more familiar and much more knowledgeable about the extent of this study than I am. So it may be that I am unnecessarily concerned, and they will, in fact, be able to deal with all of those subjects by December 15. But I want to make it clear, by reason of the amendment, that I do not feel that we should assume that the white paper will be referred to this committee, nor do I think that the committee should assume that it will get an extension past December 15 if it turns out that my fears are well founded, namely, that it will take much longer than that to deal with the subjects referred to in that paragraph. Indeed, the chairman himself stated that he felt that it would be difficult to meet that target and include all of those subjects.

I mention that as a caveat and as an explanation as to why I am proposing the amendment and, in particular, the context in which I am including our land forces in the amendment.

**Senator Marshall:** I think that the land forces do not stop at Mobile Command; they take in the other variety of commands.

**Senator Frith:** That is what I am saying.

**Senator Marshall:** Oh, you recognize that.

**Senator Frith:** What I am saying is that if I had enough information and knew as much about the subject as some other honourable senators do, I would have had the amendment simply say "Mobile Command." However, I was told by some colleagues here and Senator Marshall what was wanted. The speech itself makes it clear that they want more than Mobile Command. They also want Canadian Forces Europe, Training Command, Communications Command and Northern Command. I am saying that I am including that because I have been asked to include it on the subject, that if it is not as extensive as I thought it was, then there is a chance, at least, that it can be done by December 15.

**Hon. Henry D. Hicks:** Honourable senators, I think that the committee, if constituted in accordance with Senator Frith's amendment, can still discharge its function and complete its study of Canada's defence forces. That is to say, having done a study on Maritime Command, a general overview of manpower, and two studies on air command, namely, Air Defence of North America and Air Transport Command, I think that this reference is sufficiently broad to enable the committee to complete its study of the land forces, including Mobile Command and these other commands which are clearly a part of our land forces.

Therefore, I am willing to go along with the amendment, and I do not think that it is necessary for me to expound upon the reasons why I accept the amendment. When the question of the white paper comes, the Senate can deal with it in any way that it likes. It is quite clear that the white paper is not automatically, by this reference, a subject for study by the Special Senate Committee on National Defence. If the Senate wishes to refer the study of the white paper to any other committee, or not refer it to any committee, or, indeed, if it wishes to constitute, extend or reconstitute a National Defence Committee to deal with it, the Senate can deal with that in the way that it wants to at the appropriate time.

Therefore, as a member of the predecessor committees, I accept the amendment, and express my interest in becoming a member of the committee that we are establishing today, and urge honourable senators to pass the motion as amended so that this committee can be constituted and can set up its working schedule before the Easter recess. Otherwise, any possibility of our completing a study of the land forces and reporting by December 15 will be extremely remote. This, I think, is the immediate job that we want to do, and the job that this reference, as amended, will permit us to do. There-

fore, I urge honourable senators to support the motion as amended and to get on with the creation of this committee.

**Hon. John M. Godfrey:** Honourable senators, I would like to ask the honourable senator a question. I have been a member of the committee, but I have not been in on any consultations about reconstituting it. Can you remember the last time the Standing Senate Committee on National Defence met? I believe it is some time ago. Why have they suddenly decided to look into Mobile Command when they are bringing out a white paper? Would you mind going into that? I would like to understand why there is this sudden activity, and why they said that they could not wait until Tuesday to argue this matter. Why this sudden decision to go ahead after this lapse of time? What value will this study be when you have a white paper coming out?

**Senator Hicks:** I do not think that the committee's study of the previous aspects of our defence forces involving Maritime Command and Air Command was dependent upon the existence of a white paper.

**Senator Godfrey:** No.

**Senator Hicks:** Indeed, it certainly wasn't, because there was not a white paper.

**Senator Godfrey:** Right; I agree with you.

**Senator Hicks:** This white paper has been promised by successive governments over a period of at least four years. We all felt confident that we would see it this spring, but we have now learned that it will not be produced at least until the fall, and I would not be the least bit surprised if the study of our land forces by this committee that we are composing today might very well be completed before we see the white paper.

**Senator Frith:** Hear, hear!

**Senator Hicks:** I do not think that there is any necessity to wait for the white paper before giving this mandate to the Special Committee on National Defence.

**Hon. Orville H. Phillips:** Honourable senators, may I direct a question to Senator Frith? In his remarks he reminded the Senate that rule 67(1)(*h*)(iv) uses the word "defence". Rule 67(1)(*l*)(iv) uses the word "patents". What is the difference between the emphasis on paragraph (*h*) and the fact that he can completely ignore paragraph (*l*) of the same rule?

**Senator Doody:** It has something to do with arithmetic.

**Senator Frith:** I was not ignoring them at all. In fact, I made reference to both of them in the context of saying that I agreed that it was covered by another section, and that there are occasions when we should establish a special committee, even when it is in the mandate of an existing committee.

**Senator Flynn:** When it is convenient to you.

**Senator Frith:** Exactly. There are times when I should support that kind of thing, and I was supporting it. I merely made the passing comment that Senator Phillips was hoping that this would be the last time that there would be such a request, and I was sympathizing with him in that it only took about ten minutes for another one to come down, while indicating as a footnote that he had said that he was going to support it.



• (1530)

On motion of Senator Godfrey, debate adjourned.

## CANADA-UNITED STATES DAYS OF PEACE AND FRIENDSHIP

### DESIGNATION OF JULY 2 AND 3, 1987—MESSAGE FROM COMMONS CONCURRED IN

Leave having been given to revert to Order No. 6:

Resuming the debate on the consideration of the following Message from the House of Commons:

Wednesday, March 25, 1987

ORDERED,—That the House of Commons and resolve that July 2 and 3, 1987, coming between July 1, Canada Day, and July 4, U.S. Independence Day, be designated "Canada-United States Days of Peace and Friendship" in recognition of the close and peaceful relations that exist between the two countries, the warm, personal links that prevail between neighbouring communities along the length of the common border and the commitments to freedom, democracy and human rights shared by the two nations.

And that a Message be sent to the Senate requesting that House to unite with this House in the said resolution by filling in the blank with the words "The Senate of Canada",

And on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Frith:

That the Senate do agree with the House of Commons in the said Resolution by filling in the blank space left therein with the words "the Senate of Canada"; and

That a Message be sent to the House of Commons to acquaint that House accordingly.—(*Honourable Senator Corbin.*)

**Hon. Eymard G. Corbin:** Honourable senators, Senator Doody was so kind as to come to me after I had stood Order No. 6 to explain that time was of the essence with respect to the adoption of this motion by the house. My intention in adjourning the debate yesterday and standing the order today had nothing to do with any opposition to the motion. I was unaware that the House of Commons had passed the resolution unanimously and had, in fact, expedited its passage so that we could do the same here in the Senate. It has to do with the forthcoming visit of the President of the United States of America. I had intended to write a few notes and say a few words of wisdom to the Senate. As honourable senators know, my riding—"my riding," forgive me.

**An Hon. Senator:** Your former riding.

**Senator Corbin:** The territory of Madawaska where I come from has a very special position along the Canada-United States border. It has been involved in pork-and-bean wars and

potato wars and the object of special negotiations with the United States of America, all of which ended with the Webster-Ashburton Treaty of 1842. The people who live on both sides of the Upper Saint John River come from the same roots. Madawaska was founded by the people who lived through the Acadian dispersion. People from the lower St. Lawrence River valley joined those Acadians at about the same time, and they founded what was known for many years as the Territory of Madawaska. Indeed, it took more than a century for Great Britain and the United States to agree to determine where the border between the United States and Canada should be. As a result of that border, families were split, and the Territory of Madawaska was divided between the United States and Canada. It took even longer to determine the border between the Territory of Madawaska and the Province of Quebec, but that is another piece of history in itself.

So all I wanted to do in delaying this motion is, as I have just done, to relate in a few words that history to the Senate. Over the years we citizens of the "American Madawaska" and the "Canadian Madawaska" have maintained a strong friendship, both as a result of family links and as a result of this common history. A resolution such as this one has very special meaning for the people of the two Madawaskas, and I simply want to indicate my support for this motion. I hope the motion will obtain the unanimous consent of honourable senators today, and that the message will be concurred in, so that we can send it along its merry way.

Motion agreed to.

The Senate adjourned until Tuesday, April 7, 1987, at 2 p.m.

# THE SENATE

**Tuesday, April 7, 1987**

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

Prayers.

## VISITORS IN GALLERY

NATIONAL EXECUTIVE OF HADDASSAH-WIZO

**Hon. Nathan Nurgitz:** Honourable senators, I wish to bring to the attention of honourable senators the presence in the South Gallery of a large contingent of Canada's Haddassah-Wizo, one of Canada's leading and outstanding voluntary women's organizations. In particular, I should like to recognize the National President of that organization, Mrs. Cecily Peters, an outstanding Canadian who has continued to give this organization the kind of leadership that has marked its seven decades of public service.

Haddassah-Wizo has dedicated itself to the assistance of children, youth and indigent women in Canada and in the State of Israel. We are proud to welcome 150 members of the executive of this body, who are meeting here in our capital city to begin the celebration of the organization's 70th anniversary.

I have some personal knowledge of the kind of dedication and commitment these wonderful women have brought to their cause, because in and amongst their 17,000 members are members of my own family, not the least of which is my own mother who has dedicated many hours and days of service to that organization.

In an age when I think we have the responsibility to engage and to encourage the energies of volunteer organizations, no finer example could be found than Haddassah-Wizo of Canada.

**Hon. Senators:** Hear, hear!

**Hon. Sidney L. Buckwold:** Honourable senators, I rise to welcome our friends from Haddassah-Wizo and join with Senator Nurgitz in saying that all of our families have been involved. I do not see my wife to any extent unless she is with me in Ottawa, because she is usually busy at home working for Hadassah-Wizo raising money for various causes.

[*Later*]

**Hon. Mira Spivak:** Honourable senators, I should like to add my words of welcome to those of Senator Nurgitz and Senator Buckwold in acknowledging the presence of the women of Haddassah-Wizo. I am proud to say that I have been a member of Haddassah for many years, and I encourage them in their worthwhile work.

## THE HONOURABLE DAVID A. CROLL

TRIBUTES ON FIFTIETH ANNIVERSARY OF GENERAL MOTORS STRIKE

**Hon. Sidney L. Buckwold:** Honourable senators, I take this opportunity to draw to the attention of honourable senators the fact that this is the fiftieth anniversary of the General Motors labour strike. Doing so gives me an opportunity to pay tribute to Senator Croll.

I am sure that many of you saw on "The Journal" a short presentation on that strike. It was really a major turning point in labour relations in Canada. One of the focal players was Senator Croll who, at that time, made the classic statement that he would rather "march with the workers than ride with General Motors." That statement will go down in history with other great statements such as General Douglas MacArthur's "I shall return!"

Senator Croll, even 50 years ago, showed great compassion for working people and for those who were underprivileged. That has carried forward to this chamber, where, as also in the other place, he has shown great interest in the elderly, the poor, in children and in many other social causes.

In honouring Senator Croll today on the fiftieth anniversary of that strike, we also pay tribute to him for the contributions he has made to the life of this country.

**Hon. Senators:** Hear, hear!

## RONALD W. REAGAN
## PRESIDENT OF THE UNITED STATES

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I move that the Address of the President of the United States of America, delivered on April 6, 1987, to members of both houses of Parliament, together with the introductory speech by the Right Honourable the Prime Minister of Canada and the speeches delivered by the Speaker of the Senate and the Speaker of the House of Commons, be printed as an appendix to the *Debates of the Senate* of this day.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

(*For text of speeches see appendix, p. 861.*)

## BUSINESS OF THE SENATE

On the tabling of documents:

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, could I ask the Deputy Leader of the Government if the practice put into effect today with respect to those documents tabled is to become a matter of general practice? If so, I would like to encourage it.

Today all of the items that he referred to were on my desk—and I guess on all senators' desks—with the morning mail. If it is possible—and I know that it is not always possible—to have those documents on the morning of the day they are tabled here, it would certainly make this aspect of our work much more simple.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, it is our intention to get them out as quickly as we can, yes.

**Senator Frith:** If possible, before?

**Senator Doody:** If possible, before, that is right.

## PRESCRIPTION DRUG PRICES

EFFECT OF PROPOSED PATENT ACT AMENDMENT—PRESENTATION OF PETITIONS

**Hon. M. Lorne Bonnell:** Honourable senators, I have several petitions to present, and I am prepared to read all the names on the petitions if it is the wish of the Senate.

**Senator Phillips:** Yes.

**Senator Croll:** Even if it is not the wish of the Senate!

**Senator Bonnell:** Even if it is not the wish of the Senate, Senator Croll tells me that I should read them, because he wants to know who they are.

Therefore, I have the honour to present the following petition which I received on April 4, 1987:

TO THE HONOURABLE THE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy,

HUMBLY SHEWETH

WHEREAS, the proposed changes in Bill C-22 will affect directly all Canadians who are not protected by private or governmental medicare programs, and

WHEREAS the federal government's proposals will raise the cost, already high, of the provincial health-care programs and

WHEREAS the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase of drug cost and prices and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and

WHEREAS the proposed changes are another example of the Canadian government's concession to the Free Trade negotiations with the United States, at the expense of everyday Canadians.

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

And as in duty bound your Petitioners will ever pray.

Date: April 4, 1987

(Signed):

Stella MacFarlane, Peters Road
Steven MacFarlane, Peters Road
Ira Flaglor, Peters Road
Ethel Flaglor, Peters Road
Clark Horton, Peters Road, Prince Edward Island
Brenda Leeco, Sturgeon, Prince Edward Island
Harold McCarthy, Sturgeon, Prince Edward Island
Jamie R. McCarthy, Murray Harbour North, Prince Edward Island
Jimmy MacDonald, Albion, Prince Edward Island
Heather Jenkins, Montague, Prince Edward Island
Velvet White, Murray River, Prince Edward Island
Lena White, Murray River, Prince Edward Island
Raymond F. White, Murray River, Prince Edward Island
Darryl Flaglor, Montague, Prince Edward Island
Carol Ross, Victoria Cross, Prince Edward Island
Lucie Stewart, Montague, Prince Edward Island
Gertie Collings, Sturgeon, Prince Edward Island
Darlene Collings, Gaspereaux, Prince Edward Island
Miles Kemp, Sturgeon, Prince Edward Island
Derrell Collings, Sturgeon, Prince Edward Island
Bonnie Johnston, Prince Edward Island
Lorraine Dunn, Sturgeon, Prince Edward Island
Heather M. Kemp, Sturgeon, Prince Edward Island
Jackie Creed, Albion, Prince Edward Island
Kandis Lannigan, Sturgeon, Prince Edward Island
Brenda McGillivray, Cambridge, Prince Edward Island
Patty Sanderson, Cardigan, Prince Edward Island
Carmen Wilson, Gaspereaux, Prince Edward Island
Donald C. Graham, M.H.N., Prince Edward Island
Alfred Acorn, Peters Road, Prince Edward Island
Reuben Creed, Sturgeon, Prince Edward Island
Holly Graham, Gaspereaux, Prince Edward Island
Diane Kemp, Sturgeon, Prince Edward Island

Marion Lanigan, Cambridge, Prince Edward Island
Cindy Jesso, Alliston, Prince Edward Island
Joan Jackson, Montague, Prince Edward Island
June Creed, Sturgeon, Prince Edward Island
Stanley Creed, Sturgeon, Prince Edward Island
John Creed, Sturgeon, Prince Edward Island
Betty Young, Murray Harbour, Prince Edward Island
Freddie Young, Murray Harbour, Prince Edward Island
Margaret Prins, Montague, Prince Edward Island
Daniel Prins, Montague, Prince Edward Island
Phyllis MacSwain, Peters Road, Prince Edward Island
Garry MacSwain, Peters Road, Prince Edward Island
Loretta Young, Murray River, Prince Edward Island
Donald Young, Murray River, Prince Edward Island
Denise Flaglor, Montague, Prince Edward Island
Gail Flaglor, Montague, Prince Edward Island
Yvonne Kemp, Montague, Prince Edward Island
Sherry Mailman, Montague, Prince Edward Island
Rhonda Leeco, Sturgeon, Prince Edward Island
Sonny Leeco, Sturgeon, Prince Edward Island
Cheryl Hicken, Albion, Prince Edward Island
Janet Kemp, Lr. Montague, Prince Edward Island
Lois Murphy, Sturgeon, Prince Edward Island
Linda Wilkie, Sturgeon, Prince Edward Island
Ethel Sorrie, Sturgeon, Prince Edward Island
Spencer Creed, Albion, Prince Edward Island
Cindy Creed, Sturgeon, Prince Edward Island
Juanita Garnham, Sturgeon, Prince Edward Island
Darlene Creed, Sturgeon, Prince Edward Island
Ricky Farrell, Peter Road, Prince Edward Island
Tarry Farrell, St. Mary Road, Prince Edward Island
Larry Langril, St. Mary Road, Prince Edward Island
Margaret Fraser, Brudenell, Prince Edward Island
Stanley Creed, Prince Edward Island
Leo Murphy, Montague, Prince Edward Island
Sam Smith, Sturgeon, Prince Edward Island
Charles Creed, Sturgeon, Prince Edward Island
Donald Mailman, Montague, Prince Edward Island
Lowell Kemp, Montague, Prince Edward Island
Joe Lannigan, Montague, Prince Edward Island
Betty Taylor, Montague, Prince Edward Island
Robert Taylor, Montague, Prince Edward Island
Anna Auld, Cardigan, Prince Edward Island
Anna Campbell, Cardigan, Prince Edward Island
Kevin Campbell, Cardigan, Prince Edward Island
Edna Auld, Cardigan, Prince Edward Island
Cindy McCarthy, Montague, Prince Edward Island
Robert McCarthy, Montague, Prince Edward Island
Marie McCarthy, Montague, Prince Edward Island
Wilfred McCarthy, Montague, Prince Edward Island
Marilyn Kerr, St. Mary's Road, Prince Edward Island
Vivian McCarthy, Montague RR 4, Prince Edward Island
Kenneth Kerr, Montague RR 2, Prince Edward Island
Edith Kerr, Montague RR 2, Prince Edward Island
Cameron McCarthy, Montague RR 2, Prince Edward Island
Leslie Wheeler, Montague, Prince Edward Island
Susan McCarthy, Montague RR 4, Prince Edward Island
Brenda McCarthy, Montague RR 4, Prince Edward Island
Mike McCormack, Montague RR 4, Prince Edward Island
Patricia D. McCormack, Montague RR 4, Prince Edward Island
Melvin McCarthy, Montague RR 4, Prince Edward Island
Wayne Sencabaugh, Montague RR 4, Prince Edward Island
Ralph Jenkins, Montague RR 2, Prince Edward Island

[Senator Bonnell.]

**Hon. David J. Walker:** Might I respectfully suggest that my friend reconsider his claim that this list should be read in full? If not, since all of those people appear to have come from Prince Edward Island, could he not just mention P.E.I. once at the end? Can this not be dispensed with now in light of all of the other work we have to do?

• (1410)

**Senator Bonnell:** If senators so wish, I will present the petition, provided that the names are printed in full in the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate.*

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Macquarrie:** Has anyone from Victoria signed that petition?

**Senator Bonnell:** I will be coming to that.

Honourable senators, I have another petition with approximately 75 names on it. The preamble is the same, but the

names are different No one from Victoria has signed this one. I present it and ask that the petition and names be printed in the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*Text of Petition follows:*)

TO THE HONOURABLE THE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy.

HUMBLY SHEWETH

WHEREAS, the proposed changes in Bill C-22 will affect directly all Canadians who are not protected by private or governmental medicare programs, and

WHEREAS the federal government's proposals will raise the cost, already high, of the provincial health-care programs and

WHEREAS the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase of drug cost and prices and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and

WHEREAS the proposed changes are another example of the Canadian government's concession to the Free Trade negotiations with the United States, at the expense of everyday Canadians.

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

And as in duty bound your petitioners will ever pray.

DATE: April 6, 1987

(Signed):

Mrs. Ernest "Olive" MacLeod, Murray Harbour
Mrs. Dorothy White, Murray Harbour
Louise Moore, Abney
Lottie Johnston, Peter's Road
Sadie Bell, White Sands
Catherine Hume, Iris, P.E.I.,
Shirley White, Murray Harbour
Ernest E. Beck, Murray Harbour
Borden Munn, Greek River
Zelda Harris, Murray Harbour
Shirley Allen, Murray River
G. Wayne Stewart, Belle River
Mary Davidson, Cambridge, P.E.I.
Sylvia Van Iderstine, Murray Harbour, P.E.I.
Ted Butler, Montague, R.R. 1
Mary Nicolle, Murray River
D. Ray Brooks, Murray Harbour
Janie Kerwin, Cambridge, R.R. 1, Montague
Suzanne Richards, Murray Harbour
Nettie Williams, Beach Point, P.E.I.
Eugene McCarthy, Montague, R.R. 4
Ruth Yeo, Montague, P.E.I.
Dorothy Murphy, Montague, P.E.I.
M.E. MacDonald, Riverview Manor
William M. MacLeod, Riverview Manor, Montague
Sadie Jackson, Riverview Manor, Montague
Roger Jackson, P.O. 278, Montague
Stella Stewart, Cardigan, P.E.I.
Flora O'Connor, Montague, P.E.I.
Colleen McCullough, Montague, P.E.I.
Anne Walsh, Montague, P.E.I.
Eileen Sorrie, Montague, P.E.I.
Wesley G. Stead, Dundas, P.E.I.
Genevieve Atwell, Montague, P.E.I.
Minnie Landry, Montague, P.E.I.
Jane B. Graham, Fraser Valley Inn, P.E.I.
Charlie Fraser, Montague, P.E.I.
Laura Sencabaugh, Montague, Box 847, Montague, P.E.I.
Aeneas MacDonald, Montague
Earl Acorn, Montague
Louis Fouchere, Montague
Clayton MacLeod, Montague
Ida MacBeth, Montague
Jackie MacKay, Montague
B. Windsor Beck, Montague
Lydia Moore, Montague
Blanche Goodwin, Montague
Howard MacKay, Montague
Frank Hayes, Montague
Daniel MacPherson, Montague
Lloyd Butler, Montague
Mary B. MacPherson, Montague
Hazel Y. Chapman, Montague
John S. Jarvis, Montague
Carl Richards, Montague
Stanley Kerr, Montague
Jack MacLean, Montague
Marchien Brink, Montague

Muriel Carmicheal, Montague
Tress Kiverago, Montague
Jamie Lutz, Montague
Sidney Munn, Montague
Harold MacRae, Montague
H. Weeks, Hunter River
Mel Campbell, St. Andrews Point
Fred B. Herring, Murray Harbour
George Livingstone, Murray River
Isabelle Wheeler, Little Sands
Betty Moore, Little Sands
Andrea Clements, Murray Harbour
Louis MacLeod, Murray Harbour
Lois Gordon, Abney
Sheldon W. Hume, Murray Harbour

**Senator Bonnell:** Honourable senators, I present another petition with yet another 50 names on it. No one from Victoria has signed this one either, but I know that in the next day or two some will be coming forward from that area. The preamble is again the same, and I ask that this petition be printed in the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*Text of Petition follows:*)

TO THE HONOURABLE THE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy.

HUMBLY SHEWETH

WHEREAS, the proposed changes in Bill C-22 will affect directly all Canadians who are not protected by private or governmental medicare programs, and

WHEREAS the federal government's proposals will raise the cost, already high, of the provincial health-care programs and

WHEREAS the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase of drug cost and prices and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and

WHEREAS the proposed changes are another example of the Canadian government's concession to the Free Trade negotiations with the United States, at the expense of everyday Canadians.

[The Hon. the Speaker.]

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

And as in duty bound your Petitioners will ever pray.

DATE: April 6, 1987

(Signed):

Roylene Penny, Murray Harbour, P.E.I.
Lloyd Kieth, Montague, R.R. 3
Joyce Nelson, Montague, P.E.I.
Buddie Fraser, Montague, R.R. 5
Louis Kieth, Montague, R.R. 3
Miriam Nicholson, Montague
Shirley Johnston, R.R. 1, Montague
Anita Vuozzo, Montague
Pearl Gillis, Montague
Isabell Nicholson, Montague
Teresa McKeeman, Montague
Genevieve McGuigan, St-Teresa
Margaret Whitlock, Montague
Ella Stewart, Montague, R.R. 1
Yvonne Gellatly, Montague, R.R. 4
Elizabeth Millar, Murray Harbour, R.R. 1
Phyllis Hughes, Montague, R.R. 2
Joanne Sullivan, Cardigan, R.R. 6
Melvina Blackett, Cardigan, R.R. 5
Martha Poole, Montague, Box
Margaret MacPhee, Cardigan, R.R. 1
Mark Sullivan, Cardigan, R.R. 2
Sandy MacLean, Murray River, R.R. 4
Margaret Rogers, R.R. 6, Cardigan, P.E.I.
Patsy MacLean, Valleyfield, P.E.I.
Mary D. Smith, Mount Stewart, R.R. 5, P.E.I.
Elaine E.T. McHerron, Greenfield, P.E.I.
Paul E. Matheson, Roseneath, P.E.I.
Sandra MacNeill, Murray Harbour, P.E.I.
Margareth Byrne, Belfast, R.R. 3
Sandra Gordon, Murray Harbour
Jean Camus, P.O. Box 207, Montague, P.E.I.
Stella Vuozzo, Montague, P.E.I.
Marie Martin, Murray River, R.R. 4
Edison Martin, Murray River, R.R. 4
Roma Shaw, Montague, P.E.I.
Alice Greene, Montague, P.E.I.
Judee Patterson, Montague, P.E.I.
Judy Power, Victoria Cross, P.E.I.
Rose Trainor, Mount Stewart, R.R. 5
Ethel Murphy, Montague

Barbara MacLure, Montague
Margaret Ross, Vernon Bridge, R.R. 1
Bernice I. Smith, Mount Vernon, P.E.I.
Bernadette MacIntyre, Cardigan
Willena Banks, Montague
Harry G. Lavers, Hemlock Court
Linda Arbing, 625 Lower Queens Road
Rosemarie Trainor, Mount Stewart
Dianne Whalen, Souris, R.R. 1

## CANADA POST CORPORATION

CLOSING OF MURRAY RIVER, PRINCE EDWARD ISLAND, POST OFFICE—PRESENTATION OF PETITION

**Hon. M. Lorne Bonnell:** Honourable senators, I have another petition, the wording of which is different. Therefore, I should like to read the preamble in this case.

PETITION
TO THE HONOURABLE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that your honourable House will therefore provide a remedy,

HUMBLY SHEWETH

WHEREAS, the Canada Post Corporation is threatening to effect widespread closures of rural post offices, and

WHEREAS, the Canada Post Corporation is threatening to change the locations of many rural post offices, and

WHEREAS such changes are more likely to take place in areas where the postmaster or postmistress is about to resign, retire or become promoted, and

WHEREAS the Murray River postmaster/postmistress will soon be reaching retirement age.

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject proposals which will decrease the postal service to our local community and to take strong and immediate action to assure us that our post office, which serves a great need in our community, will not be closed, put out on contract, relocated to another community, replaced with super mailboxes or any other inferior service.

And as in duty bound your Petitioners will ever pray.

Date: April 6, 1987

(Signed):

Sadie Bell, White Sands, P.E.I.
Mrs. Catherine Hume, Iris, P.E.I.
Shirley White, Murray Harbour
Shirley Allen, Murray River
Wayne Stewart, Belle River
Mary Davidson, Cambridge, P.E.I.
Sylvia Van Iderstine, Murray Harbour
Mary Nicolle, Murray River
Mel Campbell, St. Andrews Pt.
Betty Moore, Little Sands
Isabelle Wheeler, Little Sands
Lois Gordon, Abney

Honourable senators, I ask that this petition be printed in the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* for today.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

## FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. George van Roggen:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Explain.

**Senator van Roggen:** Honourable senators, the Deputy Leader of the Opposition has asked me to explain. I have made this motion several times in the last number of weeks without explaining.

**Senator Frith:** That is why I asked.

**Senator van Roggen:** If the honourable senator wishes me to explain, I will simply say that under the allocation of committee time, where the whips have tried to slot committees so that they do not conflict with one another, my committee was assigned the time slot from 11 a.m. to 1 p.m. on Tuesday morning. The management of my party in the Senate decided to change the Liberal Senate caucus meetings to 12 noon on Tuesday, and therefore the time available for my committee to sit was truncated. As a result, I have had to fit my committee meetings informally into the 4 p.m. time slot on Tuesday afternoon. The clerk of my committee is looking into the question of whether or not I can make this motion and have it operate automatically until the end of June, but until I can ascertain whether or not that is proper, I make this motion each Tuesday.

**Senator Frith:** Honourable senators, if that explanation is satisfactory to honourable senators, I cannot see any reason why we cannot give the committee power to sit in that time slot until the end of June. I would like to hear from the whips on the matter, but if Senator van Roggen is right and, in effect, his committee has been assigned an informal time slot and will have to operate on the basis of that informal time slot, then I suggest that we formalize it.

**Hon. Orville H. Phillips:** Honourable senators, obviously I did not impress either Senator Frith or Senator van Roggen when I suggested last week that some senators had to be in the Senate in order to form a quorum on specific days. My comments regarding the special committee to study Bill C-22, dealing with amendments to the Patent Act, applies to this. I realize that there is difficulty in scheduling witnesses and saying, "We do not know whether it will be 4.30 p.m. or 5 p.m.," but the function of the Senate requires that we have a quorum of senators. There are various other times available for committees to sit when the Senate does not meet. I am sure that Senator Petten will agree with me that we would be happy to schedule Senator van Roggen's committee for Monday afternoon. I have not had the opportunity to discuss that with him, but the Monday afternoon time slot is wide open should the committee wish to use it.

**Senator van Roggen:** Honourable senators, I appreciate the offer of Monday afternoon, but I would ask honourable senators from Ontario, Quebec and central Canada to keep in mind the fact that while a Monday afternoon meeting is convenient for those senators from Toronto, or even Winnipeg, in that they can leave the same morning and be here for an afternoon meeting, I, coming, as I do, from British Columbia, have to leave at the very latest by noon on Sunday in order to be here for a meeting at any time on Monday—something which I have done for the past six weeks, but it is not something that I feel should be imposed on me indefinitely.

Insofar as this afternoon's meeting of the committee is concerned, I can deal with that rather than with the larger question. We are just finishing our draft report, which will be going to the printers, and we have some summaries and other things to settle this afternoon. I would therefore appreciate it if the committee could meet this afternoon at 4 p.m., as I have staff and other people coming at that time.

**Hon. Peter Bosa:** Honourable senators, the suggestion made by the government whip that we meet on Monday would create a conflict for some members of the Foreign Affairs Committee, including myself, in that we also sit on the Special Senate Committee on Terrorism and Public Safety which also meets on Monday.

**Hon. John M. Godfrey:** Honourable senators, as one who believes that the main justification for the Senate is its committee work, I believe that ordinarily committee meetings should take precedence after the first hour of sittings of the Senate. I have been a member of the Senate for 14 years, and not once have I seen us lacking a quorum in the Senate because of committee meetings. In fact, there could be two committee meetings going on while the Senate is sitting. We all know that we get down to approximately 30 senators after Question Period. So from a practical point of view, there is no difficulty whatsoever, and we should encourage committees to meet. There is no difficulty over this in the other place. They do not have nearly as many MPs in attendance. When I was there the other day, there were only five members in the House itself.



**Some Hon. Senators:** Shame, shame!

**Senator Godfrey:** We would not do that; but normally we do not have more than 30 senators present after Question Period, and there is a lot of scope for committee meetings.

• (1420)

**Hon. William J. Petten:** Honourable senators, I have been here for 18 years.

**Some Hon. Senators:** Hear, hear!

**Senator Petten:** For a good number of those years I have been the whip for the Liberal Party. I say to Senator Godfrey and to any other of my colleagues who care to listen that it is very difficult to keep a quorum in this house after Question Period. If we could have 30 senators here—and I am sure Senator Phillips would bear me out on this—we would be very happy, would we not, Senator Phillips?

**Senator Phillips:** Yes.

**Senator Petten:** Often the attendance falls much lower than that. I merely wanted to draw this fact to the attention of the Senate.

Motion agreed to.

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## QUESTION PERIOD

[*English*]

### DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have delayed answers to three questions. If I am not asked to read them, I shall ask that they be printed as part of today's proceedings.

### FISHERIES

CANADA-FRANCE NEGOTIATIONS—SCHEDULE OF MEETINGS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, the first answer is in response to a question raised on March 26 by the Honourable Senator MacEachen regarding Fisheries—Canada-France Negotiations—Schedule of Meetings.

**Senator Frith:** Whose question is it?

**Senator Doody:** Do you mean that you were not paying attention to me?

**Sentor Frith:** No, but I am now.

**Senator Doody:** I am crushed. And last week he wanted an encore! How fleeting is fame. It is in response to a question raised by Senator MacEachen on March 26 regarding Canada-France negotiations and the schedule of meetings. It is a fairly short question and I can read the answer if the honourable senator wishes, or I can ask to have it printed as part of today's proceedings.

(*The answer follows:*)

A negotiation meeting between Canada and France on reference of the maritime boundary dispute to an international judicial tribunal took place in London on March 5-6, 1987. The second meeting is scheduled for April 22-23 in Paris.

The first meeting on fisheries took place in Ottawa March 24-25. Dates for a second meeting in Paris later this spring are under consideration now.

## TELEGLOBE CANADA

REORGANIZATION AND DIVESTITURE—APPARENT LEAK RE MEMOTEC BID—REQUEST FOR ANSWERS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a somewhat longer answer in response to a question raised in the Senate on April 2 by Senator Olson regarding Teleglobe Canada—Reorganization and Divestiture—Apparent Leak Re Memotec Bid. I can read that answer if the honourable senator wishes.

**Hon. H.A. Olson:** Honourable senators, I would be glad to read it in *Hansard* and ask a further question tomorrow.

(*The answer follows:*)

Strict security procedures were observed within government during the Teleglobe bidding process.

If the honourable senator has information which indicates that the leak came from within government, he should so state and pass this information to the appropriate regulatory bodies.

The issue of unusual trading in the shares of Memotec Data Inc. is being thoroughly investigated by the Ontario Securities Commission, the Quebec Securities Commission and the Director, under the Canada Business Corporations Act. The investigations are of a routine nature which is the normal approach following a lot of activity in a stock prior to an announcement.

The government wants this matter thoroughly investigated and has cooperated fully with the regulators and has provided names and addresses of individuals who knew details. Memotec is also cooperating fully. It would be quite improper for the government to influence the investigation and insist that the appropriate securities authorities not conduct their investigation in the manner, and over the timeframe, they feel is appropriate.

If it is found that there was an impropriety or illegality in this matter, the government expects and fully supports that the full force of relevant laws would be brought to bear on the situation and the individuals involved.

## AGRICULTURE

FARM CREDIT CRISIS—GOVERNMENT ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a somewhat lengthier answer to a question asked in the Senate on March 12 last by the Honourable Senator Olson regarding Agriculture—Farm Credit Crisis—Government Action. I can read it or ask that it be printed as part of today's proceedings. It is rather lengthy.

**Senator Olson:** Let it be printed.

(*The answer follows:*)

The Minister of Agriculture has given a lot of attention to the issue of farm credit since he took office. Since last summer, the farm debt review boards were put in place and are now working to help farmers and creditors work out agreements.

The Farm Credit Corporation is charging its lowest interest rate since 1979. Under the commodity-based loan program that FCC offers to its existing clients, close to $300 million was loaned last year. It is expected that FCC will lend an additional $400 million this fiscal year.

This program can bring interest rates down to as low as 6 per cent and, by the same token, increase substantially the cash flow of the farming operation.

The payments on the $1 billion program will continue to grain and oilseed farmers throughout the spring. In total, last year, direct payments to producers under federal programs came to nearly $2 billion.

This year, that amount will increase substantially because of the $1 billion. As well, the stabilization programs will deliver record-setting payments this year. This money will help farmers meet their payments.

Although these measures will help offset the adverse effects of low commodity prices, the minister has made it clear that farmers in Canada should not base their seeding decisions on the expectation of what the government might do next.

In his February budget, the Minister of Finance increased the farm fuel tax rebate to farmers. Farmers won't have to pay the one cent-per-litre increase on gas and diesel fuels and they will continue to receive the rebates they already receive.

The Minister of Agriculture recognizes the credit problems that the agricultural community is facing. He has met regularly with his provincial counterparts and will continue to do so in the future. These meetings help to change the way farm policies are developed.

Under the national agriculture strategy, the Minister of Agriculture has made a commitment with the provincial ministers to cooperate on policies and programs that serve farmers. The government has taken action and will continue to do so. The issue of farm credit is closely monitored and if more intervention is required, the government will act.

## THE SENATE

OFFICIAL REPORT—MINISTRY LIST

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I would like to raise a point of order with respect to the appendix to *Hansard* of Thursday, April 2, wherein is listed the ministry, together with the officers of the Senate, and so on. I do not know who is responsible for the preparation of the list, but I believe at least in one respect that the ministry list is out of date.

**Senator Murray:** I will not rise to that one. I will find it.

**Senator Doody:** You are always the last to know.

**Senator Frith:** I hope you will notice how courteous he was in leaving out the omission.

## FOOD AND DRUGS ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doyle, seconded by the Honourable Senator Barootes, for the second reading of the Bill S-6, An Act to amend the Food and Drugs Act.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, Senator Doyle made a very good speech indeed on this motion at second reading—

**Senator Flynn:** He always does.

**Senator Frith:** —the other day, and I congratulate him on it. He drew to our attention the fact that this bill became necessary because of a 1979 Supreme Court decision that ruled the Food and Drugs Act regulations prescribing standards for lite beers, spelled l-i-t-e—and, as it turned out, that was an important underlining in the court's consideration—as being unconstitutional. As a result, that ruling placed in jeopardy almost 300 similar food standards which set out consequential requirements, what they called "legal recipes" for a wide range of manufactured foods.

Senator Doyle, both in terms of his personal experience with tomato juice—and unregulated tomato juice—and in a scholarly way with regard to other products, told us about the consequences that I have just referred to. He also referred to clause 6 of the bill as "a trade and commerce clause." At page 836, he pointed out important effects of the bill, and I quote him:

> Food manufacturers and ingredient suppliers have suffered certain lost opportunities since the landmark Supreme Court decision in 1979 in that they have not been able to have food standards amended in response to new technology and changing consumer demand. The inability to amend or develop standards also conflicts . . .

And this is important:

> . . . with the international obligations of Canada.

[Senator Olson.]

I thought Senator Doyle illustrated the problem very well when he picked as an example tomato juice, and told us that behind all the detail, it comes down to the fact that when you see the words "tomato juice" on a can, no matter who manufactures it, you are entitled to assume that it contains certain ingredients. When you apply that principle to all of the other products that we buy and upon whose labels we rely, we can well understand the importance of this bill.

As did Senator Doyle, I commend the bill for support and for study by the appropriate committee. However, I do want to elaborate its constitutional aspect. What happened is that the Supreme Court held that these regulations could not be supported under the subsection of section 91 that deals with the criminal law. Also, the Supreme Court did not find that it could be supported under the trade and commerce subsection because it did not have the kind of trade and commerce aspect dealt with by the section or by the clause included in this bill. As Senator Doyle said, the problem was that it could not be considered as supportable under the trade and commerce heading since it did not deal specifically with interprovincial trade and commerce, as this bill does. However, the corollary is that if this bill solves that problem, and clearly—we hope—makes constitutional any regulations made under this bill relating to interprovincial commerce, it then leaves for further regulation or further settling the intraprovincial dimension. Senator Doyle pointed out that that gap is filled by the government's assurance that discussions are taking place, probably at this very moment, in various provinces between the federal government and the provinces to fill that gap by competent provincial legislation.

If you add to that the fact that the provinces, this federal government and the previous federal government, the consumer associations, the manufacturers, the merchandisers and the distributors all support this bill, then I believe we should send it quickly to the committee for study and hope that it will soon receive a favourable report and third reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Doyle, bill referred to Standing Senate Committee on Social Affairs, Science and Technology.

[*Translation*]

## PRIVATE BILL

REGIONAL VICAR FOR CANADA OF THE PRELATURE OF THE HOLY CROSS AND OPUS DEI—SECOND READING—DEBATE ADJOURNED

**Hon. Rhéal Bélisle** moved the second reading of Bill S-7, to incorporate the Regional Vicar for Canada of the Prelature of the Holy Cross and Opus Dei.

He said: Honourable senators, I need only take a few minutes of your time to speak on this matter.

The purpose of this bill is to grant a corporate charter to a regional vicar, a religious officer responsible for the spiritual and religious needs, as well as for the management and control of the property, affairs and interests, of the personal prelature of which he is Canadian vicar.

The bill before you, then, would constitute the Regional Vicar for Canada of The Prelature of The Holy Cross and Opus Dei as a corporation sole.

A corporation sole, as senators will know, is a corporation consisting of one person only, usually a person of high office, who, together with his successors in office, is incorporated by law. In this way the officer enjoys the legal capacity and benefits of a corporation which, as a natural person, he would not otherwise enjoy.

One particular advantage is that of the continued existence of the corporation over the lifetime of many successors in office. This is the way in which ecclesiastical jurisdictions of the Roman Catholic Church and other churches are given juridical personality in Canada.

Perhaps a brief explanation of the special terms appearing in the title of the bill would be in order. In the tradition of the Roman Catholic Church, a prelature is a jurisdictional entity, that is to say, part of the hierarchy of the Church, and is established by the Holy See as an instrument, within the pastoral hierarchy of the Church, for the realization of particular pastoral or missionary activities.

At its head is a prelate, who is appointed by the Pope, and who exercises a jurisdictional power similar in nature but different in scope to the jurisdiction that a bishop exercises in his diocese. The difference is that the prelate's power is personal, instead of territorial like that of a bishop, and his pastoral care for all the faithful of the prelature extends only to the particular aims of the prelature.

The Prelature of the Holy Cross and Opus Dei is composed of priests and laity who work together towards the goals of the prelature which can be summarized as the promotion of the ideals of Christian holiness in the midst of one's everyday occupations.

[*English*]

At present the prelature has centres in the provinces of Quebec and Ontario, and carries out various activities of a spiritual and religious nature in British Columbia and Alberta. Since the prelature conducts its activities throughout the country, it is desirable that it be incorporated by Canada rather than by one or another of the provinces. As neither of the two federal statutes of a general enabling nature governing the creation of corporations—that is, the Canada Corporations Act and the Canada Business Corporations Act—provides for the creation of a corporation sole, it was necessary for the vicar to petition Parliament for a private bill.

• (1430)

Honourable senators, I should point out that during the 1984-85-86 session Bill S-5, to provide for the creation by amalgamation of the Evangelical Lutheran Church in Canada, and Bill S-7, to amend the Act of Incorporation of Pine Hill Divinity Hall, were passed. Further, that in 1984 Bill S-15, respecting the Wesleyan Church of Canada, and that during the session of 1980 to 1983 Bill S-35, respecting the Eparch of the Eparchy of Saints Cyril and Methodius of Slovaks of the Byzantine Rite in Canada, and Bill S-16, respecting the President of the Lethbridge Stake of the Church of Jesus Christ of Latter-Day Saints, were passed by the Senate.

Since this is a private bill, it will be necessary for a committee to examine the allegation of facts set out in the preamble to the bill. I propose, therefore, if second reading is granted, to ask that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs, which is the committee of the Senate that normally examines private bills.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I wonder if it is possible to ask the senator one or two questions before this is referred to committee. I have two questions by way of clarification. Who is the person who will occupy the role of Prelate? Second, is the expression "the Prelature of the Holy Cross and Opus Dei" a reference to a worldwide organization that is more commonly known as Opus Dei?

**Senator Bélisle:** If the honourable senator has a copy of the bill, he will see that the following appears in the preamble:

> Whereas the Very Reverend Gregory V. Haddock, of the City of Montreal, in the Province of Quebec, has by his petition represented—

That was read last week.

Respecting the second question, this institution has two names. As the Leader of the Opposition has said, it is also known as Opus Dei. According to the legal terminology, the words "Holy Cross" must come before the words "Opus Dei", but it is the same thing.

On motion of Senator Le Moyne, debate adjourned.

## NATIONAL DEFENCE

### SPECIAL COMMITTEE APPOINTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lafond, seconded by the Honourable Senator Doyle:
>
> That a Special Committee of the Senate be appointed to hear evidence on and to consider matters relating to national defence;
>
> That 12 Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the committee; and
>
> That the Committee report to the Senate no later than 15 December, 1987,

And on the motion in amendment of the Honourable Senator Frith, seconded by the Honourable Senator Petten, that paragraph 1 of the motion be deleted and the following substituted therefor:

"That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate,".—(*Honourable Senator Godfrey*).

**Hon. John M. Godfrey:** Honourable senators, when this motion was originally proposed by Senator Lafond, I was under the impression, because the committee had not met for some time, that the motion was to get the committee ready for the promised white paper so that when the white paper was tabled, the committee could swing into action. Therefore, when I was sitting here last Thursday and heard the debate, and that there was a proposal to consider Mobile Command, land forces, and so forth, I was somewhat surprised. At that time I asked what was the value of this study, in light of the fact that we are told that a white paper is to be tabled. I have given some thought to the matter over the weekend, and I have come to the conclusion that such a study of our land forces will have some value, even though it is expected that there will be a white paper produced before the end of the year.

● (1440)

What I want to speak on primarily, however, are a couple of statements made by Senator Frith in his speech on Thursday. He said, and I am quoting from page 840 of *Hansard*:

> However, there are some senators who feel that if the work done by this committee is to continue to be done on a long-term basis, then it should be done by the Standing Senate Committee on Foreign Affairs. That committee's mandate is set out in rule 67(1)(*h*), which concludes by saying:
>
> . . . papers and other matters relating to foreign and commonwealth relations generally, including:
>
> . . . (iv) defence;

Later, Senator Frith says:

> . . . Senator Lafond would frankly admit that since he would like that committee to be a standing committee, then as long as it is not he will make it a permanent special committee—which will not make it a standing committee in law but will make it one in fact. I do not criticize Senator Lafond for that; that is his viewpoint. I just do not agree with it.

Still later, he said:

> . . . I do not feel that we should assume that the white paper will be referred to this committee, nor do I think that the committee should assume that it will get an extension past December 15—

I would like to remind senators of the history of this committee. Back in the 1970s both Senator Lafond and Senator Hamilton McDonald, who were keen on questions of defence, kept "bugging" Senator Aird, when he was chairman of the Foreign Affairs Committee, and then Senator van Roggen to do something about their mandate to look into defence. Nothing was done; they concentrated entirely on trade matters—and you cannot blame them for that, because they only have a certain amount of time to do certain things.

Finally, Senator Lafond, in June of 1980, moved that a subcommittee of the Standing Senate Committee on Foreign Affairs be formed in order to look into questions of matters of defence.

**Senator Frith:** Sorry, who proposed that?

**Senator Godfrey:** It was first constituted on June 12, 1980, as a subcommittee of the standing committee.

This was approved. At that time committees had 20 members, not the 12 that they have now. Although the Standing Senate Committee on Foreign Affairs had 20 members, they could not find enough members within their ranks who were sufficiently interested in defence to form a subcommittee so they added an extra ten members to the committee. The committee now had 30 members out of which a subcommittee of 12 was formed, including, essentially, the ten new members.

I do not know exactly how many members of the Foreign Affairs Committee constituted the subcommittee at that time, but Senator Hicks did, and there may have been one or two others. They went along on that basis for four years, and they brought out two reports—"Manpower in Canada's Armed Forces" and "Canada's Maritime Defence"—the latter in May 1983.

In 1984 it was decided between Senator van Roggen and Senator Lafond that this was a sort of artificial situation. Any time this subcommittee wanted permission to do this or that, or get a budget approved, they always had to work through the Standing Senate Committee on Foreign Affairs; so it was agreed by Senator van Roggen and Senator Lafond that this should be a special committee. It operated as a special committee commencing January 17, 1984. Of the members on that special committee, Senator Hicks is the only one who was also a member of the Foreign Affairs Committee.

This committee held hearings and, as I said, brought out two reports, the second report being produced in February 1986. I might point out that in the foreword of that report, this statement was made: "The committee's repeated calls for a government white paper on National Defence are about to be answered, judging by the assurance given by the Minister of National Defence and the associate minister in late 1985 and early 1986." A year later there is still no white paper, and we know that we are not getting it until the fall.

I can understand the reluctance at that time of Senator Lafond to go ahead with another investigation into the land forces. Then, as Senator Lafond became ill last September and was out of commission for a couple of months, it was not until lately that other members of the committee suggested that the committee should be re-activated. I think it is a good idea to look into the land forces for one reason and one reason only: This committee will gain a certain amount of expertise by

doing such a study, which will enable them to deal with the white paper more effectively when it comes out—which, as I said, looks as if it will not be until the late fall.

**Senator Hicks:** If that.

**Senator Godfrey:** If that, as Senator Hicks says—and I will not be here then.

I have been a member of the committee for about the last three years. I started going to committee meetings when I was not a member, because I was interested in territorial air defence as an ex-Air Force man. After I had been going to the committee for several meetings, they put me on as a permanent member. I found that the committee consisted of members who were keen and knowledgeable about national defence, and faithful in their attendance at the committee meetings.

We have had the experience of making it a subcommittee—and it worked perfectly all right—but it had no real advantage; indeed, it had some technical disadvantages. By having this special committee reconstituted, it does not make it into a permanent standing committee. The only time that it will sit or ask for a mandate is when the members feel they have something specific to do. When they have finished this study and when they have finished their study of the white paper, the committee will disappear again. But if you put it back under the umbrella of the Foreign Affairs Committee, which over the last few years has demonstrated that it has absolutely no interest in defence whatsoever, the result, if it is a subcommittee, will be that if it wants formally to bring out a report, such a report will have to be approved by the parent committee—which is sort of ridiculous, because the members will not have sat in on any of the meetings; they will only have Senator Hicks as a liaison between the two committees.

I will not be here when this matter is decided next fall, or whenever the white paper comes in, but I would like to put in a plug for Senator Lafond and his committee and say that when the white paper comes out, it should be referred to a committee that knows what it is talking about and not to a committee that has shown no interest whatsoever in defence for the last 15 years, even though technically the subject of defence comes under its mandate.

**Hon. Senators:** Hear, hear!

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion in amendment?

**Hon. Senators:** Agreed.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion, as amended?

**Hon. Senators:** Agreed.

Motion, as amended, agreed to.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### FOURTH REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the fourth report of the Standing Joint Committee on Regulations and other Statutory Instruments (*Customs Tariff*) presented in the Senate on March 19, 1987.

**Hon. Nathan Nurgitz:** Honourable senators, I move the adoption of this report, although the matter may be adjourned if any other senator wishes to speak.

At the outset I should mention that although this report also affects fruit and vegetables, it is not the same matter which was raised a few weeks ago and which was contentious in probably the caucuses of the two parties.

Basically, this report deals with customs tariffs affecting fruit and vegetables. In early 1985 the Standing Joint Committee on Regulations and other Statutory Instruments reviewed the regulations that were imposed and found that they had the effect of imposing a duty at a time prior to the coming into force of the particular order. In other words, it was a regulation which had the effect of imposing duties retroactively. The committee took a rather dim view of that and in early 1985 informed the Department of National Revenue of its concern. In fact, in an attempt to be helpful, it was suggested that it might be simpler to validate the collection of these duties by means of a legislative provision, that is, to have a bill passed through Parliament.

The unhappy point of this short story is that the Deputy Minister of the Department of Customs and Excise wrote to the committee on May 26, 1986, indicating that after a review of all of the considerations of the committee, the department did not wish to have remedial legislation, and even had the temerity to say that it was not likely that the validity of the orders would be challenged in a court of law and that, therefore, we should have these regulations, legal or otherwise.

The committee then took it upon itself to have my co-chairman, Mr. Kaplan, representing the House of Commons, and myself write to the minister, the Honourable Elmer MacKay, to point this out. We are very happy to report that the minister wrote back indicating he was in complete agreement with our statement that citizens should not be deprived of their property, except in accordance with the law, and noting that remedial legislation would be introduced in the very near future.

Very simply, the purpose of the fourth report of the standing committee is to give effect to the minister's undertaking, that is, to have on the record of both houses of Parliament his undertaking to introduce validating legislation.

That, honourable senators, is in as brief a form as I can give you all of the meat and potatoes of the fourth report of the Standing Joint Committee on Regulations and other Statutory Instruments.

**Hon. Senators:** Hear, hear!

Motion agreed to and report adopted.

## RESEARCH AND DEVELOPMENT

CLOSING OF MARINE ECOLOGY LABORATORY, BEDFORD INSTITUTE OF OCEANOGRAPHY—GOVERNMENT POLICY AND ACTIONS—DEBATE ADJOURNED

**Hon. Henry D. Hicks** rose, pursuant to notice of Tuesday, March 31, 1987:

> That he will call the attention of the Senate to the policies and actions of this Government with respect to Research and Development, having particular reference to the closing of the Marine Ecology Laboratory (M.E.L.) at the Bedford Institute of Oceanography.

He said: Honourable senators, when I was summoned to this chamber in 1972, there was a committee under the late Senator Lamontagne that addressed itself to the problems of research and development under the general name of a Science Policy for Canada. That committee was just finishing volumes two and three of its very large, very worthwhile and very comprehensive report.

I, at the time, was not in sympathy with some of the recommendations which the committee had made, particularly those having to do with the National Research Council, and I did not join the committee, though invited to do so, because I felt that coming in at the eleventh hour, my voice would not have a significant influence on the findings of the committee.

Among the findings of that committee in 1972 was the recommendation that if Canada were to play its part among the developed and industrialized nations of the western world, we should be spending much more money on the general problems of research and development, particularly scientific research and development. Indeed, the committee proposed that the Government of Canada should adopt a goal of spending 2.5 per cent of the gross national product on research and development, and should attain this goal by the year 1980.

Well, the government of the day paid—perhaps I should not say "no attention"—certainly very little attention to this recommendation and very little, if anything, was done.

The committee then proceeded some five years later, in 1977, to update its recommendations, and issued a fourth volume of its report which it called "Progress and Unfinished Business". I did join the committee and was a member of it for the preparation of volume four, a copy of which I have before me.

On page 57 of volume four of that report, there is a listing of the sums of money expended by developed countries, the countries of the OECD, on research and development. In 1975, the last year for which figures were then available, the United States, Germany, The Netherlands and Japan all spent 2 per cent or more of their gross national product on scientific research and development. France spent nearly 2 per cent; Sweden spent nearly 1.6 per cent; and Canada spent 1 per cent.

The committee again made a recommendation, this time somewhat more modestly, suggesting that the Government of Canada should at least try to move our R&D effort up from the 1 per cent in 1975 to 1.5 per cent by 1982. I am glad to say that the government of the day did begin to take some measures to improve Canada's effort in research and development. Indeed, the proportion of the gross national product spent on R&D efforts in 1983-84 reached 1.3 per cent. I think that was the high point in Canada's effort in this important effort of policy, including government policy.

I was one of those who listened to the campaign promises of the present Prime Minister of Canada, and to his statement of intention to double Canada's research and development efforts, with great enthusiasm and great satisfaction. Indeed, I looked forward to the improvement which was to be brought about by the Mulroney government.

Instead, what has actually happened is that the 1.3 per cent has almost, but not quite, been maintained. Since the coming into power of the present government, Canada's effort in research and development has slipped back slightly. Perhaps this is not significant, but certainly there has been nothing done to attempt to meet the sound expectations which Prime Minister Mulroney, during the election campaign of 1984, led us to hope would take place if he and his colleagues formed the government of this country.

Since then I have come to know the Minister of State for Science and Technology, the Honourable Frank Oberle, and I think very highly of him. I think he may be one of the best ministers in the present government. I sympathize with him in the difficult task that he has had in trying to reconcile the aims and objectives of his party, as pronounced by the Prime Minister himself—or, at least, by the man who was to become the Prime Minister, because I am not certain that he made any such declaration after he did take that office—with the fact that he actually has to preside over a department that has been cutting back on Canada's research and development efforts. This department has been cutting back in such important areas as the National Research Council, which is certainly one of the most respected institutions in this country. Not only is it respected in this country but it is respected by scientists and scientific researchers all over the world. The cut-backs in the NRC's budget have even gone so far as to eliminate completely some areas of research in which Canada had an international reputation.

I say that I sympathize with Mr. Oberle, because I am sure that it was with the greatest personal reluctance and regret that he presided over the department under these circumstances. We know something of the proposal of the present government to support university research. Indeed, the theory, if senators will pardon me for not making a long-winded explanation of it, is that the government would ask private industry to take over the support of large portions of university research and development. A scheme was proposed in which the Government of Canada would match grants that universities could receive from private industry in order to help them with research projects. I must say that my former colleagues in the academic world set about trying to do this with a very hopeful spirit, although I am afraid that most of them felt, as I did, that it was unlikely that they would meet with much success.

Honourable senators, it is too early yet to judge this program. It may very well be that it will work in the industrial heartland of the Ontario peninsula, where there are a great many industries and a number of very good universities that can, perhaps, induce those industries to make direct grants to them for carrying out research programs. It is almost certain that such a proposal will not work in many other parts of Canada where the universities play just as important a role, but where they do not have the good fortune to have as neighbours industrial concerns that can afford to make the large grants that would qualify for matching grants from the Government of Canada, nor, indeed, do they have the kind of industrial complexes that can refer research problems to those universities. I am afraid that while the academic world is doing its best to make this program work, it will not be as successful as we all hoped it might be.

The other consequence that is inherent in supporting research in this way is the fact that we almost ensure that research moneys will go to applied research, to the solving of practical problems of industry on a day-to-day or week-to-week or, at best, month-to-month basis. But surely it is essential that universities, of all research institutions, should spend a good deal of their time and effort in basic scientific research, because it underlies the accomplishments that can be made in applied research, in addition to opening the secrets of the world of science and the mysteries of the complicated environment in which we live today. Therefore, I think that basic research, even if this program is as successful as everyone hopes, is bound to suffer in competition with applied research, or, as some people call it, mission-oriented research.

I am not one of those who are against applied research. I am not one of those who think that universities do not have any place in trying to help industry solve its problems, even specific problems relating only to a particular industry. I believe that universities should do that, but I think they ought not to do so to the exclusion of inquiries into the basic nature of our universe; in other words, I do not want to see a departure from the traditional role which universities have played and the considerations which dominated their inquiries into so-called basic research.

I do not know whether some of the writers in our newspapers have been fair to Mr. Oberle or not, but certainly some of them have been fairly sceptical. I have in front of me an article which appeared in the March 26, 1987, edition of *The Ottawa Citizen*. It was written by Don McGillivray, who states:

> There's been a gush of colorful documents lately from Frank Oberle, the minister of state for science and technology.
>
> On March 12 he issued something called *The National Science and Technology Policy* brightly printed in four colors with the coats of arms of all the provinces and of Canada.
>
> On March 16 it was an 80-page book on *The Government of Canada's Support for Technology Development*.
>
> On the silver cover are five maple leaves, a red one, an orange one, a yellow one, a green one and finally, largest of all, a maple leaf in beautiful Tory blue.
>
> And this week, again in the ruling party's silver and blue, there's *The Canadian Strategy for Science and Technology* which apparently is known by the fabricated word "InnovAction."
>
> "Minister Oberle," as he is called in these documents, is clearly up to something. There have also been a couple of laudatory columns, which suggests that somebody is setting up interviews with Oberle for selected columnists.
>
> It has the feel of a campaign, as organized and run by federal bureaucrats. But what it all means is a little obscure.
>
> When Oberle announced at a *Financial Post* conference the Canadian Strategy for Science and Technology, some churlish reporter asked what it meant in practical terms.
>
> "Specifics will come later," said the science minister.
>
> While we're waiting, it's my duty to remind Oberle of the "four-color rule" of government documents.
>
> This simply states that the more colors a policy is printed in, the less it means . . .

and so on.

Honourable senators, I do not want to be cynical about my friend, Minister Oberle. I do hope that he will manage to put more substance into the announcements that he makes in the future on behalf of his department. It is my wish that he will be successful in maintaining the level of research and development of Canada, and even in increasing it, even if he cannot attain the laudable goal of doubling it, as Prime Minister Mulroney at one time talked about doing.

I must not forget, however, that in this inquiry of which I gave notice a few days ago, I said that I would make particular reference to the Marine Ecology Laboratory of the Bedford Institute of Oceanography. This laboratory, honourable senators, was set up a number of years ago by a group of scientists under the auspices of the Bedford Institute, which is one of the major oceanography research institutes in the world, by far the largest one in Canada, comparable to the great institutions at Woods Hole in the New England states and the Scripps Institute of Oceanography in California. Canada is really in the forefront of ocean research largely, but not exclusively, as a result of the activities of the scientists at the Bedford Institute of Oceanography.

I know something of some of the scientists from that institution and some others who came to the Bedford Institute specifically to support the work of the Marine Ecology Laboratory. It also has a reputation for excellence throughout the world. Indeed, when the dismantling of the Marine Ecology Laboratory was first announced to take place on April 1, there was a letter, according to the Halifax *Chronicle Herald*, from two different scientists, who said:

● (1510)

> "Disbanding MEL will mean that Canada loses a respected and influential voice in marine ecological questions, thus increasing the dominance of U.S.A. scientists in marine policies, especially regarding ecological problems," Dutch scientists said in a letter to Fisheries Minister Tom Siddon last month.

There are further quotations from the letter, including the following:

> "Our fear is that—"

These are two scientists from the Netherlands:

> "—the proposed reorganization will result in a serious loss to the world's ability to develop and implement a coherent long-term policy of wisely managing its marine environment, since such a policy can only be based on sound scientific advice. MEL has proved to be a reliable partner in formulating such advice."

Honourable senators, it is a great pity, indeed, that that institution is being broken up. I understand that the scientists will not lose their jobs. They are to be scattered about other areas of the Bedford Institute, and some of them will go to other research institutions in Canada.

But I say again, honourable senators, that the quality of research in the complicated technological fields in which we work today is such that it requires the greatest concentration of the largest number of first class minds that we can afford to bring together to tackle a particular problem; and we had just that concentration of first class scientists in the Marine Ecology Laboratory.

If we are going to accomplish anything on a worldwide basis—and, mind you, that is difficult enough for a country like Canada with only 25 million people when we are competing with the great colossus of the United States to the south of us with approximately ten times our population; when we are competing with the European Economic Community, with the Japanese, and with the Soviets, and so on—it is difficult enough for Canada to get into the front row in any aspect of research; and if we are to do so, we have to concentrate the resources that we have and work together, each scientist in his discipline supporting the purpose of the institution concerned and working with scientists in related disciplines.

As a matter of fact, the first newspaper report of the breakup of this laboratory—which appeared in the Halifax newspapers—said that the scientists concerned were being reprimanded because they had objected to the breakup of the Marine Ecology Laboratory, and they were to be reprimanded because they had spoken out against the government's policy of breaking up that laboratory. Yet, Mr. Siddon, the Fisheries Minister, was quoted in the *Chronicle-Herald* of April 1 as saying:

> "I think the fuss—"

Referring to the scientists who questioned the MEL breakup:

> "—has been exaggerated. I would ask why we haven't heard a word for six months" since the decision to alter the department's scientific efforts were first announced.

So with one hand, Mr. Siddon reprimands the scientists for speaking out, and in another statement only a day or two later, he questions why they have not spoken out more strongly and at an earlier date.

Honourable senators, I am much concerned about the breakup of this laboratory. I believe that when we have a good thing in Canada, which is of world ranking quality and is recognized as such by scientists in other parts of the world—

**Hon. Royce Frith (Deputy Leader of the Opposition):** Hear, hear! Especially those of the Soviet Union. It's true.

**Senator Hicks:** —we should support it rather than cut the feet from underneath it. There have been subsequent reports—and I am afraid that I have to rely only on a television newscast which I saw in part the other night—which indicate that the minister is now going to consult some of the scientists concerned, and that they are to have some input into the future of their own activities at the Bedford Institute of Oceanography and perhaps elsewhere. But as yet we do not know, and in the meantime the Marine Ecology Laboratory is going down the drain, is going to be dismantled.

Honourable senators, I urge this government—as I would urge any government—because this is not peculiar to the present government by any means—to allow senior public servants to speak out in relation to the policies of the department in which they are working. I believe they have to be trusted to exercise some judgment and good sense. They should be allowed to speak out, and, indeed, I even think that a public servant—such as the one in Toronto who was fired recently because he criticized his superiors for the way in which they were mishandling certain problems in relation to immigration—should be protected so that he can point out these errors and call attention to serious misconduct or misjudgment on the part of his superiors.

Honourable senators, I conclude by urging the government to continue to work seriously, even to the extent of increasing the spending of public moneys, to improve and increase our research and development efforts. It has never been as important as it is in today's highly competitive technological society. It is highly important with respect to the quality of our life, with respect to our industrial effort, with respect to our whole economy, and certainly with respect to our export trade. We can only do that by building on strength, and, when we find strength, rather than tear it down we must build it up and support it more.

We Canadians, and particularly we maritimers, have had a very bad record in this respect. In the maritime provinces, if something is going well in Halifax, you can be sure that the people of western Nova Scotia and of Cape Breton will want it distributed among the whole province, and thus destroy the concentration, which is the only thing that will put us, and keep us, in a first class situation.

When we have institutes such as the one about which I have been speaking today, we should be very careful to nurture and support them, and not kill the goose that lays the golden eggs.

**Hon. John B. Stewart:** May I ask the honourable senator a question?

**Senator Hicks:** Certainly.

**Senator Stewart:** I do not know the Bedford Institute of Oceanography nearly as well as does Senator Hicks, but what I have heard about it is highly laudatory; and I have heard particularly good things about the scientists in the Marine Ecology Laboratory. I was wondering whether the honourable senator had given any thought to asking the Standing Senate Committee on National Finance, which will shortly be considering the Main Estimates for the fiscal year which began on April 1, to make a special inquiry into the decision of the government to terminate the work of the Marine Ecology Laboratory. We could have the minister and the appropriate scientific advisers to the department appear. We could perhaps have before the committee the gentlemen from the Netherlands, to which the honourable senator made reference, who obviously are highly competent in this field, to help the committee decide whether the estimate of the department should be approved by the Senate. Has the honourable senator considered that possibility; if not, would he consider it now?

**Senator Hicks:** The answer to Senator Stewart's question is no, I had not considered doing that; but Senator Stewart and I are both members of that committee, and I should be very glad indeed to discuss it further with him to see whether it would be appropriate to have the committee make the kind of inquiry he has suggested. I thank him for his interest and advice.

**Hon. Finlay MacDonald:** Honourable senators, I should like to give a short preamble before asking Senator Hicks not so much a question as seeking his opinion. I was looking forward to hearing the honourable senator, and I congratulate him on what he has said. I, too, know something about the institute and the MEL section of it. I think that Senator Hicks was extremely moderate in the way he presented his case. Certainly, Senator Hicks was kind enough to suggest that whatever the Prime Minister's views with respect to an increase in R&D, perhaps financial constraints had interfered with them. With all due respect to Senator Stewart, I believe that possibly some other action might be taken. There seems to be some puzzlement as to what the government intends to do with these people by scattering them around. It does not seem to involve savings or to be some form of deficit-cutting measure. It is very mysterious.

● (1520)

The opinion I seek from Senator Hicks is: What might be done? The honourable senator indicated that there has been some encouragement with respect to consultation, but then he went on to make reference to the fact that the MEL might be disbanded. Did the honourable senator mean that its disbanding could possibly be stopped, or is it too late?

**Senator Hicks**: Honourable senators, I do not know the answer to that question. I hope it is not too late and that the whole matter will be reconsidered. Dr. Lloyd Dickie, who appeared briefly on the televison newscast to which I referred, spoke with some, what shall I say, optimism that perhaps the situation could be retrieved. I was not able to get him on the telephone to talk with him over the weekend, and I have not been able to talk with anyone else from the institute, because, frankly, I did not know who was the best person to call. I shall try to renew my inquiry when I go back to Halifax this weekend.

**Senator Frith:** Honourable senators, before Senator MacDonald moves the adjournment, I would like to make a short comment. It may be that my support as an Ontario landlubber will not be welcomed. In fact, it might be a minor kiss of death, but I will say what I have to say anyway.

Some years ago, when I was active in television, I interviewed a Dr. Barton—I believe that was his name—of the Bedford Institute. Some very good research had been done in preparation for this interview. From that research I found that indeed, as Senator Hicks has said, this institute is genuinely and justifiably internationally famous. It does original research that many other nations bordering on oceans rely upon. It exchanges information with these nations, and writes and contributes very consistently to international scientific journals on the subject. I know from the program research I mentioned that the institute is very highly thought of by all oceanographers, including, for example, those in the Soviet Union. Then, of course, I had the good fortune and the luck that goes with this kind of assignment to go to the institute and see it in operation. So, unlikely though the source of this support is, I support everything that Senator Hicks has said about Bedford.

As a footnote to what Senator MacDonald asked of Senator Hicks, I remind Senator MacDonald and others that the Canadian embassy in Helsinki was virtually boarded up and padlocked when we began our efforts to persuade the Secretary of State for External Affairs to re-open it. The Secretary of State for External Affairs listened to submissions that were made not only by us but by others, and, as a result, said that there was now no plan to close the Helsinki embassy. So perhaps we can hope that with some effort we will persuade Mr. Oberle, if, indeed, he is possessed of the fine qualities as a minister that Senator Hicks says he is, to change his mind also.

On motion of Senator MacDonald, debate adjourned.

## ROYAL ASSENT

ALTERNATIVE PROCEDURE—MOTION STANDS

On Motion No 2:

**By the Honourable Senator Frith:**

That the present formal procedure of Royal Assent be retained and that it be used (a) at the request of the Governor General or of either House of Parliament and

(b) at least once a session, for example at the prorogation of a session;

That, in addition to the present practice, a simpler procedure be established based on the following principles: (a) that the procedure involve representation from both the Senate and the House of Commons, (b) that it be public, and (c) that the declaration of Royal Assent be subsequently reported to both Houses of Parliament; and

That representatives of the Senate meet with representatives of the House of Commons to draft a resolution for a joint Address of both Houses to be presented to Her Excellency the Governor General praying that she approve such changes to the Royal Assent ceremony as described in this motion.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I plan to move this motion tomorrow or Thursday. I just want to mention that any senators who are interested in this somewhat esoteric subject might want to make reference to the *Debates of the Senate* of May 10, 1983, when I shared with honourable senators in some detail the research that had been done on the subject. I admit that there is a certain amount of argument, persuasion and rhetoric in the speech I made at that time, but mostly it is a matter of factual historical material. That is why I hope that honourable senators will not consider it unseemly of me to refer to my previous intervention. I do not mean to repeat everything that is in that intervention, but I do intend to refer to it and to provide honourable senators with what is now fashionably called an executive summary.

Motion stands.

## THE SENATE

### CONCURRENT SITTINGS OF THE SENATE AND COMMITTEES—ATTENDANCE OF MEMBERS

**Hon. John M. Godfrey:** Honourable senators, before we adjourn, I would like to call to the attention of Senator Phillips and Senator Petten, the two whips, that the only member of the Foreign Affairs Committee who is sitting in the Senate right now is Senator Hicks, who just gave a speech. This makes my point that honourable senators are not necessarily here but are in their offices and therefore can attend committee meetings without affecting the quorum for Senate sittings.

**Hon. Orville H. Phillips:** Honourable senators, I point out to Senator Godfrey that the committee does not meet for another 15 minutes, that is, at 4 o'clock, so honourable senators have no reason to be absent.

The Senate adjourned until tomorrow at 2 p.m.

**APPENDIX**

(*See p. 844*)

ADDRESS

OF

**RONALD WILSON REAGAN**
**PRESIDENT OF THE UNITED STATES OF AMERICA**

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

ON

MONDAY, APRIL 6, 1987

ADDRESS
of
RONALD WILSON REAGAN
*President of the United States of America*
to
Both Houses of Parliament
in the
HOUSE OF COMMONS CHAMBER, OTTAWA
on
Monday, April 6, 1987

*The President was welcomed by the Right Honourable Brian Mulroney, Prime Minister of Canada, and thanked by the Honourable Guy Charbonneau, Speaker of the Senate and Honourable John A. Fraser, Speaker of the House of Commons.*

**Hon. John A. Fraser (Speaker of the House of Commons):** Order, please.

Mr. President, we welcome you to this Chamber where the Canadian people are represented by Members of Parliament and Senators who comprise the Parliament of Canada.

[*Translation*]

We are honoured to have you in our midst.

[*English*]

I now invite the Right Honourable the Prime Minister to introduce our distinguished guest.

**Some Hon. Members:** Hear, hear!

**Right Hon. Brian Mulroney (Prime Minister):** Mr. President, in the House of Commons, for me, that is known as 82 per cent of a standing ovation.

**Some Hon. Members:** Oh, oh!

**Mr. Mulroney:** But we are not going to forget it.

Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Mr. President and Mrs. Reagan, Mesdames et Messieurs:

Mr. President, I welcome you to this House. I should at once thank you for arranging your schedule so that your visit here would result in the cancellation of Question Period.

**Some Hon. Members:** Oh, oh!

**Mr. Mulroney:** If you would like to stay around all week—

**Some Hon. Members:** Oh, oh!

Almost 30 years ago, Prime Minister John Diefenbaker, in introducing President Eisenhower here in this Chamber, described him as the "leader of a mighty state" and as "someone who comes to us as a good neighbour and friend". There are Hon. Members of this Parliament here today who were present in this Chamber three decades ago. They would agree, I am sure, that much has changed since then, but they would agree as well that unchanged is the sincerity of our friendship and the profound respect our peoples have for democratic values and for each other.

[*Translation*]

We are aware this is the bi-centennial year of the American Constitution—a declaration of freedom and independence which has been a light of inspiration and hope to so much of mankind for two centuries.

Our two countries—different in so many ways—share more than a common border in a continent. We share in the advance of liberty and human dignity in a world still darkened by oppression, still bearing the stain of racism and intolerance. We share, as well, respect for our sovereign right to act in the best interests of the people we serve. We would hope for other peoples and other nations something of our own ongoing experience of trust and confidence and mutual respect.

Mr. President, you will know that much is different from your last visit to the House of Commons. The change is reflected in our joint agenda.

[*English*]

Canadians view with increasing concern the effects of acid rain upon our environment. But this is more than a Canadian problem. It is a transboundary problem which requires a transboundary response.

I urgently invite the United States administration and the American Congress to join with this Parliament, and the Government of Canada in concluding a firm bilateral accord which will provide a North American solution to acid rain.

**Some Hon. Members:** Hear, hear!

• (1445)

**Mr. Mulroney:** In this matter, time is not our ally but our enemy. The longer we delay, the greater the cost. For what would be said of a generation that sought the stars but permitted its lakes and streams to languish and die?

[*Translation*]

Mr. President, you have described our present bi-lateral negotiations as presenting the opportunity for concluding—in your words—an "historic trade agreement".

[*English*]

With regard to trade and the trade agreement, Mr. President, if such a trade agreement is fair to both countries, it will be good for both peoples.

**Some Hon. Members:** Hear, hear!

[*Translation*]

**Mr. Mulroney:** We are determined that this opportunity shall not pass in this generation, because the prosperity and competitive advantage of the next generation may well depend on it.

[*English*]

As we are linked in commerce and trade, so are we linked in the defence of our continent through NORAD, and in the defence of the Atlantic Alliance through NATO. As we are partners in progress, so are we partners in defending our democratic way of life.

**Some Hon. Members:** Hear, hear!

**Mr. Mulroney:** Canada is not a neutral nation. We are not, and never have been, mere spectators in the struggle between freedom and tyranny.

**Some Hon. Members:** Hear, hear!

**Mr. Mulroney:** Canada's credentials have been richly earned both in the defence of freedom and in the pursuit of peace.

Geographically situated between the two superpowers, Canada lives in the shadow of nuclear armaments.

[*Translation*]

Our people, deeply concerned about the arms race, are now encouraged by recent prospects for arms reduction. If the United States and the Soviet Union can conclude an agreement on short and medium range missiles, other arms reductions accords can follow.

A new day can begin. As President Eisenhower said in this House: "Beyond the shadow of the nuclear cloud, the horizon is bright with promise." Regrettably, after three decades that promise remains unfulfilled.

[*English*]

But with strength, solidarity and resolve, that promise may yet be secured.

It is the promise of a world in which a liberalized trading system works for the benefit of the developing, no less than the developed nations.

It is the promise of a world free of international terrorism, which our two Governments remain firmly resolved to combat.

It is the promise of a world free from the evil of apartheid, because the majority in South Africa cannot and must not remain in political and economic bondage.

It is the promise of a world where children learn tolerance and lead lives that exemplify it.

[*Translation*]

Those are but a few of our mutual obligations to a larger world, a world which looks to our two countries as beacons of liberty, of prosperity and generosity of spirit.

[*English*]

Mr. President, Sir Winston Churchill described the relationships between our nations as "an example for every country and a pattern for the future of the world". In testimony to that, this unique and enduring relationship has been celebrated recently by a joint resolution of the American Congress and the Parliament of Canada which proclaims July 2 and 3, the two days between our respective national days, as the "Canada-United States days of peace and friendship".

**Some Hon. Members:** Hear, hear!

**Mr. Mulroney:** Our respective legislators have served their constituents well.

Six years ago, on your first visit to this Chamber, Prime Minister Trudeau said: "I wish you well in your task and comfort in your burden. May part of that comfort come from the assurance of Canada's abiding friendship for your country and your people".

Mr. President, I make mine the words of Prime Minister Trudeau. As we once again welcome you and Mrs. Reagan in our midst, you will know that that sentiment remains indeed unchallenged and unchanged in this House, in this Parliament, and in this country.

**Some Hon. Members:** Hear, hear!

**Mr. Mulroney:** May I say to you, Mr. President, and to you, Mrs. Reagan, that in Canada you are among friends.

Ladies and gentlemen, the President of the United States.

**Some Hon. Members:** Hear, hear!

**Mr. Ronald W. Reagan (President of the United States):** Mr. Prime Minister, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, honourable Senators, Members of the House of Commons, distinguished members of the diplomatic corps, ladies and gentlemen:

It is a great honour to speak to you today. As you know, this is my third official visit to Canada. My last two were the first foreign trips I had taken after each election. But our constitutional prohibitions being what they are, I thought it was not wise to wait for another election before visiting you again.

**Some Hon. Members:** Oh, oh!

**Mr. Reagan:** I also wanted to time this trip after March so people would not think that these state visits are just an excuse for Prime Minister Mulroney and me to celebrate St. Patrick's Day together.

On each of these occasions I have been struck by how much our two nations have in common. Despite our many important differences, you see the similarities of our national characters in, among other things, the sports we share; hockey, baseball, football—with some modifications—and that fourth sport which seems to be as popular on both sides of the 49th parallel, giving a hard time to political leaders of Irish descent.

**Some Hon. Members:** Oh, oh!

**Mr. Reagan:** It is truly an honour to have a second opportunity to address this august body, this great democratic legislature that has been witness to and shaper of so much of

the history of freedom. I remember those days, not so very long after the attack on Pearl Harbour had once again united our two nations in a world conflict, when Winston Churchill stood where I am standing today. Wake Island had fallen just a week before; on Christmas Day, after an heroic defence by Canadian troops, Hong Kong was captured by the Axis; Manila was soon to be swallowed up as well.

But those who might have been expecting a picture of democracy in retreat got something very different from that indomitable spirit. "We have not journeyed all this way across the centuries," he said, "across the oceans, across the mountains, across the prairies, because we are made of sugar candy". Churchill was speaking of the members of the British Commonwealth, most specifically of the people of Canada, but I confess we Americans have always flattered ourselves that, though the thought was unspoken, he had us in mind, too.

As two proud and independent peoples there is much that distinguishes us, one from the other, but there is also much that we share: a vast continent, with its common hardships and uncommon beauties, generations of mutual respect and support, and an abiding friendship that grows ever stronger. We are two nations, each built by immigrants, refugees from tyranny and want, pioneers of a new land of liberty. The first settlers of this new world, alone before the majesty of nature, alone before God, must have been thrown back on first principles, must have realized that it was only in their most basic values that they would find the wisdom to endure and the strength to triumph. And so a dedication was formed, as hard as the granite of the Rockies—a dedication to freedom, a commitment to those unalienable human rights and their only possible guarantee, the institutions of democratic government.

A shared history, yes, but more than that: a shared purpose. It must have seemed to Churchill, besieged and isolated as he was in the one corner of Europe still clinging to freedom, that this American continent, and his two great friends and one-time colonies, had been placed here by a wise and prescient God, protected between two vast oceans, to keep freedom safe. In the crisis of the moment Churchill said it was not then time to "—speak of the hopes of the future, or the broader world which lies beyond our struggles and our victory". We must first, he said, "—win that world for our children".

In a very real sense, that is still our imperative today: to win the world for our children, to win it for freedom.

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** Today our task is not merely the survival of liberty, but to keep the peace while we extend liberty to a world desperately in need. Today we still contend against war, against a foreign expansionism, and I will speak to that in a moment. But I wish first to talk about a second struggle, one that must occupy an equal place in our attentions, the struggle against the plagues of poverty and under-development that still ravage so much of mankind.

Our two nations have committed many resources to that struggle, but we have it within our power at this moment to take an historic step toward a growing world economy and an expanding cycle of prosperity that reaches beyond the industrialized powers even to the developing nations. We can lead, first, by our powerful example, specifically by the example of Prime Minister Mulroney's far-sighted proposal to establish a free trade agreement that would eliminate most remaining trade barriers between Canada and the United States.

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** After the Allied victory over the Axis powers, America and Canada combined their efforts to help restore Europe to economic health. Those were golden years of international economic co-operation that saw the creation of GATT which knocked down the tariff barriers that had so damaged the world economy; the International Monetary Fund; and 30 years ago last month, the creation of the Common Market. The theme that ran through it all was free and fair trade. Free and fair trade was the lifeblood of a reinvigorated Europe, a revitalized free world that saw a generation of growth unparalleled in history.

We must keep these principles fixed in our minds as we move forward on Prime Minister Mulroney's free trade proposal, a proposal that, I am convinced, will prove no less historic. Already our two nations generate the world's largest volume of trade. The United States trades more with the Province of Ontario alone than with Japan. United States citizens are by far the principal foreign investors in Canada, and Canadians, on a per capita basis, are even greater investors in our country. This two-way traffic in trade and investment has helped to create new jobs by the millions, expand opportunity for both our peoples, and augment the prosperity of both our nations.

Prime Minister Mulroney's proposal would establish the largest free trade area in the world, benefiting not only our two countries but setting an example of co-operation to all nations that now wrestle against the siren temptation of protectionism. To those who would hunker down behind barriers to fight a destructive and self-defeating round of trade battles, Canada and the United States will show the positive way.

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** We will overcome the impulse of economic isolationism with a brotherly embrace, an embrace, it is not too much to hope, that may some day extend throughout the Americas and ultimately encompass all free nations.

We can look forward to the day when the free flow of trade from the southern reaches of Tierra del Fuego to the northern outposts of the Arctic Circle, unites the people of the western hemisphere in a bond of mutually beneficial exchange, when all borders become what the U.S.-Canadian border so long has been—a meeting place rather than a dividing line.

**Some Hon. Members:** Hear, hear!

• (1500)

**Mr. Reagan:** We recognize that the issues facing us are many and difficult. And just as this proud Parliament is watching our negotiations, so too is the United States Congress. A comprehensive, balanced agreement that provides open trade and investment on a comprehensive basis, an agreement in which both sides are winners—that is our goal.

Augmenting the spirit of the Uruguay trade negotiations, prelude to our economic summit in Venice this June, our free trade discussions here will be a model of co-operation to the world. Mr. Prime Minister, this will be a pioneering agreement worthy of a pioneering people; a visionary strategy, worthy of the elected head of one of the world's greatest democracies. Mr. Prime Minister, we salute you; and I pledge to you now that, for our part, we shall commit ourselves and the resources of our administration to good faith negotiations that will make this visionary proposal a reality.

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** And on this, the Canadian people and the Members of Parliament have my word.

Freedom works. The democratic freedoms that secure the God-given rights of man, and the economic freedoms that open the door to prosperity—they are the hope and, we trust, the destiny of mankind.

If free trade is the lifeblood, free enterprise is the heart of prosperity.

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** Jobs, rising incomes, opportunity—they must be created, day to day, through the enterprise of free men and women. We have had to learn and re-learn this lesson in this century. In my own country, we have witnessed an expansion and strengthening of many of our civil liberties, but too often we have seen our economic liberties neglected, even abused. We have protected the freedom of expression of the author, as we should—but what of the freedom of expression of the entrepreneur, whose pen and paper are capital and whose profits and literature are the heroic epic of free enterprise, a tale of creativity and invention that not only delights the mind, but has improved the condition of man, feeding the poor with new grains, bringing hope to the ailing with new cures, vanquishing ignorance with wondrous new information technologies.

In the United States we have found a new consensus, among members of both Parties, in a reformed tax structure that lowers tax rates and frees the spirit of enterprise of our people. Today, that consensus is broadening as your great free market nation seeks the same path back to the first principles of economic growth through rate-reducing tax reform. We see movements in Germany and Japan, as well, to cut tax rates. But this must be only the beginning; for what is simply beneficial to us is a matter of the most dire necessity to the nations and peoples of the developing world. And this is the second great example that, together, we offer to the nations of the world in desperate economic need. For the poorer, the more desperate their condition, the more urgently they need the growth that only economic freedom can bring.

We have seen time and again the healing, invigorating effects of economic freedom: tax rate cuts lifted both Germany and Japan out of post-war stagnation and into the forefront of the world economy; low tax rates catapulted the nations of the Pacific Basin out of the Third World, making them major economic partners today.

A recent study prepared for our Government found a direct relationship between the high tax rates and other statist policies of many underdeveloped countries and a cycle of deepening poverty and despair. On the other hand, the study found that countries with low tax rates and free market policies are among the fastest growing in the world, providing improved living standards and increased opportunity for all their people.

We apply the principles of economic freedom at home; we should not export central planning and statist economics abroad. When the Holy Father came to this country, he spoke of the moral obligation of the wealthier nations to share with those less fortunate—it is time to take up that challenge. Both our countries have been generous donors of foreign aid, and that is important.

But our own experience, the experience of this century, has shown that the only effective way to share prosperity is to share the conditions that generate prosperity. History has proven beyond a shadow of a doubt that statism spreads poverty; it is only freedom that begets wealth. Free markets, low tax rates, free trade—this is the most valuable foreign aid we can give to the developing nations of the Third World.

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** These are the weapons of peace we must deploy in the struggle to win a future of liberty for mankind. So many have come to Canada and the United States in hope—let us now give that hope to the world.

Throughout our history our two nations have keenly felt our international responsibilities. Instrumental in founding and maintaining the NATO alliance, through co-operative efforts in NORAD, Canada has taken a leading role in the defence of the free world. Meanwhile, we have co-operated in extending every effort to lessen the dangers of a nuclear-armed world.

Over the past six years, the United States—working closely with Canada and our other allies—has sought to achieve deep reductions in Soviet and American nuclear arms. Thanks to the firmness shown by the Alliance, we are moving toward a breakthrough agreement that would dramatically reduce an entire class of weapons—American and Soviet longer-range, intermediate range, INF missiles in Europe and Asia.

We have travelled far to get here—from past treaties that only codified the nuclear build-up, to the point where we may soon see the dismantling of thousands of these agents of annihilation. We are hopeful—we are expectant—but we face many difficulties still. As our negotiators continue to work toward a sound agreement, we are not going to abandon our basic principles—or our allies' interests—for the sake of a quick fix, an inadequate accord.

We will work for truly verifiable reductions that strengthen the security of our friends and allies in both Europe and Asia and that cannot be circumvented by any imbalance in shorter-range INF systems. In short, America will stand where she always stood: with her allies, in defence of freedom and the cause of peace.

We must continue to keep in mind, as well, that a major impetus in our reduction talks has been the growing reality of our Strategic Defence Initiative. SDI supports and advances the objectives of arms control—

**Mr. Robinson:** No way.

**Mr. Reagan:** —offering a more stable and secure environment as we pursue our goal of deep reductions in nuclear weapons. We must move away from a situation of Mutual Assured Destruction—so aptly called MAD, the MAD policy. We need defensive systems that threaten no one, that would save human lives instead of targeting them.

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** We must remember that the Soviet Union has spent 15 times as much on strategic defences as we have over the last 10 years, while their record of compliance with existing arms treaties continues to be a cause for concern. Most people do not understand that Mutual Assured Destruction has left our populations absolutely defenceless. This is an intolerable situation; the truly moral course is to move forward quickly with a new strategy of peace—based not on the ability to threaten lives, but on our confidence that we can save them. Let us choose a defence that truly defends.

As we have pursued better relations with the Soviet Union, we have laboured to deal realistically with the basic issues that divide that nation from the free world. Our insistence that the Soviet Union adhere to its Helsinki human rights agreement is not just a moral imperative; we know that no nation can truly be at peace with its neighbours if it is not at peace with its own people.

In recent months, we have heard hopeful talk of change in Moscow, of a new openness. Some political prisoners have been released; the BBC is no longer jammed—we welcome these positive signs and hope that they are only the first steps toward a true liberalization of Soviet society.

To the extent the Soviet Union truly opens its society—to that extent its economy and the life of its people will improve; to that extent we may hope its aggression will diminish. Disappointingly, however, there so far has been little movement on the Soviet side toward the peaceful settlement of regional conflicts that today are flaring across the globe.

Despite announcements of ceasefires and talk of national reconciliation, the Soviet's terrible war against Afghanistan remains unabated—and Soviet attacks on neighbouring Pakistan have escalated dangerously. In Cambodia, Ethiopia, and Angola, the Soviet Union continues to support brutal wars of Communist Governments against their own people. In Nicaragua, we see such a campaign on our own shores—

**Mr. Parry:** Shameful!

**Mr. Reagan:** Is there an echo in here?

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** Thank you. In Nicaragua, we see such a campaign on our own shores, threatening destabilization throughout Central America. This is not just a question of self-protection; the higher principle is that the people of Nicaragua have the right to decide their own future.

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** The surest sign that the Soviet Union truly wants better relations, that it truly wants peace, would be to end its global strategy to impose one-party dictatorships—allow the people of this world to determine their own futures, in liberty and peace. We know that when people are given the opportunity to choose, they choose freedom.

Truly, the future belongs to the free. In our own hemisphere, we have seen a freedom tide sweep over South and Central America: Six years ago, only 30 per cent of the people of Latin America lived in democracies—today, over 90 per cent do. Around the world, resistance movements are rising up to throw off the totalitarian yoke. Even in China, they debate the pace of reform but acknowledge its necessity.

• (1515)

On the border between Canada and the United States stands a plaque commemorating over a century and a half of friendship. It calls the border: "a lesson of peace to all nations", and that is what it is: a concrete, living lesson that the path to peace is freedom, that the relations of free peoples, no matter how different, no matter how distinct their national characters, will be marked by admiration, not hostility.

Go stand along the border at the beginning of July. You will see the Maple Leaf and the Stars and Stripes mixed in a swirling cloud of visitors and celebrants. As a Canadian writer once put it: "What's the difference between Dominion Day and July 4? About 48 hours".

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** Yes, we have differences, disputes, as any two sovereign nations will. But we are always able to work them out, *entre amis*.

One area of particular concern to all Canadians, I know, is the problem of acid rain. When the Prime Minister and I met in Quebec two years ago, we appointed two distinguished Envoys, Bill Davis and Drew Lewis, to examine the problem. They issued a joint report, which we have endorsed, and we are actively implementing many of their recommendations.

The first phase of our clean coal technology program is under way. It is the beginning of a $6 billion commitment through 1992, and I have asked Congress for the full share of government spending recommended by the Envoys—$2.5 billion—for the demonstration of innovative pollution control technologies over the next five years.

Literally thousands of firms and millions of jobs will be affected by whatever steps we take on this problem, so there are no quick and easy answers. However, working together, we have made an important start. I am convinced that, as in the past, our disputes will bring us closer as we find a mutual accord, and our differences will become only another occasion for co-operation. Let me assure you that your concerns are my concerns.

I was struck recently by the words of a Canadian—a Hungarian Canadian you might call him—who came to this country, as so many before him, to escape oppression. He said: "I wanted to stretch. I needed a place where I could move mountains or carry larger stones than Sisyphus, and here was the place for it—nobody telling me what I'm supposed to believe as a Canadian—gave me a kind of freedom for my mind and my spirit and my creative energies that I had never experienced before in life. (And) I found that, for me, anyhow, anything could be possible here".

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** This is your Canada, and our continent. This is the chosen place in history our two nations occupy: a land where the mind and heart of man are free; a land of peace; a land where, indeed, anything is possible.

May I add a word about our discussions today on two issues of critical interest to our two countries. The Prime Minister and I agreed to consider the Prime Minister's proposal for a bilateral accord on acid rain, building on the tradition of agreements to control pollution of our shared international waters.

The Prime Minister and I also had a full discussion of the Arctic waters issue, and he and I agreed to inject new impetus to the discussions already under way. We are determined to find a solution based on mutual respect for sovereignty and our common security and other interests.

**Some Hon. Members:** Hear, hear!

**Mr. Reagan:** Thank you all very much, and God bless you.

**Some Hon. Members:** Hear, hear!

**Hon. Guy Charbonneau (The Speaker of the Senate):** Mr. President, Mr. Speaker of the House, Prime Minister, ladies and gentlemen:

[*Translation*]

Mr. President, first of all, I would like to thank you for your visit to this country and to the Parliament of Canada, and also for the words of wisdom and encouragement you have just spoken. They confirm that Canada and the United States of America have in common, as has ever been the case, a desire to build a better, safer and more prosperous world, with a profound respect for liberty and justice. They also confirm that the special ties between our two countries are as important to you, our neighbours and American friends, as they are to us Canadians.

[*English*]

We are particularly pleased that your visit takes place during the Bicentennial of the birth of the American Constitution, that godchild of Montesquieu's enlightenment. It is a happy reminder of the ties between Europe and America, and gives us reason to believe that the most important event in Europe in the 18th century was the Congress of Philadelphia.

The Bicentennial of your Constitution has a profound significance for us. Without it, our own Canadian Constitution might well have been quite different. Your founding fathers were innovators in their day in that they established a federation, a bold departure in a world dominated by unitary or at best confederative systems of government. We shall always be grateful to them for setting an example of a federative system of government.

Your republican Constitution and a consciousness of the relationship between Canada and the United States played a part, too, in the naming of our country in 1867, the year of Confederation. In calling the new country "The Dominion of Canada" rather than "The Kingdom of Canada", the British Government tactfully deferred to the republican feelings of our southern neighbours. It was a gesture which showed considerable statesmanship, in that it could present Canada as a republican monarchy.

In fact, in 1787, your fellow Americans saw clearly that the office of President closely resembled that of a monarch. They proposed that the President be addressed as "His Majesty". This idea was rejected, but for a time, people still spoke of the President's "throne". As you will know, Mr. President, by another paradoxical situation, the impecunious Hamilton promoted the royal symbols, while the wealthy Jefferson pleaded for the republican emblems.

In 1867 we chose to name our Upper House the Senate, and, like yours at the beginning, it is a non-elected body. After all, it was not until 1913 that by an amendment to the Constitution your country decided to elect rather than designate Senators. In that process, the prestige and influence of the House of Representatives was somewhat diminished. I doubt that my Senate colleagues expect soon to be in a similar position *vis-à-vis* the House of Commons but, as you know,

history has a habit of coming up with some surprising developments!

[*Translation*]

Mr. President, you are aware of the importance to Canadians of the ties between our two countries. Sharing a continent and common values, we are in the habit of considering you as our American cousins. Although our symbols would seem to contradict each other—the star-spangled banner of the Republic and our country's sovereignty within the British Commonwealth—our relations have always reflected a profound mutual respect.

[*English*]

Our common political origins and our long history of amity and co-operation allow us to affirm that our friendly relations are destined for perpetuity. Your presence and your words to us today are additional proof of this, and we offer you our respectful gratitude.

We are honoured that you accepted our invitation to address us. Thank you, Mr. President.

**Some Hon. Members:** Hear, hear!

**Mr. Speaker:** Mr. President, many distinguished visitors address both Houses of Parliament in this Chamber, but no occasion is more welcome than when the long friendship that exists between our two peoples is manifested by the presence here of the President of the United States.

**Some Hon. Members:** Hear, hear!

**Mr. Speaker:** On each past occasion, Presidents have spoken of the close friendship between Canada and the United States, and your words today maintain that tradition.

Canadians have reciprocated with the heartfelt welcome our people give to very special friends.

We share a continent and have done so peaceably for many generations. We have fought as allies against tyranny and for the democratic principles which we both share.

[*Translation*]

We have remained close allies, despite some difficult times. We both know that only mutual cooperation will enable our respective nations to meet their obligations to each other and to the rest of the world.

[*English*]

We who cherish freedom and parliamentary institutions are aware not only of the advantages and privileges we enjoy as free people, but also of the responsibility we have to set an example of mutual co-operation for others.

The close relationship which exists between Canadian parliamentarians and members of the Senate and House of Representatives is consequently of great significance. That close relationship will be again strengthened later this year when the Canada-United States Parliamentary Association holds its annual meeting in Vancouver, British Columbia.

These meetings exemplify a growing desire of parliamentarians in both our countries to come together to address both the problems and the opportunities which we share as a consequence of our close association as neighbours and friends.

Your visit, Sir, encourages this close relationship, and we are grateful for your personal commitment in this regard.

[*Translation*]

Mr. President, as Speaker of the House of Commons, it is with great pleasure that I welcome you to this Chamber today, on the occasion of your visit and that of Mrs. Reagan.

It is an honour and a privilege to do so, and we thank you for this opportunity.

[*English*]

You take with you our renewed expression of respect and warm affection for you and for all our American friends. Thank you, Mr. President.

**Some Hon. Members:** Hear, hear!

**Mr. Speaker:** I now adjourn this meeting.

# THE SENATE

**Wednesday, April 8, 1987**

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

Prayers.

## BATTLE OF VIMY RIDGE

SEVENTIETH ANNIVERSARY—TRIBUTES

**Hon. Jack Marshall:** Honourable senators, tomorrow, April 9, at 11 a.m., ten Canadian World War I veterans will take part in the commemorative ceremony to mark the seventieth anniversary of the Battle of Vimy Ridge. The ceremony will be held at the foot of the huge, majestic Canadian memorial at Vimy, France. This impressive monument was erected to honour all those Canadians who served and who gave their lives in World War I. It was unveiled on July 26, 1936, by King Edward VIII, 11 years after construction began.

It is, as it should be, the mandate of the Government of Canada to perpetuate the memory of Canada's war-time sacrifice and to ensure that all Canadians, regardless of the generation to which they belong, never forget the great sacrifices that were made on our behalf in war-time.

The ten veterans took part in the epic Battle of Vimy Ridge on April 9, 1917, when Canadian troops scored a major military victory in taking the well defended ridge, after French and British troops had failed to do so, at a great cost in lives. The Battle of Vimy Ridge saw the Canadian Corps, four divisions strong, fighting side by side for the first time. More than 140,000 men took part in the one-day battle. There were over 3,500 dead among the 10,600 Canadian casualties.

The names of 11,285 Canadians who died during World War I and who have no known graves are inscribed on the ramparts of the monument.

Last night the CBC showed a short film of a World War I veteran, Mr. R. Henley of British Columbia, visiting Vimy. The producer of the film, Halya Kuchmij, should be commended for an excellent production, which depicts the memories of one who recalled the battle in which he fought 70 years ago in his tender youth.

While the Government of Canada can be commended for providing the visit of these ten World War I veterans, it is unfortunate that some of our youth could not have been given the opportunity to accompany Veteran Henley to Vimy Ridge so that they would be reminded of the horrors of war, which were experienced by Canadian soldiers of their own age, and of the importance of preserving peace.

**Hon. Senators:** Hear, hear!

**Hon. Raymond J. Perrault:** Honourable senators, I want to thank the Honourable Senator Marshall for his comments. I have made a pilgrimage to Vimy, as he has done and as have many others. What struck me about Vimy is the fact that there are Canadians of every ethnic descent, every religion, every background and every province represented there. It was inspiring to see evidence of united effort and what it achieved in helping to shape our nation. As one who has been critical of the CBC in the past for one or two reasons, which I felt had some validity, I must say that the production by the CBC aired last night was outstanding. Allan Abel and his associates deserve the commendation of all of us. It was a sensitive, thoughtful portrayal of one old soldier's views of the Battle of Vimy Ridge. Extremely well done!

## COMMITTEE OF SELECTION

FOURTH REPORT PRESENTED AND ADOPTED

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

Wednesday, April 8, 1987

The Committee of Selection has the honour to present its

FOURTH REPORT

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

SPECIAL COMMITTEE ON THE SUBJECT-MATTER OF THE BILL C-22, AN ACT TO AMEND THE PATENT ACT AND TO PROVIDE FOR CERTAIN MATTERS IN RELATION THERETO

The Honourable Senators Barootes, Bonnell, Buckwold, Cogger, David, Gigantès, *MacEachen (or Frith), Marchand, *Murray (or Doody), Turner. (8)

*Ex officio members.

SPECIAL COMMITTEE ON NATIONAL DEFENCE

The Honourable Senators Buckwold, Doyle, Hicks, Kelly, Lafond, Langlois, *MacEachen (or Frith), Marshall, McElman, Molgat, Molson, *Murray (or Doody), Petten, Roblin. (12)

*Ex officio members.

Respectfully submitted.

ORVILLE H. PHILLIPS
*Chairman*

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

**Senator Phillips:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be now adopted.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND FEDERAL POST-SECONDARY EDUCATION AND HEALTH CONTRIBUTIONS ACT, 1977

### NATIONAL FINANCE COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-44

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on National Finance be authorized to examine the subject-matter of the Bill C-44, "An Act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, in advance of the said Bill coming before the Senate or any matter relating thereto.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, we have granted leave to have this motion introduced, but we did so to give Senator Doody an opportunity to explain why we should have a pre-study of this bill. I am sure he can convince us, but I think we should establish the principle that if we are going to have a pre-study, some explanation should be given as to why.

**Senator Doody:** Thank you, Senator Frith. I am pleased to have the opportunity to explain to my colleagues why we found it necessary to introduce this motion and to ask leave at this time for a pre-study.

As honourable senators are aware, C-44 is a bill to amend the Federal-Provincial Fiscal Arrangements Act. It deals with post-secondary education payments and health payments, and also with equalization payments. The first two items, I think, are not too important in terms of the time factor. They can be handled under the terms of the bill. However, equalization payments are another matter entirely. The present legislation will expire very shortly and in order for the Government of Canada to make its scheduled payment to the provinces on April 16, it is felt that this bill should be passed before that date, if it is indeed the intention of this chamber to let it pass.

The date suggested is April 14. That will give the government time to promulgate the regulations that are necessary. A special cabinet meeting will have to be called for that purpose at that time. After the regulations have been promulgated, the authority will be given to the Department of Finance to issue cheques to those provinces.

I do not have to explain to honourable senators how important these equalization payments are, or how important their early arrival is. I know that in the case of the Province of Newfoundland, the April 16 payment will amount to some $31 million. The total equalization payment to that province comes to something of the order of 27 per cent of the province's revenue. I think the same percentage is true for the Province of Prince Edward Island. The percentages vary for other provinces, but do not go as high. If these payments do not arrive on time, those provinces will face some problems.

I appreciate the fact that once again we are being pressed for time and being put under the gun. The pressure is on. I have been told by people in the other place and by officials from the Department of Finance that they did not get an opportunity to start putting these arrangements together until late January because of the inability of the Census Bureau to provide them with the statistics they required to compile the figures. I concede that there are problems in offering that as an explanation. Why the Census Bureau should feel that it is in a position to dictate the time schedule, or why a government should allow it to do so, is a question that can be asked at some time in the future.

As I said, I have been told by the officials that they could not start working on these figures until late January. The legislation was introduced in the other place as soon as possible thereafter. For whatever reason, the other place has not seen fit to pass the bill yet. In addition, we are now faced with the Easter recess, which further complicates the matter.

Considering all of these complications, I ask leave of the Senate to refer the subject matter of the bill to the Standing Senate Committee on National Finance.

**Senator Frith:** Honourable senators, the legislative schedule the Deputy Leader of the Government wants to try to meet for this bill has been explained. Does he have reason to believe that the other place will be able to meet that legislative schedule? I ask that because the bill itself is not even before the Senate; simply the subject matter of the bill is before the Senate.

**Senator Doody:** As did my predecessors in this position, I live in hope and very often end up in despair. I have been told by those in the other place that the bill is now at the report stage, that there are several amendments to be voted on, but that they hope to do that this afternoon. They tell me that with reasonable luck the bill will be passed by the House of Commons this afternoon. I cannot give honourable senators any assurance that that will happen. That may not happen until tomorrow; I can only say that I have been told that the bill may be passed tomorrow, but that the government hopes that it will be passed today. One has to consider the adage about the opposition opposing and the government proposing. That we will see as time goes on.

**Senator Frith:** Does the deputy leader think that he will be able to arrange a meeting of the National Finance Committee to deal with this legislation soon?

**Senator Doody:** I am pleased to see that the chairman of that committee, Senator Leblanc, is present. I have always been impressed by his cooperation and the cooperation of the members of that committee. I have no doubt that he will do everything he possibly can to arrange a meeting in the shortest possible time so that that committee can examine the subject matter of the bill in great detail. The Federal-Provincial Fiscal Arrangements Act and the equalization parts of that act are of great significance to the regions of the country.

Motion agreed to.

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• (1410)

## QUESTION PERIOD

[*English*]

### CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN QUEBEC CITY—DECLARATION BY PRIME MINISTER AND PRESIDENT ON REDUCTION AND ELIMINATION OF TRADE BARRIERS—STATUS OF REPORT

**Hon. Jerahmiel S. Grafstein:** Honourable senators, at the "Shamrock Summit" on March 18, 1985, there was a declaration by the Prime Minister of Canada and the President of the United States regarding trade in goods and services. This declaration was set out in a press release made following that "summit".

In that declaration there were a number of commitments, but I would like initially to read one:

> We have charged Ambassador Brock, the United States Trade Representative, and the Honourable James Kelleher, Minister for International Trade, to establish immediately a bilateral mechanism to chart all possible ways to reduce and eliminate existing barriers to trade and to report to us within six months.

Was that report received by the Government of Canada? If so, could that report be tabled in the Senate for consideration?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall have to make inquiries about that.

It will be obvious to the honourable senator that the communiqué was overtaken by events, including the Prime Minister's proposal for the negotiation of a free trade treaty with the United States and the agreement by the U.S. administration and the Congress to enter into those negotiations.

SUMMIT MEETING IN OTTAWA—REAFFIRMATION OF DECLARATION

**Hon. Jerahmiel S. Grafstein:** Well, a further quote from that declaration states as follows:

> We have also directed that action be undertaken over the next twelve months to resolve specific impediments to trade in a manner consistent with our international obligations and our legislative requirements.

The declaration goes on to say:

> . . . and will concentrate initially on:
>
> national treatment, on a contractual, equitable and mutually advantageous basis, with respect to government procurement and funding programs;

My question for the Leader of the Government in the Senate is: Was this aspect of that declaration reaffirmed by Mr. Mulroney and Mr. Reagan during the President's visit here last week? Could he tell us what specific action has been taken on that question since March of 1985?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Yes, honourable senators, those matters are on the table in the negotiations now taking place between our two countries.

### THE SENATE

POINT OF ORDER

**Hon. Charles McElman:** Honourable senators, I have a couple of questions for the Leader of the Government in the Senate, but before proceeding to them I would like to raise a small point of order.

I have noticed of late, and again just a moment ago, that some honourable senators rise in their places and instead of addressing themselves immediately to honourable senators, they look to and await recognition by the Chair before they start.

I would simply remind everyone that in this place senators do not require recognition from the Chair. There is a rule that was spoken of last week by the Honourable Senator Frith and the Honourable Senator Flynn about the situation when two senators rise. But when one senator rises, he addresses himself immediately to honourable senators. He does not look for recognition by the Chair, nor, indeed, should he look for such recognition. He looks only for recognition by his peers.

With that bit of information, could I proceed to a question?

**Hon. Senators:** Yes.

**Senator Frith:** With our permission, yes.

**The Hon. the Speaker** *pro tempore:* Don't look at me!

**Senator McElman:** In these circumstances, I neither look for nor do I recognize any recognition by the Chair.

### CANADA-UNITED STATES RELATIONS

FREE TRADE NEGOTIATIONS—REMARKS BY U.S. SENATOR—NEED FOR EDUCATION

**Hon. Charles McElman:** Honourable senators, in the *Ottawa Citizen* under a "Kitchener (CP)" dateline, there is an article which starts in the following manner:

> Canadian and American cultures should be blended into one and trade conducted between the two as if they were part of the same country, says the chairman of the U.S. Senate's subcommittee on trade.
>
> Senator Spark Matsunaga said the relationship would be one "wherein we practically integrate our economy" and where American and Canadian cultures are blended into one.

The article further states:

> Matsunaga is chairman of the trade subcommittee of the Senate's powerful finance committee, which will play a critical role in shaping a free-trade deal with Canada.

I must point out that the name of the honourable senator is "Spark", and he certainly struck sparks from me.

I would ask the Leader of the Government, as one maritimer who is very much in favour of a much freer trade negotiated agreement with the United States as long as there are provisos to such an agreement, does he think it would be appropriate and useful if the government were to instruct our embassy, because of the importance of the senator, to seek an opportunity to educate him on how Canadians regard themselves in approaching such arrangements?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am confident that our representatives in Washington will do that without requiring any further instruction from Ottawa.

The United States senator in question is obviously a candidate for the "Champ Clark" award for unwelcome comments on Canadian debate.

Canada's ability and our determination to support and enhance Canadian cultures and Canadian identity are not negotiable. The Prime Minister has said that on numerous occasions. Our counterparts in the United States administration and the United States negotiators are fully aware of our position in that regard.

## NATIONAL STATISTICS COUNCIL

### MEMBERSHIP—REGIONAL REPRESENTATION—REQUEST FOR ANSWER

**Hon. Charles McElman:** Honourable senators, a couple of weeks ago I asked the Leader of the Government in the Senate a question concerning the National Statistics Council and whether certain provinces would be given appropriate representation on that council. He agreed to check into the matter, and I did too, but as yet I have not been successful in determining whether corrective action has been taken; has he?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, if it is the matter I think the hounourable senator is referring to, I believe I said at the time that corrective action was imminent. It was not as imminent as I thought it was, but it is inevitable.

**The Hon. the Speaker** *pro tempore:* Senator Olson.

[Senator McElman.]

## AGRICULTURE

### FARM CREDIT CRISIS—GOVERNMENT ACTION

**Hon. H.A. Olson:** Honourable senators, I should like to thank the Deputy Leader of the Government for providing the delayed answer yesterday—

## THE SENATE

### POINT OF ORDER

**Hon. Charles McElman:** Honourable senators, I was very serious in what I said a few moments ago. I appreciate that certain things may evolve in the Senate, however, I do not think this matter should be taken lightly.

Honourable senators are in charge of this house, and honourable senators deserve to be addressed by other honourable senators and to be recognized by other honourable senators. The practice here has been very clear down through the years. I am not looking in a certain direction, but I for one would appreciate it if the procedures that have been established over many decades could be properly followed when one senator rises and seeks the recognition of his peers.

● (1420)

**Senator Buckwold:** What happens when two senators rise?

**The Hon. the Speaker** *pro tempore:* May I have the permission of honourable senators to say something on the point of order which has been raised by the Honourable Senator McElman?

**Senator McElman:** Your Honour, I did not wish to address you; you force me to. When a matter of this kind is raised in the chamber, I believe it is appropriate that honourable senators, if they wish, discuss it before there should be any intervention from the Chair.

**The Hon. the Speaker** *pro tempore:* Honourable senators, I just wanted to say to Senator McElman that I only dare to give the floor to a certain senator because often two senators rise at the same time, and I think the rules permit me to make a choice.

**Senator Walker:** Hear, hear!

**The Hon. the Speaker** *pro tempore:* This is why I sometimes have to recognize a senator who wishes to take the floor. I wanted to say to Senator McElman that I have been here so long that I know the rules, and I do not want to offend against them. I also want to give to the reporters a chance to recognize which senator wants to take the floor. This is all.

I repeat that I do not want to offend against the rules. If Senator McElman wants to blame me for what I am doing—I am trying to do my best—he should just do it, and I am going to take my decision.

**Senator McElman:** Honourable senators, it seems to me that the practice that has developed over many years has been changing recently by a method that I fear very much in any area of parliamentary activity—it is gradualism. We have rules, but practice, if permitted to continue over a long period

of time, will come to supersede rules. That has been the case in parliaments down through the years. I have no argument with the rule which says that when two senators rise in their places, the Speaker shall recognize the senator who, in his opinion, has first risen to his feet. However, that is not the practice that has, through gradualism, been developing here. It has reached the point, as I said earlier, where some senators will stand, look to the Chair, and actually wait until they have recognition by the Chair before they speak. That is neither necessary nor appropriate. Senators, and nobody else, are in charge of this chamber. The Chair is not in charge of this chamber; senators are. I think that if we continue to stray from that rule, through gradualism we will destroy some of the customs of this house that are very meaningful. It is in that sense that I have raised this matter.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, if I may, I appreciate what Senator McElman has said, but it seems to me that a great many of our practices have been changing in recent years. A fairly extended and sometimes quite lively oral Question Period is something that is relatively new to this chamber. I have looked at *Hansards* going back some years and I know that the kind of Question Period that we have recently been conducting goes back only to about 1979—

**Senator Guay:** You don't remember Senator Flynn?

**Senator Flynn:** Do you remember me?

**Senator Buckwold:** Who can forget you?

**Senator Murray:** —when there were three ministers of the Crown in this chamber. I sometimes think that our Question Period has all of the worst features of the Question Period in the other place and very few of the better features. There are not many rules governing the Question Period here, although there are several quite precise rules regarding it, which, I regret to say, are honoured more in the breach than in the observance.

Under the circumstances, I must say that I do not find that Mr. Speaker or his deputy have tried to interfere with the undoubted right of honourable senators to conduct their own affairs; but I raise the question whether, in view of the fact that our customs seem to be changing in this place, we should not give some consideration to changing our rules to take account of this fact and to keep pace with those changing customs; and one of the things that honourable senators might like to look at is the role of the presiding officer in this place.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, speaking to the points raised by the Leader of the Government, I believe that his comments are supported by his research about the changing nature of Question Period.

However, I believe the important point to be made in that connection—and it is related to what Senator McElman has said—is that the change took place as a result of, or evolved from, practices put into effect by honourable senators. That is Senator McElman's point, namely, that the changes in procedures and customs in this place should evolve through honourable senators, not through the Speaker, because it is the senators who are masters of the procedure—and that is the reason senators address "honourable senators" rather than "Mr. Speaker".

Senator McElman may, if he so wishes, speak for himself and make it quite clear; but the present Speaker, His Honour who is in the Chair at the moment, should not feel that anyone is offended by what he did, and we have no intention—I am sure that Senator McElman does not and I do not—of saying anything offensive about him. It is not a matter of personal offence; it is a matter of whether we want to preserve established procedure; and it seems to me that in that context it is very relevant that, as the Leader of the Government suggested, we, the senators, might want to change that. I assume he means that we might want to discontinue the practice of addressing "honourable senators", and start addressing the Chair.

It is a suggestion for reform, but a reform that must take place by reason of honourable senators deciding to do so. The only direct role provided for in the rules relevant to what we are talking about is to be found in rule 15. It says:

> The Speaker shall preserve order and decorum, and shall decide points of order,

So, the practice is that only when there is some absence of decorum or order do honourable senators call on the Speaker to resolve the difficulty. That is why the rules themselves provide for the occasion when more than one senator rises—because at that point there is the need for intervention to bring order. If a senator stands and says, "Honourable senators," it seems to me that decorum and order are not in any way threatened. Decorum and order exists. I think that is Senator McElman's point. A senator proceeds to address "honourable senators", without waiting for permission from the Chair.

• (1430)

**Hon. Jacques Flynn:** Honourable senators, I do not disagree with the interpretation of the rules as expressed by Senator McElman, but I must say that his point was taken at the very wrong time, because when he rose, Senator Olson also rose. The honourable senator was recognized in preference to Senator Olson. When the honourable senator rose on his second point of order, Senator Olson also tried to be recognized or to take the floor. That is why His Honour finally had to say, "Senator Olson, you have the floor."

It is very difficult during Question Period for any honourable senator rising to know whether he has been recognized by the Speaker and by honourable senators as a whole. In this specific case, Senator Olson had tried to rise three times, and when he was finally recognized by the Chair, Senator McElman rose a second time on his point of order. So even if we agree with the way in which the honourable senator described the problem, I think, under the circumstances, that it was the duty of the Chair to recognize Senator Olson.

**Hon. Finlay MacDonald:** Honourable senators, on the same point of order raised by Senator McElman, may I point out that there is no way that people listening to the audio in this

place are able to identify the honourable senator speaking unless the Speaker has indicated who it is. One must recognize the voice of every speaker—

**Senator MacEachen:** In your case, it would be easy. You have a memorable voice.

**Senator MacDonald:** —in this house to understand who is speaking.

**Senator Haidasz:** Look them up in the seating plan!

**Senator Guay:** You can see!

**Senator McElman:** Senator MacDonald, I think that we recognize each other "by sight" as opposed to "by sound". In reference to the point raised by Senator Flynn, may I say, with respect, that when the two senators he spoke of rose in their places, I very clearly stated that I was speaking on a point of order, which takes precedence.

**Senator Flynn:** But two senators rose at the same time.

**Senator McElman:** But I was rising on a point of order.

**Senator Flynn:** But the Chair could not know that in advance.

**Senator McElman:** As the honourable senator, who is somewhat of an authority on the rules, knows, a point of order takes precedence. I was addressing my fellow senators on a point of order, so his example really does not hold water.

**Senator Flynn:** Honourable senators, the honourable senator is really pushing, because how can the Chair recognize that one senator is rising on a point of order and that the other one is not?

**Senator McElman:** I so stated.

**Senator Flynn:** For God's sake! I mean, push, but push equally.

**Senator McElman:** I was recognized because I stated that I was rising on a point of order.

**Hon. Gildas L. Molgat:** Honourable senators—

**Hon. Stanley Haidasz:** Honourable senators—

**Some Hon. Senators:** Oh, oh!

**The Hon. the Speaker** *pro tempore:* The Honourable Senator Molgat.

**Senator Molgat:** Honourable senators, if I may speak to this very interesting point of order, I think that there might be a solution that is in keeping with the reforms of our institution that we could look at. I suspect that the reason that we have not given our Speakers the same power as the Speakers of the other place have is that we have never controlled the choice of Speaker in this place. With no disrespect to present Speakers or past Speakers, our Speakers have been imposed on the Senate by the Prime Minister of the country. Would it not be a proper time now for us to consider electing our Speaker, as is done in the House of Commons? I think it would be a sensible reform with which to proceed at this time in particular. Then we would be prepared to give our Speaker whatever powers we deem necessary.

[Senator MacDonald.]

## HEALTH AND WELFARE

### DRUG ABUSE—NATIONAL STRATEGY FOR PREVENTION

**Hon. Stanley Haidasz:** Honourable senators, I have a question for the Leader of the Government in the Senate. It was announced by the Prime Minister last September, and then in October in the Speech from the Throne, that the federal government recognized drug abuse as a great national problem and that a national strategy to prevent drug abuse would be developed by the government. Would the Leader of the Government in the Senate give us at least a broad outline or the highlights of this national strategy to prevent drug abuse in Canada?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, a decison on that matter is imminent, and an announcement will be made very shortly by my colleague, the Honourable Jake Epp, Minister of National Health and Welfare.

### ACQUIRED IMMUNE DEFICIENCY SYNDROME—REPORTED CANADA-UNITED STATES AGREEMENT TO COMBAT DISEASE

**Hon. Stanley Haidasz:** Honourable senators, I have a supplementary question. Last Monday it was reported that the Prime Minister and President Reagan had reached some kind of agreement on Canada-United States cooperation to deal with the tragic disease AIDS. Would the Leader of the Government in the Senate expound or enlarge upon that report?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, what is involved, I believe, is the sharing of information, particularly in the area of research, into this deadly disease. However, I shall inquire to see whether there is any further information or more details that I can bring to the attention of the Senate.

### ACQUIRED IMMUNE DEFICIENCY SYNDROME—TESTING OF DIPLOMATS AND MEMBERS OF ARMED FORCES

**Hon. Stanley Haidasz:** Honourable senators, while the Leader of the Government is inquiring into the details of this agreement, would he also find out whether it is the intention of the Canadian government to test all diplomats and members of the armed forces for the AIDS virus?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I can tell the honourable senator that it is not the intention of the Canadian government to make such testing mandatory.

## AGRICULTURE

FARM CREDIT CRISIS—GOVERNMENT ACTION—REQUEST FOR CLARIFICATION OF DELAYED ANSWER

**Hon. H.A. Olson:** Honourable senators—

**Hon. Senators:** Hear, hear!

**Senator Olson:** I was about to ask the Leader of the Government a question of clarification relating to one of the delayed answers that he gave yesterday. First, I ought to say that I agree with Senator McElman's interpretation of the rules and, more specifically, with the part where he said that if two senators rise at the same time, the Speaker may indicate who rose first. I want to say also that if I had realized—and I looked over in his direction—that Senator McElman had not finished with his point of order, I would not have risen at all.

The question I want to pursue with the Leader of the Government is the one dealing with Farm Credit Crisis—Government Action. I do not want to read all of the answer because, as the Deputy Leader indicated yesterday, it is very long, and it remains just as long today. However, there is one paragraph that I do not understand and for which I would ask the leader to get clarification. It is in the middle of the answer, and it reads:

> Although these measures will help offset the adverse effects of low commodity prices, the minister has made it clear—

That is, the Minister of Agriculture.

> —that farmers in Canada should not base their seeding decisions on the expectation of what the government might do next.

That may be good advice, but I do not know what it means. Perhaps the leader could give us an explanation as to why farmers should not rely on what the government might do next.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, what it means is that there is no short-term fix, as I said the other day, to the problems of low commodity prices, particularly low grain prices and oversupply of these commodities. It would be virtually impossible for the Government of Canada, first, to compete with the kind of subsidies that are being offered by the United States and the European Economic Community or, second, to compensate fully for the serious world conditions affecting those commodities.

**Senator Olson:** Honourable senators, that is one interpretation that can be put on that paragraph. If one reads it very carefully, as I have done several times, it could be considered as giving notice that the government does not intend to continue the programs, including the program of grain stabilization payments. When the government says that the farming community "should not base their seeding decisions . . . on the expectation of what the government might do," could it be a subtle way of withdrawing from the programs for the grain industry that have been in effect in 1986?

• (1440)

**Senator Murray:** To what programs is the honourable senator referring?

**Senator Olson:** That comment causes me to read one other paragraph, and that is the paragraph immediately preceding what I just read. It says:

> This year, that amount will increase substantially because of the $1 billion.

That refers to grain:

> As well, the stabilization programs will deliver record-setting payments this year.

Those are the payments out of the stabilization fund.

> This money will help farmers meet their payments.

Then comes the paragraph which I read, which says that farmers should not base their seeding decisions on what the government might do next. Is the government then serving notice that it is withdrawing those programs?

**Senator Murray:** No, honourable senators, but I think it is fair to say that people should not expect another special $1 billion program next year.

**Senator Olson:** Will there be a time when farmers can expect to receive some recommendations from the government with respect to their planting intentions? This is nothing new; this is a practice of announcing the amount of the initial payment and other things that the Minister of State for the Canadian Wheat Board does about this time of the year, just ahead of the planting season, and that is where we are now. Is there any advice that the government, having regard to its expertise in the field, wishes to give to farmers as to whether to seed more barley, less wheat, or whatever else?

**Senator Murray:** Honourable senators, ministers responsible in this area have spoken about the short and medium-term prospects in this field, and farmers have had an opportunity to acquaint themselves with those comments.

The government is continuing to do all it can, particularly in the international field, to try to improve the situation. For instance, the Prime Minister brought the matter to the economic summit at Tokyo. He informed President Reagan the other day of our intention to bring it back to the economic summit in Venice in June, and received President Reagan's support. The Prime Minister will be meeting with farm leaders prior to that international summit. Meanwhile, the Minister for International Trade and other ministers have been meeting with agricultural exporting nations—the so-called Cairns Group—which, by the way, will be meeting in Canada within a couple of months.

Canada is exerting every effort and, indeed, showing remarkable leadership in the world community to try to improve this situation. I can only say that so far as our advice to farmers is concerned, the honourable senator can expect that the announcement of the initial price will not be long delayed.

**Senator Olson:** Honourable senators, I do not want to pursue this matter at length now. However, I must impress

upon the Honourable Leader of the Government in the Senate that the farmers cannot change the weather; that if a farmer in western Canada is going to seed wheat at all, he seeds it in April and May. Up until this year there has always been an indication from the government—and particularly from the Minister of State for the Canadian Wheat Board—with respect to these matters. I cannot impress upon the Leader of the Government in the Senate more profoundly that the farmers need an answer now from the body that has the most information and all the other facilities, namely, the Wheat Board. The farmers cannot wait until June, or whenever, to change their seeding intentions. It will be too late by then, so I implore the minister and his colleagues to be as helpful as they can be, and not just simply say there will be a meeting two months from now and another meeting somewhere else at some other time, after it is too late. The farmers need to know right now.

**Senator Murray:** I am not sure what the honourable senator needs to know right now. I have told him already what the date is, or at least I have given him a pretty good approximation of when the initial price will be announced. I am not sure what other information the honourable senator requires at the moment.

I can tell him that the immediate outlook for recovery in terms of world prices is not very great, as he must know. He does not need me to tell him that.

**Senator Olson:** Honourable senators, what I wanted to have was an explanation of what the government itself said, and I do not want to repeat all that it said, but here it says:

> . . . farmers in Canada should not base their seeding decisions on the expectation of what the government might do next.

**Senator Murray:** Honourable senators, I gave that answer in reply to the very first question that the honourable senator posed, after which he chose to rise and give his interpretation of what the government meant. I have told him what the government meant.

**Senator Olson:** Honourable senators, if I were a practical farmer—which, by the way, I am—I could take all the answers that the Leader of the Government has given me and I would not find one speck of information that would be helpful to me in deciding to seed one crop as opposed to another, and I think that farmers in this country expect that kind of information. They have had it from previous governments, and even from this government last year. Why the complete withdrawal now?

## SENATE REFORM

### INCLUSION ON AGENDA FOR NEXT FIRST MINISTERS' CONFERENCE

**Hon. Gildas L. Molgat:** Honourable senators, I have a question for the Leader of the Government in the Senate. We have known for some time now that Premier Getty is supporting a study by the First Ministers of Senate reform. This morning a news story coming from Edmonton reads:

> Ontario ready to discuss reform of Senate, Peterson says

So we now have at least two premiers who we know for sure are interested in Senate reform.

Can the Leader of the Government in the Senate indicate to us whether or not this matter will be on the agenda for the next meeting of First Ministers?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the next meeting of First Ministers is on April 30, at which time they will address themselves to the question of Quebec. Last August, in Edmonton, the premiers agreed that their first constitutional priority would be to bring Quebec on board, as it were. This was confirmed in November at the time of the federal-provincial First Ministers' Conference. Therefore, as Premier Peterson was quoted as saying yesterday, the first step is to bring Quebec on board in order to have ten provinces at the table, actively participating in the constitutional evolution of the country. When that has happened, then we can proceed to a second round at which Senate reform, fish, telecommunications, private property rights, and various other matters would be on the agenda.

[*Translation*]

## THE CONSTITUTION

### FIRST MINISTERS' CONFERENCE—STATUS OF FRANCOPHONES OUTSIDE QUEBEC

**Hon. Eymard G. Corbin:** Honourable senators, I have a question for the Leader of the Government in the Senate. A few weeks ago, the Ottawa newspaper *Le Droit* had the following headline:

> Valcourt on guard.

I should like to quote part of this article dated March 16:

> The Minister of State responsible for Small Businesses and Tourism, Mr. André Valcourt—

Clearly, the article should read Bernard Valcourt. I continue:

> —has promised to "keep a close watch" over the forthcoming constitutional negotiation with the Quebec Government to ensure that they "will not be at the expense of Francophones outside Quebec".

I wish to ask the Leader of the Government whether Francophones outside Quebec are effectively on the agenda of the First Ministers' Conference to be held at the end of this month. I should like to know whether the issues which concern Francophones outside Quebec—an expression I just don't like—will be considered at the same time as the Quebec constitutional issue.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** First of all, honourable senators, I should like to emphasize that our friend Mr. Valcourt is the only francophone outside Quebec within

the current cabinet and that he plays very effectively his role as a francophone outside Quebec representative.

On several occasions, I have discussed with francophones outside Quebec representatives their concerns about the Quebec issue.

Quebec has laid down five conditions for its joining the Constitutional Agreement. Francophones outside Quebec representatives are concerned about each of these five conditions. For instance, they do not want a special status to be accorded to Quebec as the main centre of francophones irrespective of their position. I have listened with much interest to the representations made by these associations. Of course, we will have their views in mind at the First Ministers' Conference on April 30.

**Senator Corbin:** Honourable senators, I appreciate the comments of the Leader of the Government in the Senate which I must say, I find quite reassuring. As French Canadians not living in Quebec, we are afraid to be taken for a ride.

**Hon. Jacques Flynn:** Quebec!

**Senator Corbin:** Honourable senators, I am grateful for your interest in this question.

**Hon. Gildas L. Molgat:** Following Senator Corbin's remarks, honourable senators, I have a question for the Leader of the Government. Will there be observers from the Francophone outside Quebec group at this meeting? I understand that they will not be on the same level as the First Ministers, but will they be present as observers and ready to give their views, if necessary.

**Senator Murray:** Honourable senators, this meeting will be held behind close doors. There will be only eleven persons around the table, I mean the Prime Minister of Canada and the ten provincial Premiers. There might be a couple of officials to take note of the proceedings. However, inviting observers or other people is out of question.

• (1450)

[*English*]

## DELAYED ANSWER TO ORAL QUESTION

## FOREIGN AFFAIRS

### GREEK-TURKISH RELATIONS—GOVERNMENT ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have one delayed answer in response to a question asked in the Senate on March 26 last by the Honourable Senator Gigantès regarding Foreign Affairs—Greek-Turkish Relations—Government Action.

I ask that it be printed as part of today's proceedings.

(*The answer follows:*)

The Secretary of State for External Affairs is monitoring developments in the Aegean. The North Atlantic Council met in Brussels on March 27 to discuss the situation, following which the Secretary General, Lord Carrington, issued the attached statement.

The Canadian government is deeply concerned about the situation in the region and particularly alarmed by reports of the possibility of military action, which could have grave implications for the region and the interests of the alliance as a whole. It fully supports the statement of the Secretary General and joins its allies in urging Greece and Turkey to avoid any use of force and to refrain from making any statement that might exacerbate the situation. It also calls upon Greece and Turkey to seek peaceful means of resolving their dispute. The government strongly supports the Secretary General's offer to use his good offices to help both parties to ease tension in the area.

Officials of the Department of External Affairs met with the Greek Ambassador and the Turkish Chargé d'affaires to ask them to convey to their authorities Canada's grave concerns about the renewed tensions in the Aegean Sea.

The dispute over the continental shelf is not something new. Already in 1976, for example, the UN Security Council was seized of the dossier and called on both parties to refrain from the use of force to settle the dispute and asked them to resume direct negotiations. The North Aegean Petroleum Consortium (NAPC) of which Denison Mines is a major partner is not conducting activities in any disputed area.

### STATEMENT ISSUED ON MARCH 27, BY LORD CARRINGTON, SECRETARY GENERAL OF NATO

After an emergency meeting of the North Atlantic Council this afternoon, NATO Secretary General, Lord Carrington, issued the following statement:

"Following receipt of a number of reports that tensions in the Aegean had reached a serious level an emergency session of the Council was called this afternoon. The general feeling expressed other than by those directly involved was, that the present situation damages the interests of Greece and Turkey, and of the Alliance as a whole. Any intensification would make things worse. The issues in dispute were complex. No attempt to resolve them was made at our meeting. Greece and Turkey were urged to avoid any action or statement that might aggravate an already tense situation, and to make full use of the peaceful remedies available to them. Greece and Turkey were also encouraged to begin immediate discussions, and to avoid recourse to force at all costs.

In view of a long-standing commitment of NATO Secretaries General to follow closely questions affecting Greece, Turkey and the Alliance, I am, of course, anxious to help in any way I can, provided that both Greece and Turkey, and the other Allies, would wish me to do so, and provided that I could make a useful contribution."

## SPECIAL COMMITTEE ON SUBJECT MATTER OF BILL C-22

NOTICE OF MEETING

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, before Orders of the Day are called and because there is some support on both sides for an early meeting of the Special Committee of the Senate on the Subject Matter of Bill C-22, I have been asked to announce that tomorrow, from 8.30 to 9.30 a.m., there will be an organization meeting of that committee which was established to deal with the subject matter of that bill and the bill itself, in due course.

## CRIMINAL CODE

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Kelly, for the second reading of the Bill C-28, An Act to amend the Criminal Code (torture).—(*Honourable Senator Stanbury*).

**Hon. Richard J. Stanbury:** Honourable senators, as Senator Nurgitz pointed out in his excellent explanation of Bill C-28, the purpose of the bill is to amend our criminal law to conform with the United Nations covenant against torture, of which Canada had already become a signatory in 1985.

There is no desire on the part of Liberal senators to put any obstacle in the way of passage of this bill into legislation. It had its origins in the action of the United Nations at the General Assembly in 1975, with the adoption of a declaration on the protection of all persons against torture and other cruel, inhuman or degrading treatment or punishment. Canada, at the request of the General Assembly, made a unilateral declaration supporting that action, and that was followed by the preparation of a draft convention against torture based on the 1975 declaration. Canada was very much involved in the work of the Human Rights Commission, and supported the initiative which amounted to international action against torture.

In 1983 the then Liberal Government of Canada jointly supported a procedural resolution insisting on top priority being given to the drafting of the convention, and then Canada's aggressive support was continued to bring about the adoption of the convention by the General Assembly in December 1984. Canada then ratified the convention in 1985, and the government is now proposing this bill by way of implementation and enforcement. I should also point out that the bill is complementary to the Canadian Charter of Rights and Freedoms which forbids torture. The timing is also appropriate, in view of the report of the Deschênes Commission.

I congratulate the government on following through with the early initiatives and bringing the matter to an almost satisfactory conclusion. The reason I say "almost" is that the bill still leaves something to be desired. There is a fairly broad exemption in that the definition of "torture" does not include any act or omission arising only from, inherent in or incidental to lawful sanctions. This is an escape clause which can be used by regimes not as dedicated to the principle of human rights. But it is not one which would be necessary in Canada.

I do not want to get into the technicalities of the question at the present time, because I assume that the bill will be referred to committee and that question can be investigated carefully there. The real question is whether, just because an international convention is limited or modified in order to get international consensus, the domestic bill must be similarly limited and modified. It is my belief that it is open to the Canadian Parliament to pass better legislation than the minimum required by the international convention. If that is true, then it becomes our responsibility to pass the best legislation possible rather than just a bill which fulfills the strict limitations of the international convention, such as the one we have before us.

It is my hope that this question will be carefully considered in committee and that competent witnesses will be called to satisfy honourable senators concerning that proposition.

Apart from that one concern, I am pleased with the legislation and recommend that it be referred to committee for consideration.

**Hon. Nathan Nurgitz:** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Nurgitz speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Nurgitz:** —I suggest that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs where these various questions can be asked of officials. In anticipating Senator Stanbury's comments today, the committee has arranged to meet tomorrow at 9.30 a.m. At that time we will have available to the members of the committee officials from the Department of Justice and officials from the Department of External Affairs.

I suppose my one comment in response to the rather positive comments made by Senator Stanbury relating to having the best legislation would be—and I do not want to address this in terms of what I used to be told about half a loaf—in terms of legislation that would emanate from the Deschênes Commission report. I do not think it was intended that this particular legislation would address that question. The Minister of Justice has undertaken to table amendments to the Criminal Code which would address specifically the recommendations of Mr. Justice Deschênes. It is my understanding that such amendments would be quite independent of those amendments. But all of this can appropriately be addressed in the committee.

• (1500)

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*Translation*]

## POST-SECONDARY EDUCATION

### CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Seventh Report of the Standing Senate Committee on National Finance (post-secondary education) tabled in the Senate on 25th March, 1987.—(*Honourable Senator Simard*).

**Hon. Jean-Maurice Simard:** Honourable Senators, today I should like to take a few minutes to speak to you about the report of the Standing Committee on National Finance on the federal policy on post-secondary education.

As many of you undoubtedly know, this report has been both criticized and commended, depending on viewpoints. Today I will tell you about the two most controversial aspects of the report: our recommendations on established programs financing and those on research. I will also take this opportunity to respond to certain criticisms which are unwarranted, in my opinion.

Certain journalists and certain spokesmen for organizations interested in post-secondary education have openly criticized our recommendations on established programs financing. Basically they all agree with our analysis. Yet they refuse to endorse our recommendations to the effect that, essentially, EPF is a program which was designed by finance ministers to meet financial requirements which have nothing or precious little to do with post-secondary education. They state that our analysis is wide-ranging, but that our conclusions are poorly documented.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Pardon me, Senator Simard?

**Senator Simard:** "Documented", Senator Frith. Why do they say that?

Simply because our conclusions differ from theirs, undoubtedly. We do not advocate a stronger federal role in the over-all management and the financing of post-secondary education.

No doubt, honourable senators, that many of us here would like that to be so, but we are well aware that in the real world this is impossible without intervention from the federal government in areas of clear provincial jurisdiction. The Canadian government cannot use the principle that might is right or that the richest must lead. Now, if the Canadian government has those resources, it is for the one and only reason that in 1867, the Fathers of Confederation had no crystal ball to distribute this nation's wealth in a way that would still be appropriate in today's political juncture, 120 years later.

They knew that post-secondary education was a national treasure, but they could not foresee what would be the magnitude of that treasure or how much education would cost. They also knew it was logical and desirable to vest that responsibility in the provinces. Therefore it is not fair to state that the conclusions of the Senate committee report are unfounded. I would simply suggest that our critics read the report in the light of today's realities.

If conditions were different, and if for instance the provinces together invited the Canadian government to commit itself further, our recommendations would not be justified. But such are not the facts. We cannot simply turn the clock back 120 years and hope that the problem will somehow disappear.

I would like now to deal with another criticism that has been directed to our report, as regards more specifically our recommendation for transferring financial resources to provinces in the form of tax points. I personally had some reservations about that recommendation when we formulated it. Having held the post of Minister of Finance in New Brunswick, I am very much aware that New Brunswick is not as rich as it would like to be. I know that, in that province, one tax point has a different value than in Ontario or Alberta.

In fact, I still fear that even if those tax points were adjusted under an equalization formula, as is now being done in terms of the EPF, New Brunswick citizens would be the losers. Indeed, the existing equalization principle enables to adjust the value of tax points on a national basis, based on the tax yield of five representative provinces—Quebec, Ontario, Manitoba, Saskatchewan and British Columbia. More specifically, when the have provinces get richer, the New Brunswick tax points are readjusted but the gap is never closed. Rather, the opposite would be true. We can therefore conclude that the equalization formula is not adequate.

Also, we all know that New Brunswick might never be as rich as Ontario, or in this case Alberta. Natural resources in those provinces are too vast, and they have a much better access to markets. Therefore, what danger would there be in the Canadian government ensuring at least that equalization transfers be loaded in favour of some provinces like New Brunswick, even though equalization never can make up for all the financial handicaps of have-not provinces, in allowing them to offer the same quality of services as the richer provinces?

[*English*]

In fact, for some time I have been concerned that the equalization program has not been delivering the revenue that it should deliver if it were living up to its constitutional obligations. If the program were working as it should, New Brunswick should be able to have national average levels of public service and national average tax rates without having to run large operating deficits that cannot be sustained.

The fact of the matter is that New Brunswick and the other Atlantic provinces' spending on services is well below the national average; those provinces' taxes are around the national average or slightly higher; and those provinces have all been running high deficits.

As a senator representing the people of New Brunswick, I had hoped that Bill C-44 would do more for New Brunswick and, in fact, make up for revenues lost by the province last

year when the EPF formula was implemented. As it turned out, the poorer provinces will have more difficulty making up the EPF losses than the richer ones—although some improvements had been made to the equalization formula—despite the fact that the federal government has undertaken to forgive overpayments of equalization resulting from the census. Yes, New Brunswick for one will still be in a net loss position when Bill C-44 is passed.

I know that the present federal government has helped my province in many ways through new initiatives and the beefing up of several federal-provincial agreements. This is appreciated, but we know that the equalization program is the most important transfer program for New Brunswick and, for that matter, for all the Atlantic provinces.

For that reason, I hope that it is not too late for the federal government to look at Bill C-44, which amends the Fiscal Arrangements Act, and to consider further improvements, in addition to those contained in the bill.

Among the improvements that I wish to propose is one that could make effective in the first year of the program the technical changes to the equalization formula. If this were done, New Brunswick would get another $15 million to $20 million in 1987-88.

A second way that the bill could be improved is to change that part of the legislation dealing with the equalization of overpayments, which became evident as a result of that census. The way the federal government has proposed to take care of this problem in the legislation will indeed keep the province from having to pay back moneys owed as a result of the new census, but at the same time it has made it almost impossible for the province to get any additional revenue from equalization for 1985-86 and 1986-87 as a result of the usual process of adjusting for new economic and fiscal data, which would enter the formula over the next two years.

● (1510)

In my opinion, this feature of the act could also be changed to provide for outright forgiveness of what New Brunswick owes, without at the same time keeping the usual adjustment mechanism from working.

Under these conditions, the province could then benefit from the strong economic growth that has occurred in central Canada as well as not having to repay equalization overpayments that became evident because of the census.

Honourable senators, the final amendment that would be of assistance to the provinces in receipt of equalization concerns the proposal to cap equalization payments to the growth in GNP after 1988. This feature of the act means that the provinces will not be able to benefit fully from strong economic growth in central Canada within the next few years if the equalization payments that come out of the formula as a result of that growth increase more rapidly than the gross national product.

I fully expect this to be the case, and that at some point the GNP cap will be put on and thereby limit equalization payments to the provinces. This is another example of where the bill could be changed if the federal government wanted to assist further the poorer provinces. This could be done by simply removing all reference to a GNP cap from the legislation.



Honourable senators, I will have more to say on the subject when the Standing Senate Committee on National Finance meets to study Bill C-44.

Suffice it to say that it is unfortunate that the leadership on the opposition side did not accept my invitation to let this committee undertake a pre-study of the bill. This is obviously a case where petty strategy prevailed over the orderly conduct of the business of the Senate.

[*Translation*]

To get back to the committee's report, honourable senators, before proceeding with the research question. I first want to respond to claims that the provinces do not spend all of the funds they are allocated for education financing for that purpose.

First of all, the provinces do not agree on the real value of the funds they are allowed for financing post-secondary education. According to the statistics, these transfers total around two or two and a half billion dollars in cash and two or two and a half billion dollars in the form of tax points. But can we really say that tax points come from the federal treasury?

Personally, I believe that tax points are no more and no less than the right to levy taxes that the federal government borrowed from them during the Second World War. If we agree with that assumption, it follows that the actual federal assistance provided by the federal government for post-secondary education financing is only that given in cash. Now, there is no question that these funds are transferred by the provinces to their universities and colleges.

Another issue I would like to discuss today is the false impression that 32.1 per cent of EPF transfers is designated for the financing of post-secondary education in each province. The figure of 32.1 per cent is the result of a calculation that was made on a national basis in 1975-76 so that accountants could more easily distribute the funds that were to be allocated to the Department of National Health and Welfare and the Secretary of State, respectively. This 32.1 per cent was never applied to a particular province, and it was not to be construed as designating what portion each province should set aside for post-secondary education financing. Using this figure now to judge the efforts of the provinces is not only unjustified, it is also misrepresenting the facts.

Now for my second point: the committee's recommendation concerning research. The committee recommended that a Centres of Research Council be created to make grants in support of the full cost of fundamental research in the natural sciences at selected universities engaged in approved research programs.

In other words, we recommend supporting the full range of current research projects at selected locations, in order to finance the direct and indirect costs of each project. The purpose is not to support one particular researcher but

research teams that are engaged in research. This procedure differs from that followed by the granting councils. These fund only researchers and not research teams or programs. They do not fund specific centres. Their funds go where the researcher is.

Our committee believes that research must be concentrated in certain disciplines and in specific locations. It also is of the opinion that all research projects should be supported, not just those of a few researchers. We recommend that $100 million more a year be earmarked for that purpose.

Certain people may believe that concentrating research in a few specific localities will favour Ontario at the expense of the other provinces. I do not share this view, if only because a number of top quality research projects are being carried out in the so-called "have-not" provinces. For example, for quite some time now the University of New Brunswick has had an excellent reputation in forestry research. Not so long ago the University of Moncton opened a school of forestry studies on its Edmundston campus. And what about the forthcoming inauguration of the Hugh John Flemming forestry complex which will be located near the University of New Brunswick campus, and its satellite on the Edmunston University campus? This institution will include federal and provincial laboratories, as well as research stations which will be added to the university facilities. The centre was named after a former New Brunswick premier who was also in the Diefenbaker cabinet. This centre is precisely the kind of example we have in mind when we say that research must be concentrated where excellence already exists. Should our proposed Centres of Research Council be approved, a fair amount of money could be set aside for forestry research in New Brunswick.

In addition to being specialized in forestry matters, New Brunswick is also a major marine study and fishery research centre. St. Andrews is the site of a variety of marine institutes, not to mention the Huntsman Marine Laboratories. This research establishment operates thanks to the assistance of several federal and provincial agencies and the cooperation of the University of New Brunswick and the University of Moncton. Not only would it be logical to support marine research in St. Andrews, but it would also benefit thousands of people whose earnings directly or indirectly depend on the sea.

Honourable senators, my remarks today are intended to show how this report on the federal policy on post-secondary education can shed more light on the role of governments in promoting and expanding knowledge.

My colleagues and I do not recommend, as some would suggest, that the federal authorities withdraw from any involvement in post-secondary education. To the contrary, we recommend that they harmonize their efforts with their provincial counterparts to prevent any duplication or mutual hindrance. The federal government never had any role to play in the general operation and implementation of post-secondary education. For ten years, that is between 1967 and 1977, under the old Federal-Provincial Fiscal Arrangements Act, the federal and provincial governments shared the financing of post-secondary education. Neither level of government was satisfied with those agreements. We replaced them, in 1977, with the EPF, but even then, many would not admit the financing of those established programs was purely and simply a financial agreement. That is the reason that led senators to recommend the federal government put an end to those agreements and give directly back to the provinces the funds allocated to the general financing of post-secondary education.

This being said, we have also recommended that the federal government itself get more involved in research in order to re-establish a climate conducive to the development of researchers and scientists likely to become our future university and college professors. These are areas where the provinces and the federal government unanimously agree that Ottawa has a definite role to play.

To conclude these remarks, if I may, I should like to emphasize a good many recommendations and findings which deserve to be debated more openly and at greater length. Some of these discussions could be held even here, while a good many others could be entertained during the national forum on post-secondary education. I understand that this forum is to be held in Saskatoon in late October and my colleagues and I have great expectations. We hope that some of the issues we have raised in our report and other major challenges in the area of post-secondary education in this country will be thoroughly explored. We expect to look to the future instead of dwelling on past mistakes. We hope that it will be an opportunity for Canadians from all walks of life to indicate what they expect from their universities and colleges. Moreover, we hope that it will be an opportunity to consider the relationship between themselves as well as with the private sector, in order to determine if they are likely to help us meet the challenges we will be facing at the turn of the century.

I want to congratulate the Secretary of State and his provincial counterparts for agreeing to hold such a national forum. I wish also to offer my best wishes to Dr. Brian Segal, the Dean of the Ryerson Polytechnical Institute and chairman of the forum, for setting up a constructive dialogue and securing lasting results.

Finally, I would like to tell you that I have been very proud to be involved in the drafting of this report with my National Finance Committee colleagues, and I congratulate them on the wisdom they have shown in the preparation of this document.

On motion of senator Marsden, debate adjourned.

● (1520)

[*English*]

## ILLITERACY IN CANADA

DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Fairbairn calling the attention of the Senate to the question of illiteracy in Canada.—(*Honourable Senator Spivak*).

**Hon. Mira Spivak:** Honourable senators, when I was invited to join this select company, one of the arresting ideas that

concentrated my mind wonderfully was that I imagined the scope, the potential for advocacy possessed by this institution. Senator Joyce Fairbairn, in her eloquent and comprehensive address to us several weeks ago, has called us to consider advocacy for solutions to the problem of illiteracy in Canada. She has focused our attention on the plight of individuals in a variety of social and economic circumstances—individuals who are unable to function adequately in our society due to their inability to read and write. As we progress as an information society in a global economy, increasingly we understand not only the importance of pervasive literacy but also the importance of possessing a broad range of skills and abilities. Extremely important are abilities such as an openness to new ideas, a penchant for constructive innovation, and some understanding of science and technology, particularly high tech and the micro-chip. Also essential is an appreciation of history, geography, and other cultures with which we share this small planet. These skills and abilities are of great personal and national significance; their development will require concerted effort on the part of both the federal and provincial governments as well as business, industry, and a host of voluntary organizations dedicated to enhancing learning opportunities for individuals of every age, geographic region, ethnic and linguistic group, and socio-economic circumstance. Literacy is a base prerequisite to attaining the higher level intellectual skills that are being demanded increasingly by the complexities of modern society.

Since the 1950s global efforts have been directed to the problem of illiteracy through the efforts of international organizations such as UNESCO. In Canada, as Senator Fairbairn indicated, many organizations have been working actively to eradicate illiteracy in our country. Millions of dollars have been spent on this activity. In Manitoba attempts to combat adult illiteracy have included special initiatives in the community colleges, community-based adult literacy programs, distance education initiatives which advance learning opportunities to individuals and communities throughout the province, day and evening programs for adults in high schools and other community-based organizations, and sheltered workshops. At a preventive level, Manitoba has established early childhood education programs, screening programs for the early identification of learning disabilities or deficiencies, and a variety of compensatory programs to enhance equal education opportunities. In spite of such investments, the solution to illiteracy continues to elude us, at least at provincial and national levels. To a large extent, illiteracy is the product of a failed educational system.

A major stumbling block has been the lack of a conceptual framework for understanding the role of literacy and illiteracy in society. In particular, we have failed to consider literacy in relation to its social and political contexts. I would like to try to bring to this debate further clarity in our understanding of functional literacy.

While the concept of functional literacy appears to have some empirical base, in actual fact behind this notion lies a jumble of gross oversimplifications and largely mistaken assumptions about the economic, social and political dimensions of literacy. We need to explore these assumptions so that we can separate the sound from the faulty and the unproven. In doing so, we are not dismissing the problem but, rather, we are bringing further clarity to the issue so that appropriate action can be taken.

One of these assumptions is that there is a universally valid standard of functional literacy. As Senator Marsden pointed out, there is no agreement on how one measures literacy. The only empirical criterion of functional literacy that has been forthcoming to date is that of approximate grade equivalents. Grade equivalents such as the completion of less than grade IX are widely employed as convenient proxies. It is these benchmarks that enable us to claim, for example, that one in five Canadians is illiterate. But what does that really mean in terms of the needs of those individuals?

We find in these benchmarks the use of academic standards which beg every question about the efficiency and relevance of school training as a route to competence that made the notion of functional literacy necessary in the first instance. But more importantly, we must recognize that the utility of literacy lies in its relation to specific kinds of information and particular information needs. Rather than minimum norms or fixed societal standards, which at present generate a false sense of security for those who achieve them and an unnecessary burden on those who do not, we need to view literacy within particular social contexts. It may be more appropriate for us to think in terms of hierarchies of competencies.

It is necessary to accept that each individual is an expert arbiter of her or his own literacy and information needs. Functional literacy is taken to be the possession of, or access to, the competencies or information required to accomplish those transactions entailing reading or writing in which an individual wishes, or is compelled, to engage. This definition forces us to consider the social context of literacy. This is important particularly in light of the conceptual history of functional literacy. When we examine this history, we find that the core idea of functional literacy developed in the political arena as opposed to community-based initiatives; that is why it is necesssary to be cautious when considering how to attack the problem.

Another assumption that confuses our notion of literacy is that a universal level of individual achievement, at whatever level it is established, will result directly in a set of universally desired outcomes such as employment, personal or economic growth, job advancement, and social integration. Missing from this perspective is the recognition of the inflationary effects of education, as Senator Marsden described to us earlier in this debate. Teaching basic reading skills to adults does not guarantee jobs. We find that as more and more people become literate, employees in entry level positions must increasingly demonstrate in the labour market literacy competencies where once a respectable employment record would have sufficed. Thus, even within a specific society, there is no finite level of attainment that is capable of eliminating the disadvantages of illiteracy and permitting the less literate to compete on equal

terms for employment, and to enjoy equal status with the more literate. Certainly sympathetic and relevant instruction can provide individuals with the competence they need or want. However, so long as there are people credited with superior or special literacy skills, the least competent will remain vulnerable to discrimination. Altering the official benchmark of functional literacy cannot affect this situation.

● (1530)

We need to make sure that as a society we make accessible a wide range of learning opportunities that accommodate various learning styles and capacities. This is possible. For example, the Diagnostic Learning Centre for Children with Learning Disabilities in Winnipeg, a unique and valuable program, employs the following method in its operation: Each child referred to this program has his or her learning style analyzed and a teaching style is devised to match it. A program is then created, geared to the programs in the child's home school; a volunteer is trained to guide the child in the program, and the volunteer and the student are sent back to the home school where the child continues his or her studies.

Our objective as a society must be more than the development of basic reading and writing skills; it must include learning how to learn so that individuals will be able to adapt to ongoing change. We need to develop intellectual abilities such as asking critical questions, and obtaining, analyzing and synthesizing relevant information to address significant issues in every field of endeavour.

We need to consider the needs of illiterate persons within their own social contexts and aspirations, and our literacy efforts need to be conducted within the framework of a broader effort aimed at improving the socio-economic standing of individuals and communities. We need to support communities in their development; it is in that context that meaningful results will be achieved.

In view of the responsibilities of provincial governments for general education, and the fact that provinces are increasing their efforts in this area, how can the federal government contribute to a solution to illiteracy in Canada? We need to support initiatives such as the recently announced Adult Basic Education Program for federal penitentiary inmates, a program which promises to attack vigorously the problem of illiteracy among federal inmates, 50 per cent of whom have been tested as functionally illiterate.

Through funding, we need to stimulate research and development in the field of learning disabilities. Much more research is required in terms of the diagnosis and treatment of learning disabilities. We need to support the research and dissemination of the latest findings on learning styles and their impact on learning and the implications for literacy training.

We need to encourage professional teacher-training institutions to include, as a critical component of the training program, meaningful instruction on learning as a problem-solving, change process, and the role of the teacher in fostering the development of critical thinking skills—skills so essential in our world today.

We need to support technological developments and educational consortia in the area of distance education. We need to support cooperative ventures of governments, the local communities, the volunteer community—which has had a huge hand in combatting illiteracy—business and industry, as Senator Fairbairn has suggested.

I wholeheartedly agree also with Senator Marsden about the importance of early childhood development, supported through quality child care, in encouraging, among other things, the earlier development of literacy skills.

Early identification programs such as the one in Winnipeg school division No. 1, which screen comprehensively for hearing, vision, motor skills or other learning disabilities or deficiencies in language skills, if integrated into child care programs, would greatly assist in the early discovery and treatment of barriers to education that children may have.

Right now we have the opportunity, as the national debate on child care progresses, to highlight the impact of early childhood development on the future quality of life. The prevention of the tragedy of illiteracy as well as many other social ills can be encouraged through interventions of this nature. I hope that the women and men in the Senate can be instrumental in bringing about such social change.

On motion of Senator Doyle, debate adjourned.

## CANADA'S INTERNATIONAL RELATIONS

DEBATE ADJOURNED

**Hon. Allan J. MacEachen (Leader of the Opposition)** rose pursuant to notice of Thursday, April 2, 1987:

> That he will call the attention of the Senate to Canada's international relations.

He said: Honourable senators, on this particular inquiry, which is entitled "Canada's International Relations", I wish to make some comments relating to almost current events, namely, the recent "summit" in Ottawa and earlier "summits" between the President of the United States and the Prime Minister; and, in general, some comments on Canada-United States relations.

It is now two and half years since the current government was elected, in part, so they tell us, so that they could repair the relationship with the United States. It had, apparently, fallen into great disrepair during the period of darkness that preceded September 1984.

The government promised to "restore the spirit of goodwill and true partnership between Canada and the United States," and we were also told that under the new government "Canadian internationalism would again be active and constructive in the wider world."

In December 1984 I said that as one who was very much involved in Canadian foreign policy during the bulk of that period—that period of so-called darkness—this description by the new government of past events was "simply nonsense."

Today, in light of the recent visit to Ottawa by President Reagan, I thought it might be useful if I reviewed how well the

government has "refurbished", to use the Prime Minister's words, our most important bilateral relationship—indeed, our most important international relationship. What will be the achievement which will rank highest in the constellation of this government's accomplishments? Will it be a free trade agreement, the acid rain accord, or the Arctic sovereignty treaty? Well, perhaps we will have to wait a little longer for those headlines.

However, we can look at the record to see what giving the United States "the benefit of the doubt"—to use one of the Prime Minister's felicitous phrases—has done for Canada. A good starting point is the meeting in Quebec between the Prime Minister and the President. Honourable senators will recall it well. It was the meeting where the two leaders sang before a mesmerized audience, "When Irish Eyes are Smiling".

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** The "Shamrock Summit", as it is called, also provided early evidence of the Prime Minister's dedication to fiscal restraint—that other hallmark of the government! When the bills were finally revealed, we were told that that little extravaganza cost us just over $2.5 million.

In addition to song and festivities, what did we get for our millions? The two leaders signed a "Declaration Regarding Trade in Goods and Services"; and let me read for honourable senators some of that impressive—at least at the time—document. The leaders said:

> We embark today on a joint effort to establish a climate of greater predictability and confidence for Canadians and Americans alike to plan, invest, grow and compete more effectively with one another . . . As a first step we commit ourselves to halt protectionism in cross-border trade in goods and services.

● (1540)

To some of us that sounded like a commitment from the United States to halt protectionist actions. In light of recent events, like shakes and shingles, softwood lumber, cut flowers, fish, the American levy on our energy exports, the general fee levied on all Canadian imports by the United States, and now potash, that lofty declaration made at the Quebec "summit" rings somewhat hollow. This document also included a handy "Resolution of Irritants Fact Sheet". This document reads as follows:

> The President and the Prime Minister today indicated that the two governments had resolved a number of irritants which had marred Canada-United States relations and frustrated traders and investors on both sides of the border. These include the following:

The first item in this list of allegedly resolved trade irritants is the American country-of-origin marking requirements. We were told in that document:

> The President is pursuing the necessary legislative steps to eliminate the trade-restrictive effect of a requirement in the Trade and Tariff Act of 1984 . . .

[Senator MacEachen.]

I would like to ask the Leader of the Government to bring us up to date on what progress the President has made in his pursuit of this goal over the last two years. What is the prognosis for the next two years? Did we, in fact, consider the irritant resolved simply because the President was pursuing the matter?

The second irritant mentioned was the Canadian tax treatment of certain tourist literature. We, Canada, promised to remove the federal sales tax on such literature, and I am assured that we have obliged our American friends.

Another matter that was allegedly resolved was the administration of quotas on specialty steel. Here, the President agreed he would facilitate the shipment of Canadian specialty steel. One has only to read about the current problems Canadian steel manufacturers are having to see how the United States has facilitated our exports.

There was also a commitment by the President to make "best efforts" to exempt certain sugar-containing products from American protectionism. I understand that the new U.S. sugar quota has closed even further the U.S. market to foreign imports. Perhaps the government leader would care to tell us what this means for Canadian sugar producers.

Another item that was allegedly resolved was the copyright cable-satellite retransmission issue. This is something the Prime Minister told the President that he would soon resolve through revisions to the Copyright Act that would "accommodate United States concerns." Here again, I would be grateful if the government leader could tell us how this has been resolved.

In addition to these allegedly resolved irritants, the Prime Minister and the President "directed that action be undertaken over the next twelve months to resolve specific impediments to trade," impediments which were duly listed. One of these impediments was the existing Air Transport Agreement. This agreement between our two countries was to be modernized in order to expand the number of available services and reduce obstacles to the introduction of innovative and competitive new services. This effort appears to have gone on a flight of no return—or perhaps it has crash-landed.

Another agreed upon course of action involved:

> Strengthening our market approach to Canada-United States energy trade by reducing restrictions, particularly those on petroleum imports and exports, and by maintaining and extending open access to each other's energy markets.

This one I find particularly bizarre, to use a prime ministerial phrase, in light of the President's agreement with the Congressional decision of last October to slap an import surcharge on Canadian energy imports. How does one reconcile this pronouncement with the recent Federal Energy Regulatory Commission ruling on Canadian natural gas exports and the sharing of costs for transmission?

I also recall that the former Minister of Fisheries announced a year ago February the cancellation of the Fishing Vessels Assistance Program, a program which helped our fishermen

buy new boats. It was apparently one of the many programs the Americans identified as countervailable in their examination of Canadian fish imports. The then Minister of Fisheries told members in the other place that the elimination of this program had nothing to do with American pressure, although he failed to say why he mentioned the American concerns when he announced the end of the program.

How does one score two years later the Quebec Trade Declaration? It is noteworthy, if only as a catalogue of broken promises and unfulfilled commitments. Surely this is not the way to conduct diplomacy with any nation, let alone the United States. The national interest is best advanced by making a rational appraisal of the situation and then looking to one's own interests. Diplomacy based on showmanship and song does not serve the interests of any country. A document such as the one I have been quoting, that is patched together to serve as a prop for such an event, becomes nothing but a monument to the shallowness of the occasion.

Let me pass on to another year, and let us look at the lasting achievements of the Washington "summit". Well, one of the more lasting mementos is the infamous glossy booklet which, if a little short on the actual substance of the negotiations, certainly provides us with an insight into how this government views and conducts foreign policy. On an earlier occasion I spoke about that glossy booklet, as did Senator Davey. In a background paper disseminated for this "summit" by the Department of External Affairs, we also learned that the Prime Minister was "committed to rebuilding Canada's image as a free, tolerant and independent nation." This is an assertion contained in a publication of the Department of External Affairs dated March 1986, which I found, and still find, particularly distasteful.

On a different level, the Washington meeting was notable for two statements: First, the Prime Minister gave us his assurance that the free trade negotiations would receive "a clean launch," with no preconditions. As the events of April over the "fast-track" authority proved, the "launch" was anything but "clean." I will not use the opposite word. I will simply say it was anything but clean, and the seeds of the debacle we later faced on lumber can be traced, in part, to the President's written promise to the then Senate Finance Committee chairman, Mr. Packwood, to resolve the lumber problem with Canada. Some clean launch!

● (1550)

The meeting was also memorable for the assurance the Prime Minister thought he had received on acid rain. As he told members in the other place on March 21 of last year:

> . . . I believe the wholehearted endorsement of that report by the President, undertaking to seek the funds, and my meetings with Congressional and Senatorial leaders to help ensure that those funds are available, represent substantial progress by Canada.

The report of which he spoke was that commissioned out of the Quebec "summit", with the appointment of the former Premier of Ontario and Mr. Drew Lewis to look at how we could resolve the question of acid rain. Mr. Davis was paid a dollar for his contribution. However, when members of the Special Committee on Acid Rain in the other place looked at the report, they were not sure that Canada had got value for its money. They described the report as inadequate, because it set no targets or deadlines and failed to address the cost of inaction by governments. Let there be no mistake by anyone that this committee report was a partisan document. It had the endorsement of all parties; the committee was chaired by a member of the government party. The committee concluded that if the Davis-Lewis report was accepted, it would:

> . . . provide a framework for acceptable inaction and set the agenda for acid rain beyond the life of this Administration.

The administration mentioned, of course, was the Reagan administration and, in retrospect, how true those words were.

Honourable senators, I know that we had Mr. Bush up here recently in Canada, getting an earful from the Prime Minister. Now the administration has promised, once again, to try to find money for acid rain research. But when we read the fine print, it is merely an undertaking to seek money from Congress. The development of clean-coal technology, to which it is to be applied, is, moreover, a question of research and not remedy. Since it merely reaffirms a promise broken a year ago, I am troubled by the Prime Minister's assertion that that is "very significant movement."

In an article by Robert Abrams in the *New York Times* on April 5—just a few days ago—it was pointed out that the President was merely "recycling old news by making the same promise again." Mr. Abrams also observed that "no one in the United States or Canada should be fooled into thinking that this is a positive development in the fight for control of acid rain."

Apparently this government sees greater advantage in being fooled than in facing reality, because the Chief of Staff of the President of the United States, in an interview aboard Air Force One returning to Washington, confirmed precisely what the article in the *New York Times* had said, because he stated quite clearly:

> We're not committing ourselves to negotiate a treaty. All our options are open; all our disagreements remain.

So says Howard Baker, the new Chief of Staff of the President of the United States.

I recall how the Prime Minister trumpeted the President's "best efforts" at last year's Washington "summit", and told the President, "I am very grateful for your personal support in meeting this challenge." The Prime Minister subsequently dismissed comments from the opposition, saying that the President's statement was a "major and significant step forward and a vital step towards the resolution of the problem." That was last year, and now we have seen just what a giant step forward it was! In reply to a reporter's question on acid rain on Monday, President Reagan replied that it was "quite a technical problem." That, in fact, echoes the statement he made at

the Washington "summit", namely, "Serious scientific and economic problems remain to be solved."

Honourable senators, I suggest that it would be a good idea if the Prime Minister and the government took notice of what the Mexicans are doing. In January of this year they signed an acid rain agreement with the United States; apparently there the "technical" problems were overcome. Perhaps it has something to do with the "special relationship" between the President and his Mexican counterpart. But then, I suppose some relationships are more special than others, and we really should give our friends the benefit of the doubt. After all, the President did agree on Monday to "consider . . . a bilateral accord" on acid rain. No doubt the Prime Minister will crow about his achievement in having the President actually consider something he suggested. Honourable senators, since when is it an achievement, a stroke of political and diplomatic genius, to persuade one leader to agree to think about something that is suggested to him by another leader? Apparently, for this government that represents progress. It becomes somewhat bitter progress when the President's Chief of Staff makes it totally clear that nothing has changed as a result of the commitment to consider.

Honourable senators, let me turn for a moment to the defence side of our relations. I am told the United States was pleased to have us pay for the North Warning System and for an additional brigade in Europe. I am told we have rejected government-to-government cooperation on the Strategic Defense Initiative, although Canadian private firms are welcome to participate. I recall how last year we renewed the NORAD agreement, and how the Prime Minister secured from the President an "explicit underlining" of the importance to the United States of "full compliance with the ABM Treaty and other existing arms control obligations."

This assertion, the Secretary of State for External Affairs told the other place, should remove Canadian concerns about the absence of an ABM clause in the renewed NORAD agreement. I wonder how the minister and the Prime Minister can reconcile these statements with the American decision last November to break the SALT II Treaty. Perhaps we should not delve too deeply into the matter. After all, this is a government that operates on giving the United States the benefit of the doubt.

Perhaps we could hear a little more about our participation in the United States space station. Senators will recall that despite Prime Minister Mulroney's promise when he was a candidate to "double R&D spending," there were cutbacks at the National Research Council and that they were rationalized by pointing to our participation in the space program. I am told that the government is now having serious doubts about our participation in this venture, given possible military uses of the space station by the United States.

● (1600)

What about Arctic sovereignty? It is now more than a year and a half since the "Polar Sea" violated our northern waters. I remember quite vividly how the government was inclined to treat this as a non-incident until the Canadian public showed how important it regarded Canadian sovereignty. I remember the brave words and promised actions of the Secretary of State for External Affairs a year ago last September. The government would build an icebreaker, and we would immediately begin talks with the United States designed to bring about recognition of our sovereignty.



Well, where are we today? Where is the icebreaker? We are told it may be built in Vancouver if the contractor can meet certain requirements. What about those talks with the Americans on Arctic sovereignty? Apparently these talks have a long way to go before any agreement is reached. On Monday we heard President Reagan declare that a "new impetus" would be given to the talks. This, of course, leads one to ask what has been going on with these talks all this time—have they languished? Have they been assigned such a low priority that they now need a "new impetus"?

The Secretary of State for External Affairs tells us he will find a solution that respects U.S. security while guaranteeing Canadian sovereignty. I want to say that in the world of diplomacy, the distinction between security interests and sovereignty is mighty slim. Any deal which gives foreign vessels, whatever their flag, unconditional access to our waters is a surrender of sovereignty.

But these are some of the big things that one worries about on an occasion of this kind when there is an absence of concrete achievements or meaningful progress. The government, I will admit, can point to at least one important subject to which we have resolved a long-standing irritant between our two countries. Yes, we recently signed an agreement on joint management of the caribou in our north that cross the border between Canada and the United States. When they write the history of this government, I am sure this will rank high on its list of accomplishments. However, the final chapter of this triumph is not quite written, as it appears that if the Reagan Administration goes ahead with its plans to develop the oil on its side of the Beaufort Sea, the herd will be adversely affected. I am told that this contingency did not occur to the authors of the agreement.

There is no doubt that if words were substance, then the relationship between these two governments would truly be a model for emulation. Indeed, the public statements of the Prime Minister and the President leave one wondering if there is any border between our two nations, so cosy is the verbal arrangement.

What do our American friends really think of us? What do they think of the government? In May a copy of a telegram from Thomas Niles to George Shultz was made public in a Canadian newspaper. Because it was not intended to be made public, I think it is probably a more accurate reflection of how the United States pegs this government than all the words of comfort that the Prime Minister hauls out for our consumption. The message said:

> The (Canadian) government, as expected, is showing signs of panic under attack from the opposition parties.

The message went on to recommend that "despite the most unfortunate language and tone" of the Prime Minister's reaction, the Administration should "not respond publicly." The message, of course, concerned the government's reaction to shakes and shingles. You will all remember that episode—that is where the Prime Minister called the U.S. action "appalling" and "bizarre" and one "that makes it extremely difficult for anyone to be friends with the Americans." Strong words—"verbal hand grenades"—thrown at Washington, to use another of the Prime Minister's phrases.

In the days that followed, the government acted by way of retaliation by imposing a 15 per cent tax on books—that proved to be very popular! It imposed a tax on tea—which it turns out has hurt our British trading partners from whom we import almost three-quarters of our tea; a tax on Christmas trees; a duty on computer parts—which was in direct defiance of the Quebec agreement, but then nothing else about that "agreement" seems to have enjoyed any longevity.

These measures, announced following the shakes and shingles incident, proved so popular that they were quietly dropped in the last budget. I am not sure what they achieved in our relations with the United states. I do know that they caused Canadians and some of our other trading partners considerable difficulty.

Honourable senators, I remember reading at the time these measures were adopted that an aide to the Prime Minister told the press that this was the strongest action taken by a Prime Minister since Prime Minister Pearson spoke at Temple University on the Vietnam War.

Unfortunately, the Prime Minister's strong and vigorous public actions were shown to be at variance with his private utterances. I am referring to the famous "Dear Ron" letter, in which the Prime Minister thanked his friend for his "thoughtful letter," and in which the Prime Minister wrote "quite frankly, this absence of notice was damaging to me personally and to my government." The letter, as we all painfully recall, made no reference to the softwood lumber dispute which had caused such harm to our forest industry, and which was the cause of the exchange between the two governments.

Honourable senators, I really hesitate to speak about the softwood lumber debacle. It is such a tale of woe and ineptitude, and the memory of it is still so fresh, I am not sure whether anything needs to be said. Let me say simply that consistency in approach was not one of this government's strong points. I must also observe that when a decision was imminent, the responsible minister was absent, leaving matters in the hands of the civil servants. This was the government that was going to give their civil servants "a pair of running shoes and a pink slip," and reassert "ministerial responsibility." I suppose asking them to take the drop for a failed policy is the same thing.

We all recall also that at the time the softwood lumber deal was reached, the government claimed it was a victory because a harmful precedent had been avoided. I am now told that proposed amendments to U.S. trade law now before Congress will codify in law the Canada-U.S. Softwood Agreement, and will use it as a model for tougher foreign industrial subsidy rules. If the lumber agreement was a victory, is the government pleased that it can look forward to many more Pyrrhic victories in the future?

Finally, honourable senators, let me turn for a moment to the trade initiative. At various times the Prime Minister has said it is the government's biggest initiative, and one on which his own "neck is on the line." Well, it may be that his own neck is on the line, but there is more than the Prime Minister's neck on the line. Our necks are on the line as well. I believe in opening up as many trade opportunities for Canadians as possible. That policy has been followed by the Liberal Party since the 1930s. I do not intend to review, as I might, the list of events which testify to that interest in trade liberalization.

● (1610)

I do know that the current trade initiative has its intellectual foundation in the Trade Policy Review conducted by the last government. Of course, at the time the Conservative Party found it objectionable. Like his own party, the current leader of the Conservative Party has undergone something of a conversion on trade. I remember well his comments on the idea of free trade with the United States during the Conservative leadership campaign. He said, "It affects Canadian sovereignty." And he said in reply to the idea being bandied about by the current Minister of Transport—and I quote:

> ... and we will have none of it, not during leadership campaigns or any other time ... This country could not survive with a policy of unfettered free trade. We'd be swamped. We have in many ways a branch-plant economy in certain sectors. All that would happen with that kind of concept would be the boys cranking up their plants throughout the United States in bad times and shutting their entire branch plants in Canada. It's bad enough as it is.

Those were the words of the Prime Minister. But he has undergone a conversion. He has now embraced the concept of a free trade agreement and has made it the centrepiece of his government's international policy.

It is entirely acceptable that the Prime Minister has undergone a conversion from his former status, but his conversion and his utterances since that conversion have hardly been such as to give confidence as to the conviction with which he espouses his new beliefs.

The Prime Minister's approach has been marked by an apparent ambivalence about our objectives and an apparent inability to convince the U.S. Administration, on which he has staked his neck, to deliver. I recall that it took the President about three months before he sent the letter to Congress that started the process in the United States. Even after this process had been started, the Administration seemed indifferent about its reception in Congress.

Today we are told by the Prime Minister that the negotiations and the talks are going well. We are told by the chief negotiator that the talks are making progress. We saw this

very week the emphasis both the Prime Minister and the President gave to these talks. However, we may find it more useful to accept the advice given the other day by the Leader of the Government when he told us that we should wait and see how it all comes out in the end, because it is too early to make a final pronouncement on the trade talks. As the Premier of Ontario said yesterday, "we must see what the shape of any agreement is and then make a judgment."

When we examine the statements of the Prime Minister, however, we see that he has been as consistent as a roller coaster when it comes to these talks. Quite apart from his pronouncements during the Conservative leadership campaign, I recall his words of last September when he told a university class in Brandon that if he were a "betting man, right now you'd have to say there's going to be no deal, the Americans are going to shoot it down, the Americans don't want a deal." That is a statement of the Prime Minister of Canada!

The Prime Minister then went on to say that the United States was "not rushing to the altar." I suppose this means that Canada may be jilted. At this point I ask: Does this mean that we will get the dowry back? Because we cannot afford to have these talks fail after all we have delivered to the Americans. The Americans didn't like our National Energy Policy—so whoosh, away it goes! Later, of course, we find that their commitment to an open market system is one designed according to their rules.

What about our means for determining investment in our country by foreigners? The Americans didn't like that; so, "bang, it's gone!"—to use another prime ministerial phrase.

What about foreign ownership of our cultural industries? Well, if the Americans don't like it, we must reconsider—as we saw in the government's decision on Gulf & Western and Prentice Hall. This attitude prevails even in the face of this government's own policy on book publishing.

The United States says that it does not like our policy of drug competition—a policy that gives Canadians with health problems, our elderly, our sick children, and Canadians on limited income, access to the medicine and drugs they need at a reasonable price. Well, that seems to be going too!

We give, to use that phrase, the United States "the benefit of the doubt" in almost every area, and what do we get in return?

The Prime Minister tells us that he is now from Missouri and that he is going to believe the United States "when I see the cash." An unfortunate choice of words, I thought, in light of recent events.

Well, after the next election, perhaps he really will be from Missouri, because I cannot believe that the voters of Canada will want him back.

Two years ago I said in a speech on foreign policy in this chamber that I was afraid that the new government—and particularly the Prime Minister—seemed to think that amiability is the chief element of diplomacy. It is not. If national interests are to be protected or advanced, you cannot always be nice. You cannot always give the other side the benefit of the doubt. One observer described the new approach to our relationship this way—and I quote:

> Our new fetish for America is flawed. More fundamental, perhaps, it's wrongheaded. What we're really doing . . . is cementing a partnership of deference. And there's no mystery about who will defer to whom.

The writer went on to describe how "visibly nervous Brian Mulroney was in the public presence of the president" after their first meeting. "No wonder," he wrote, "we're beholden, anxious and fettered. It doesn't make for much of a voice in world affairs."

I don't always agree, honourable senators, with the political analysis—

**Senator Barootes:** Who was the author?

**Senator MacEachen:** I am coming to that.

I was about to say that I do not always agree with the political analysis of Stephen Lewis, but in this instance I can only concur with the conclusions he reached when he penned this backpage piece for *Maclean's* shortly after the Prime Minister visited Washington in September 1984, and shortly before he took up his appointment at the United Nations.

You may say that this is too harsh a criticism of the government, and that things have changed. Well, let me read you one other piece:

> Just so there is no danger of my being misunderstood, let me remind you that one of the principal criticisms, in Canada, of our government is that we are too friendly with the United States. Before his election as Prime Minister, Brian Mulroney said that his attitude, in a controversy, would be to give the United States the benefit of the doubt. That . . . has been our practice as a government, and it will continue to be.

● (1620)

The speaker in this case is the former Leader of the Conservative Party and current Secretary of State for External Affairs, and this is an extract from a speech he gave on March 20, 1987, in San Francisco, less than a month ago. This government is still unwilling to recognize that the interests of Canada and those of the United States are not the same. Frankly, this was not the mandate the Canadian people had in mind when they were dunked in the "Big Big Wave," as the Conservative campaign jingle went, that swept over the country in the last election. Now, if public opinion surveys are any indication, they can hardly wait for a lifeboat to take them to safety.

What we have seen, honourable senators, in the past two and a half years is a failed policy with respect to the United States. The United States has not yielded to Canadian demands in major areas of concern. In the meantime, Canada has made major concessions in energy, investment and trade.

In the past few days it was pathetic to watch spokesmen for the government attempting to retrieve from guarded and vague words spoken by the President some consolation for American rebuffs on substance. In the absence of concrete results and actual programs, add-on sentences in the President's speech

were grasped like fig leaves to help conceal Canadian embarassment.

All of this, honourable senators, is the outcome of a policy which, as Mr. Stephen Lewis pointed out, was wrong-headed from the beginning and which was based on wrong premises.

The Secretary of State for External Affairs states that in any controversy with the United States, it is Canadian policy to give the United States the benefit of the doubt. I disagree profoundly with that assertion. It is, on the contrary, the duty of a Canadian minister in any controversy to give Canada the benefit of the doubt.

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** Even when there is no doubt, as was the situation in the case of softwood lumber, the government is inclined to give the United States the benefit of the doubt.

A policy of giving the benefit of the doubt to the United States will have only one result, and that is to ensure that the pursuit of Canadian interests will occupy and play a secondary role in Canada-United States relations. Personal friendship is excellent, it is fine, but it should not become a substitute for the defence of Canada's permanent interests. That is the failure, the tragedy, of this government's policy towards the United States.

**Some Hon. Senators:** Hear, hear!

On motion of Senator Doody, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, April 9, 1987**

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

Prayers.

## THE SENATE

QUESTION OF PRIVILEGE—MOTION FOR REFERRAL TO COMMITTEE—DEBATE ADJOURNED

**Hon. H.A. Olson:** Honourable senators, I want to raise a question of privilege. I did, in fact, give notice of this question of privilege last Thursday, April 2. The question of privilege has to do with an incident that took place in the Banking, Trade and Commerce Committee on Thursday, March 19. The reason I gave notice last week is that the printed proceedings of that committee meeting were not available to honourable senators at the time. However, they are available now, and have been since, I believe, last Tuesday or Wednesday. I have a few extra copies here if any honourable senator would like one.

My problem is that the chairman of the committee interrupted me when I was asking questions of the minister, the Honourable Barbara McDougall, Minister of State for Privatization, who was appearing before the committee on a matter that was referred to the committee by the Senate.

To make absolutely clear what I am talking about, I would like to quote from Issue No. 18 of the Banking, Trade and Commerce Committee, page 11. At the top, on the left hand side, it says:

> **Senator Olson:** I would like to ask questions on the matter I asked some questions about in the Senate the other day to the annoyance, I think, of one of your colleagues. I refer to the matter of investigation of the unusual trading activity with respect to Memotec's shares.
>
> **The Chairman:** One moment, Senator Olson. I guess you were not here but we decided that was a matter that was in the hands of somebody else than this committee, that it did not arise out of this bill per se, that it arose out of something in advance and it wasn't a matter that we were going to discuss in committee.
>
> **Senator Olson:** Well, that's interesting, Mr. Chairman, that you might have decided that, but I don't believe that I am willing to subvert [my] rights as a senator to inquire into things because you might have decided that.
>
> **The Chairman:** It was the committee that decided that.
>
> **Senator Olson:** I wasn't at the meeting when it happened, that's clear, but could I have an explanation as to where we make these inquiries?
>
> **The Chairman:** Yes, in the Senate, where you have already made it.
>
> **Senator Olson:** The minister hasn't been in the Senate.

That was the only time that senators had an opportunity to make those inquiries of the minister. I would like to demonstrate, if I can, that the so-called decision the chairman claimed was made by the committee was never made.

**Hon. Ian Sinclair:** I think you should read the balance. Why don't you read the balance of the exchange? Why stop where you did?

**Senator Olson:** I think that would be useful. The proceedings of the committee go on to say:

> **The Chairman:** There is a member of the government there who can communicate with the minister and get the answers.

Of course, I knew who he was referring to.

> The committee considered this, Senator Olson, and made that decision. There were other people here that we could have put those questions to, people from Memotec, people from the investment community, including people who had done some of the financing.

I ask senators to listen to this very carefully:

> The committee decided that that was not a matter we were going to discuss when we studied the bill, and I think we should stick to that decision.

Would senators like me to read still more? Senator Olson then says:

> Well, Mr. Chairman, I accept that—

**Senator Sinclair:** "I will accept that." Please read it; "I will accept that."

**Senator Olson:** I think senators can refer to the text if they so wish.

> Well, Mr. Chairman, I will accept that, but I don't agree with it. That is immaterial, I suppose, when I wasn't at the meeting. I believe that it is a wrong decision but now that I know you have taken it, when it goes back to the floor of the Senate I will take it up there.

I say that because I suppose some senators could argue that the committee members should settle these matters in the committee, but not with that chairman in the chair.

**Some Hon. Senators:** Oh! Oh!

**Senator Olson:** The chairman then says:

> Have you got other questions, Senator Olson?

Of course, I said:

> Well, I am having a little difficulty because they are related questions, and I think this one really needs to be taken in.

So, honourable senators—

**Senator Sinclair:** Please read the next sentence.

**Senator Olson:** I will demonstrate, I hope, that the committee never made that decision. But I want it to be very clear that whether or not that was discussed in the committee is not my question of privilege. My question of privilege is larger than that. I do not believe that the chairman—or, indeed, the entire committee—has the right to say to a senator that he cannot ask questions about a certain matter that is referred to the committee by the Senate. That is the question of privilege.

I now want to demonstrate, if I may, another point. I went back and looked at the evidence of this so-called committee to try to find where such a decision was made. If senators would look at Issue No. 13 of the Proceedings of the Standing Senate Committee on Banking, Trade and Commerce of February 25, 1987, they will find this passage at page 8:

> **The Chairman:** Dr. Smith, I wish to make one point clear before we go any further. There has been some publicity about investigations by the Ontario Securities Commission, and their watchdogs of SROs, and so on, including a government investigation, having to do with the movement of stock prices before the matter was dealt with. That is something with which we are not concerned in this committee.

What right did he have to say that?

**Senator Sinclair:** Keep reading, keep reading.

**Senator Olson:** I will continue:

> So if any of the witnesses have comments to make on that, I would ask them to please strike them, because we are not dealing with that issue. Other people are dealing with that matter and we will have nothing to say in the committee's report concerning it, nor will we be asking questions on the matter. That was a decision reached by the committee after the reference was made. I believe that is correct, senators.
>
> **Hon. Senators:** Agreed.

Honourable senators can look back to the beginning of that issue and see that not one sentence discusses whether the committee will discuss this aspect of the reference—not one. Where was the decision made? It certainly was not made in the committee.

I want senators to look carefully at Issue No. 13, which contains the proceedings of the first meeting held by the committee on the reference from the Senate. The reference, of course, appears at page 3 and reads:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-38, An Act respecting the reorganization and divestiture of Teleglobe Canada, in advance of the said Bill coming before the Senate or any matter relating thereto.

That is the instruction given by the Senate to the committee. Surely a question directed to the minister on whether or not she proceeded with the investigation of a possible leak giving rise to the unusual trading patterns of Memotec stock was a matter relating to this bill, because that is what this reference says, "or any matter relating thereto." However, there is not one word, and that, therefore, brings up a really serious charge. I am not going to make it today, because I do not want to be diverted from the real question of privilege. The really serious thing is that the chairman told me something that was not true. There never was a decision made by the committee, because it is not here.

**Senator Sinclair:** Honourable senators—

**Senator Olson:** Honourable senators, there is already a question of privilege being raised here.

**Senator Sinclair:** Will the senator yield?

**Senator Olson:** No, I will not yield until I am finished. You will have lots of time when I am finished. You have been interrupting me every two or three minutes for some reason that I do not quite understand, and I do not care, in any event, because I know you will have a full opportunity to say everything that you want to say. So will a few other people, by the way.

Honourable senators, I just wanted to bring this matter up because I think it is fairly important that you know about it. You can check it yourselves, but, as I said, the question is whether a committee, a steering committee of a committee or the chairman of a committee has the right to interfere with and prevent a senator from asking questions that are both relevant and pertinent to the reference that has been sent to the committee. No one questioned that the question was relevant to the reference that was made. No one in their right mind would, of course. However, somewhere or other it was decided—and I do not know where yet, although senators who have been around here for a while probably know where some of these things are done; they are probably decided in someone's back room—that they were not going to allow senators to ask any questions about the investigation as to whether or not there was a leak in the minister's department.

Honourable senators, there is one other thing that needs to be drawn to your attention and that is that we did not have any other opportunity to question the minister. None. One assertion that was made here is that there is a member of the government who can communicate with the minister and get the answers. I know that. I also know that I had been trying for approximately three or four weeks to get an answer to my question, and I know, because I have been in the same position as the Leader of the Government in the Senate, that he can only convey to the members of the Senate the response that he receives from a minister when he refers a senator's question to that minister. Therefore, I am not complaining about that.

However, when we have the minister in front of us—and it was the only time that we had the minister in front of us—the chairman prevents me from asking relevant and pertinent questions. Therefore, I want to refer that matter to committee,

and, if I may, I intend to move a motion at the conclusion of my remarks to send this whole matter to the Standing Rules and Orders Committee to examine the circumstances related to the question of privilege, and to report its findings and recommendations to this chamber. If the Senate decides that a chairman has that right and that authority, or, indeed, the steering committee—which is the other place where they claim there was a decision made—or if the whole committee has the right to make that decision, that is fine. However, I do not believe that the Senate ever intended that a committee or its chairman could treat senators in that fashion and decide which questions could be asked and which questions could not be asked. I know that the chairman of a committee has, and ought to have, some authority to deal with relevancy. In other words, if the committee is discussing one matter, a question cannot be asked about a completely different subject, but there is no argument that an investigation as to how a leak may have occurred is relevant to the subject matter. There is no doubt about that at all.

Then, honourable senators, there is the matter of the report of the committee to the Senate on that reference. I only intend to read part of it, because this was on senators' desks only a few days ago, on March 31. I quote, in part:

> Since any impropriety leading to enhanced activity in Memotec stock was under inquiry by competent authority, and since the movement of the stock was unrelated to the merits of the transaction, the Committee decided not to review this aspect of the deal.

That is not true, although the chairman said it was true. But if one goes back and examines the report—and I do not want to repeat it—one will see that that was not discussed, except what I have quoted, yet, at the end he says, "Isn't that right? That is a decision that was made." That decision was not made by the committee.

● (1410)

Honourable senators, I will conclude by asking leave to put a motion before the Senate, although I am not sure whether I need leave. But I shall ask for leave now and, if leave is granted, we can deal with this matter now. If leave is not granted, of course, we will have to deal with this at the next sitting. When a senator has a question of privilege as serious as this one is, I think it should be dealt with immediately. When a senator establishes a *prima facie* case relating to privilege, that senator is obliged to move a substantive motion, and that is what I intend to do.

Therefore, I move, seconded by Senator Corbin:

> That the question of privilege raised by Senator Olson, on April 9, (claiming he was improperly prevented from asking a question) be referred to the Committee on Standing Rules and Orders to examine the circumstances related to the question of privilege, and to report its findings and recommendations.

I have extra copies of the motion which I would be pleased to have distributed.

[Senator Olson.]

In conclusion, I ask honourable senators to take very seriously this attempt at limiting and subverting the rights of a senator to ask questions at a committee meeting.

I know that the rule book is not absolutely clear, but I do not think that a chairman of a committee, and a steering committee—if the members of the steering committee did this; I do not know if they did or not—have ever attempted to interfere or prevent a senator from asking questions.

I think we should defend a senator's right to do that. It would be a sad day, indeed, for the Senate if it decided to give chairmen of committees the authority that was attempted to be used on me and a couple of other senators who attended that meeting that day.

**The Hon. the Speaker** *pro tempore:* Is leave granted to have Senator Olson's motion before the Senate?

**Hon. Jacques Flynn:** Honourable senators, the question is whether the motion is in order. I think His Honour should consider whether the Standing Committee on Standing Rules and Orders has the authority to consider this matter. I suggest that this be referred to the Committee of Privileges of the Senate, which is a committee of the whole Senate, struck at the beginning of a session. As far as I am concerned, the Standing Committee on Standing Rules and Orders has no power to decide whether a decision made by a chairman of a Senate committee is right or wrong, according to the rules. The Committee of Privileges of the Senate does not sit often. I attempted to have it sit to consider Senator Jacques Hébert's famed hunger strike, but that committee refused to sit then. This may be a good reason to have it sit.

**Senator Olson:** Honourable senators, I do not have any particular preference. I am quite happy to refer the matter to that committee. That does not cause me any problems.

I thought that perhaps I would advise that the Standing Committee on Standing Rules and Orders could in fact deal with it. But if there is an objection by a number of senators to that procedure, I do not mind changing it to the "Committee of the Whole on privileges."

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, Senator Flynn's intervention was a point of order as to what committee such a matter would be referred to if it were to be referred.

As far as I am concerned, I would like to take under advisement the question whether I will support a motion to send this matter to any committee. However, I have no objection at all to having some committee consider the general question of the role, the responsibility and powers of committee chairmen.

It is a fact, as Senator McElman and I noted in our exchange on another matter yesterday, that we operate in many contexts in this place without the benefit of precise rules. However, on this matter, from what I have been able to hear, the chairman was enforcing the rule of relevance in the committee, and that is well within the powers of any chairman. The subject matter of a certain bill had been referred to the

committee and, honourable senators, Senator Olson attempted to ask questions on a matter which, in the judgment of at least the chairman—and perhaps of the steering committee as well—the questions were not relevant. As long as the chairman has the support of the committee, it is well within his powers to make that kind of decision.

Therefore, while I would like to take the matter under advisement—

**Senator Olson:** Are you saying that the question was not relevant?

**Senator Murray:** —my first reaction is to support the exercise by the chairman of what I regard as his undoubted powers as chairman.

**Hon. Finlay MacDonald:** Honourable senators, speaking to Senator Olson's question of privilege, I find this very distressing. What you are doing is coming perilously close to accusing the chairman of that committee of being a bully, at best, or being untruthful, at worst.

As I understand it, you are making three general points. The first point is the right of any senator to ask a question regardless of whether or not the committee has agreed that that matter is not to be discussed. The second point is the area of relevance, which was explained by reference to the fact that this was because other tribunals were looking into this matter. The third point is the one which you made reference to when you gave your first notice of this question of privilege, and, as you say, "It says that the committee made a decision not to allow the line of questioning I mentioned a minute ago. After careful perusal of the committee's report, I found the committee made no such decision in the committee room."

Well, Senator Olson, you were not present at the first meeting of the committee. When the chairman dealt with this particular matter—and you have just finished reading this—he said, "That was a decision reached by the committee after the reference was made. I believe that is correct, senators."

The honourable senators say, "Agreed."

What I want to know is whether or not a formal motion is required in a committee hearing to deal with a particular subject. Does not the term "agreed" by the senators who were present—not the steering committee, the entire committee—indicate something to you? We were all there—you were not. We agreed with the chairman's suggestion that that matter was not to be part of our mandate.

I consider that your remarks are totally inappropriate.

● (1420)

**Hon. Gildas L. Molgat:** Honourable senators, I rise on a point of order. Senator Flynn had raised the point of order as to whether this motion was in order or not, and if Senator MacDonald was asking a question, I think that is proper. Other than that, we must decide if we have a motion before us or not.

**Senator Flynn:** Honourable senators, I draw to your attention rule 39 of the rules of the Senate which states:

> A senator considering himself or herself offended or injured in the Senate, in a committee room, or in any of the rooms belonging to the Senate, may appeal to the Senate for redress.

It does not say that the senator may appeal to a committee of the Senate.

I think that since this matter covers the question of privileges, I believe the Committee on Privileges of the Senate is the body which should decide this matter.

**Senator Olson:** I believe that what is unfolding here is that there is some relevance to what Senator Flynn has just said. He is right, and I think Senator MacDonald is right, too, and I think that not only was I bullied but other senators who were at that meeting were bullied. In fact, they were bullied a lot. I resent that, so I seek redress.

I will accept Senator Flynn's suggestion in that he appeals to the Senate for redress. However, the redress that I am seeking is that someone examine the circumstances and then make some recommendations as to what the chairman's authority is going to be.

**The Hon. the Speaker** *pro tempore:* I have no motion before the Senate. Senator Olson asked for leave and I put the question, but I did not receive an answer. Since leave has not been granted, there is no motion before the Senate.

**Senator Molgat:** I do not know if leave is required for this. I believe the rules indicate that there must be a motion and, therefore, I do not think leave is required. I think that such a motion would be proper, but that is for His Honour to decide.

**Hon. Eymard G. Corbin:** Honourable senators, under rule 39, whether a motion is made or not made, and whether the Senate agrees to receive it or not, the fact is that the matter is now before the Senate. It is here now for our consideration.

While I am on my feet, I want to say that I have lent my name to second Senator Olson's motion—if a motion is indeed required—but I should state that I was not a member of that committee and therefore was not present when these incidents took place. However, I do believe in the fundamental rights and privileges of senators individually, and certainly do not want to reflect on the conduct of chairmen or the members of committee at this stage.

The matter itself is, to me, of fundamental importance and, in that sense, I think it ought to be resolved. Whether it is to be resolved here or in committee is immaterial, because, if Senator Olson feels that his privileges are affected, and if, indeed, they are, then my privileges are also affected. That is why I feel the matter ought to be cleared.

However, I am looking forward to the response of the chairman of the committee so that we can have both sides of the issue which would be helpful.

**Hon. Charles McElman:** Honourable senators, I refer to rule 33 at page 12 of the rules of the Senate, which reads as follows:

> When a matter or question directly concerning the privileges of the Senate, of any committee thereof, or of

any senator, has arisen, a motion calling upon the Senate to take action thereon may be moved without notice and, until decided, shall, unless the debate be adjourned, suspend the consideration of other motions and of the Orders of the Day.

**The Hon. the Speaker** *pro tempore:* I will not argue with that; but I refer Senator McElman to rule 45(1)(*e*) which says:

One day's notice shall be given of any of the following motions:

. . .

(*e*) for an instruction to a committee;

I understand that Senator Olson made a motion to refer a question of privilege to the Standing Rules and Orders Committee. If that is so, then according to rule 45(1)(*e*), he should have given notice that he intended to introduce a motion to refer the matter to a committee of the Senate.

**Senator McElman:** Honourable senators, I submit that rule 45(1)(*e*) has no relevance in this matter, and that rule 33 would obviously have precedence over anything else. A matter of privilege, which is involved here, takes precedence over all other matters coming before the Senate.

**Senator Molgat:** Honourable senators, I refer you also to rule 46(*k*), which states:

No notice is required of the following motions:

. . .

(*k*) raising a question of privilege;

So in two rules we appear to say that no leave is required.

**The Hon. the Speaker** *pro tempore:* But we are not dealing with a question of privilege. We are dealing with the question to refer a question of privilege to a committee of the Senate. We are not dealing with a question of privilege at this moment, but with a motion to refer a question of privilege to a committee of the Senate.

**Hon. Earl A. Hastings:** Honourable senators, speaking to the point just made by His Honour, rule 46 says:

No notice is required of the following motions:

. . .

(*b*) for the referral of the question to a committee;

**The Hon. the Speaker** *pro tempore:* The question has not yet been put. I am ready to put the question before the house and ask for a vote.

**Senator Olson:** Honourable senators, I did move the motion, and in doing so I did not get into the procedural argument as to whether or not it was in order. I have looked at the various rules, and I am of the view of those senators who agree with rules 33 and 46(*b*) that no notice of motion is required to deal with a question of privilege. I therefore move:

That the question be referred to the Standing Committee on Standing Rules and Orders to examine the circumstances related to the question of privilege and to report its findings.

[Senator McElman.]

That is provided for in rule 33, which says:

. . . a motion calling upon the Senate to take action thereon may be moved without notice . . .

That is the rule on which I am relying. I therefore suggest that the question is before the Senate.

**The Hon. the Speaker** *pro tempore:* It has been moved by Senator Olson, seconded by Senator Corbin:

That the question of privilege raised by Senator Olson, on April 9, (claiming he was improperly prevented from asking a question) be referred to the Committee on Standing Rules and Orders to examine the circumstances related to the question of privilege, and to report its findings and recommendations.

Is it your pleasure, honourable senators, to adopt the motion?

**Senator Flynn:** Are you ruling that the motion is in order?

**The Hon. the Speaker** *pro tempore:* I rule that the motion is in order.

**Senator Sinclair:** Honourable senators, this is a very interesting point, when we listen to the honourable senator from Medicine Hat, using his recollection and using language that is offensive. I will not use offensive language, but I will question very much his integrity. We had three drafts of the report. He raised no objections. He says it is wrong.

• (1430)

Well, honourable senators, let me read from the Oxford Dictionary the meaning of relevant: "Bearing on or pertinent to the matter in hand." Certainly, trading in the stock of a company before the government introduced a bill that was referred to the committee is not pertinent to that reference. There can be no question about that. That is why, when honourable senators discussed this matter before we started our review of the reference, we decided that it would not be relevant, that it would be a wild goose chase and would take up a lot of time. So we decided that we would not allow questions, that we would not go into the matter, and that decision was referred to at the first meeting and was agreed to by all senators. The report, after three drafts, was agreed to unanimously by all senators who were party to the drafts.

Now, I do not know, but let me say this: That I am annoyed at the language is obvious. I think it is inappropriate. I think it is stupid and uncalled for, and, under other circumstances I would do something else about it, but I cannot. Notwithstanding this matter, this committee has a job to do. We accept that responsibility, we will do it and we will do it in timely fashion, and we will not discuss irrelevancies, unless we are instructed to do so.

**Hon. Sidney L. Buckwold:** Honourable senators, as a member of the committee who was present, I believe, at most of the meetings involving this particular reference, I, too, must state my objection to the procedure that has been followed by Senator Olson. In my opinion, in his attack on the chairman he is also attacking every member of the committee who participated in the hearings and who, in due course, agreed to the

procedures and to the final report. I will not go into a lengthy defence of what went on in the committee. I can tell you that from my point of view—and I have not reviewed the evidence that has been reported—it was not a very difficult decision, after hearing that the possible manipulation of stock on the Toronto Stock Exchange required investigation and that such an investigation was already under way by a very competent body. Since there was a sense of urgency in our committee to get the bill through—because this other matter would have delayed the bill, and I do not think that that was the major reason at all—if we moved into an investigation of stock transactions, it would take literally weeks to deal with, I for one was quite satisfied that a responsible body was reviewing the situation, and that there was no great problem for the committee to say, "It is really not necessary for us to carry on a further investigation."

I might also say this about Senator Olson: I do not agree that he was precluded from asking questions. I do not agree that he could not have carried his investigation further in the committee. He did not put up a great fight or say, "Let's keep this thing going." The chairman did not say, "Shut up," or "Don't ask these questions." He said that the matter was under control through this other body. Most of us who sat on the committee did not find things oppressive. I must say that in attacking him, Senator Olson has also thrown a cloud on those of us who agreed with the chairman and the procedure which he recommended.

**Senator Murray:** Honourable senators, I intend to move the adjournment of the debate, unless some other honourable senator wishes to speak after me. My purpose in doing so is to take this matter under advisement, and perhaps to hold some discussions about the matter over the weekend.

To begin with, while Your Honour has found that the motion is in order, I believe we must consider whether there is not some way of separating the particular case from the general issue—the particular question of privilege raised by Senator Olson relating to what happened in the Standing Committee on Banking, Trade and Commerce and the generality of the powers of committee chairmen. The Standing Committee on Standing Rules and Orders really has no authority under our rules to interpret the rules. That committee can bring in recommendations as to changes or amendments to our standing rules and orders, but it is not empowered to deal with questions of privilege or to interpret the rules. It simply does not have that role. That is a matter to which I would like to give some thought over the weekend, and perhaps we can have some discussions on the matter.

As to the substance of the matter, I shall not repeat what I said earlier. I have been chairman of two committees, one a joint committee of the Senate and the House of Commons and the other the Standing Senate Committee on Banking, Trade and Commerce. Honourable senators who have been in the position of chairman know that it is not always an easy position to hold and that the responsibilities are not easy to discharge. I well recall some time ago, during the period of my chairmanship of the Banking, Trade and Commerce Committee, dealing with a couple of bank failures in western Canada. At the same time there had been referred to the committee a government green paper on the regulation of Canadian financial institutions and the question of deposit insurance. I was very concerned that in the discussion of the overall question of regulation of Canadian financial institutions we would become quickly sidetracked into an inquest or an "autopsy" of what had happened in the case of the bank failures. Therefore, I took steps, with the support of the steering committee, to prevent that from happening. I took steps to ensure that the committee dealt with the matters that had been referred to it, and I took steps to enforce the rules of relevancy as I saw them. In the course of doing so, I had to gavel down honourable senators on numerous occasions. I had to rule out of order lines of questioning which I thought were irrelevant to the reference before us.

Such rulings are always judgment calls. They are never easy to make, and they are usually close calls. Having said that, I am glad to say I think I had the support of the committee on most of those calls. We completed our work on the regulation of Canadian financial institutions and went on to a specific inquiry into the failures of those western banks.

The Banking, Trade and Commerce Committee, it seems to me, was in a not dissimilar situation the other day. It had before it a bill having to do with the sale of Teleglobe by the federal government. There is a side issue—it is an important issue, but still a side issue—and it relates to the trading in the stock of Memotec at about the same time as that decision was announced by the government. It may be that at some time in the future the chairman and the Banking Committee may want to look into those matters, but they have not been referred to the committee. The chairman and the committee members took the decision that they thought was the proper one to take at the time.

• (1440)

Therefore, I have some difficulty in accepting that there is even a *prima facie* case of privilege here. In any case, as I indicated, although His Honour has ruled the motion in order, there are some problems with having this committee look into the matter.

Honourable senators, I would like to have some time to take the matter under advisement, to consider and to consult on it, before next week. Therefore, it is my intention to move the adjournment, unless some other honourable senator wishes to speak at this time.

**Senator Molgat:** Honourable senators, before the adjournment motion—and I commend the Leader of the Government for proposing that motion, because I think it is the wisest course to take at this time—I think we could well look into the point of order raised by Senator Flynn, that this, indeed, might be a matter to be discussed by the Senate as a whole, as the Committee of Privileges. That could be done quite easily by an amendment to the present motion referring it to this committee. Perhaps by taking that course, we might find a much better solution for the good of the Senate itself. I would have great hesitation, quite frankly, to have a committee of the

Senate act as a sort of legal body, and then have it report back to this house. I think it would be much better to settle it here, in an *in camera* session if need be, but that could be accomplished by looking at the question raised by Senator Flynn.

**Senator Hastings:** Honourable senators, I, too, rise to support the motion for adjournment made by the Leader of the Government in the Senate. I have listened carefully to the discussion that has taken place on the point of privilege raised by the Honourable Senator Olson. It seems to me that the matter comes down to the committee's decision. I, too, will look forward to spending the weekend looking at some minutes to see whether the committee did in fact make a decision, and whether there is a motion by the subcommittee on procedure and agenda to that effect. The line of questioning that Senator Olson sought to follow would have been out of order, and the chairman had every right to rule it irrelevant, provided, of course, that the decision had been taken. And a decision of the committee or subcommittee is always a minute and can easily be verified. I will study the proceedings of the committee over the weekend. I rise to speak because Senator Sinclair, Senator Buckwold and others have referred to the decision. The chairman of the Banking Committee said that it was made "before we started."

As I have said, then, I support the government leader in his motion for adjournment so as to consider this matter over the weekend. This will give us all an opportunity to review the proceedings and to check the minutes of the subcommittee and the committee.

On motion of Senator Murray, debate adjourned.

## CHILD CARE

### NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY FINAL REPORT OF SPECIAL HOUSE OF COMMONS COMMITTEE ON CHILD CARE ENTITLED: "SHARING THE RESPONSIBILITY"

**Hon. Mira Spivak:** Honourable senators, I give notice that on Tuesday next, April 14, 1987, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the Final Report of the Special Committee of the House of Commons on Child Care, entitled: "Sharing the Responsibility"; and
>
> That the Committee present its Report no later than September 30, 1987.

## NATIONAL FINANCE

### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

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

> That the Standing Senate Committee on National Finance have power to sit at three thirty o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

[Senator Molgat.]

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

**Hon. Senators:** Agreed.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 14th April, 1987, at two o'clock in the afternoon.

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

**Senator Doody:** Honourable senators, I should like to say just a word or two about this motion. As senators are aware, there is a great deal of uncertainty as to when Bill C-44 will arrive here in the Senate. There is also a great deal of urgency attached to the passage of that bill. As I explained yesterday, it is very important to the provinces. It deals with equalization grants and the payments that the provinces are expecting, and that are due and that they are entitled to have on April 16.

The difficulty facing us in the Senate, of course, is that the bill has not yet escaped the clutches of the people in the other place. Whether it will get out this afternoon or tomorrow is unknown to us at this time. It may very well be that when the Standing Senate Committee on National Finance examines the subject matter of this bill, it will decide that the Senate should meet again on Monday. Perhaps the bill will come to us and some senators may decide that extra time is needed to debate this important piece of legislation. It may then be necessary to call honourable senators back on Monday. If that is the case, we will send them telegrams, or ask the Speaker to do so. It is our hope that that will not be necessary, but, if it is, I am sure that honourable senators would be only too happy to oblige.

**Hon. John B. Stewart:** Honourable senators, Bill C-44, to which Senator Doody has just referred, was introduced by the government in the other place on March 11. The government moved second reading on March 19, and the bill was referred to a legislative committee. That committee did not begin its examination of Bill C-44 until Monday, March 30. It dealt with the bill again on March 31, on April 1 and on April 2, and reported the bill that same day, April 2. Here we are on Thursday, April 9, and nothing has happened in the other place. Therefore, Senator Doody has been put, once again, in a very awkward position. The government is saying that it needs passage of this bill urgently, and he has explained why. Yet,

the other place moves with all of the speed of the cold molasses we used to hear about.

• (1450)

Of course, the government itself cannot evade all responsibility for this situation, because, as I said, the committee reported the bill on April 2, and as yet third reading has not been moved. So there we are! It seems to me that the proposal that Senator Doody has made is a reasonable one. It leaves open the possibility that those provinces which may want to appear before the Senate committee can do so while we are engaged in the pre-study, and then the Senate can deal with the bill as soon as it comes before it. How long that will take no one knows at this point.

Motion agreed to.

## CRIMINAL CODE

BILL TO AMEND—REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

**Hon. Nathan Nurgitz**, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, April 9, 1987

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FIFTH REPORT

Your Committee, to which was referred the Bill C-28, An Act to amend the Criminal Code (torture), has, in obedience to the Order of Reference of Wednesday, April 8, 1987, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
*Deputy Chairman*

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

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# QUESTION PERIOD

## EXTERNAL AFFAIRS

OFFICIAL VISIT TO EAST BLOC COUNTRIES—SENATE REPRESENTATION

**Hon. Eymard G. Corbin:** Honourable senators, my question is to the Leader of the Government in the Senate. I have in my hands a communiqué dated April 8, 1987, from the Department of External Affairs entitled: "Visit of the Secretary of State for External Affairs to Poland, East Berlin, the German Democratic Republic and Hungary." I would like to quote the first paragraph, simply to put things in context:

> The Right Honourable Joe Clark, Secretary of State for External Affairs, announced today that he will pay an official visit in Eastern Europe.

And he will visit the countries I have just named. Further on the paragraph reads:

> In addition to the Members of Parliament who will accompany him, Canadian businessmen will be involved in various aspects of the programme.

My question is: Will members of this house be included in the delegation?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not know the answer to that question, but I shall make inquiries.

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## RESEARCH AND DEVELOPMENT

CLOSING OF MARINE ECOLOGY LABORATORY, BEDFORD INSTITUTE OF OCEANOGRAPHY—GOVERNMENT POLICY AND ACTIONS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Hicks calling the attention of the Senate to the policies and actions of this Government with respect to Research and Development, having particular reference to the closing of the Marine Ecology Laboratory (M.E.L.) at the Bedford Institute of Oceanography.—(*Honourable Senator MacDonald (Halifax)*).

**Hon. Finlay MacDonald:** Honourable senators, I shall be brief and address my first comments to Senator Hicks. When we were discussing this matter just as we came into the house, I was awaiting some material which I have now received. I might say to him that as far as I am concerned, unless someone else wishes to discuss this inquiry, I am perfectly satisfied.

I have spoken to officials in not only Mr. Siddon's office but in Mr. Oberle's office and, from what I have learned, I find that an article in the *Chronicle-Herald* of April 4, 1987, seems to convey accurately to me the information which I have received. I will just read brief exerpts from that article:

> Deputy Fisheries Minister Dr. Peter Meyboom on Friday defused a growing revolt by scientists in the Marine Ecology Lab (MEL) at Bedford Institute of Oceanography (BIO) by granting them direct input into administrative changes being brought about at the institute.

The article further states:

> At a press conference after the meeting, Dr. Meyboom said he addressed the scientists' concern that long-term research is being sacrificed at the expense of short-term practical fisheries problems.

And that, of course, was their concern. The article goes on, and quotes Dr. Meyboom:

> 'I told them that, of course, the Department of Fisheries and Oceans must have long-term research. At the same time, it must be sensitive to the needs of the fishery industry.'

The article then continues:

> Dr. Meyboom suggested a body of senior researchers be created at BIO to advise regional science director Dr. Barry Muir as to how a balance between basic and applied research can be achieved.

The article then talks about your contact, Senator Hicks:

> Contacted after the press conferene, Dr. Lloyd Dickie, who has volunteered to be a spokesman for the dissenting scientists, said he is satisfied they will now have 'reasonable input into what's happening. We believe (Dr. Meyboom) does understand now. And we really don't think he understood before . . . The confrontation has disappeared.'
>
> Dr. Meyboom acknowledged that the scientists' concerns should have been better addressed in September, when the restructuring of DFO was announced. But he refused to assign blame for the breakdown in communications within the department.

Dr. Meyboom is then quoted as saying:

> 'One never knows how these things all of a sudden go off the rails.'
>
> Dr. Meyboom also visited with Dalhousie University's academic vice president, Alastair Sinclair, Friday afternoon to reassure him changes at BIO will have no effect on the relationship between the two institutions.

I would like to say to Senator Hicks that I, personally, am satisfied that the matter has been resolved. I really have nothing further to say about it.

**Hon. Henry D. Hicks:** Honourable senators, I wish to reply, but I do not wish to do so this afternoon. Therefore, I move the adjournment of the debate.

On motion of Senator Hicks, debate adjourned.

The Senate adjourned until Tuesday, April 14, 1987 at 2 p.m.

# THE SENATE

**Tuesday, April 14, 1987**

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

Prayers.

## ORGAN DONOR WEEK

**Hon. Efstathios W. Barootes:** Honourable senators, as you may have heard, April 26 to May 2 is Organ Donor Week in Canada. My purpose in speaking to honourable senators today is twofold: to draw your attention to the serious shortage of donor organs available to those among our fellow Canadians who desperately need them; and to ask you to serve as a role model by making a personal commitment to organ donation.

As a physician by profession, as are four of my colleagues in this chamber—Dr. Bonnell, Dr. Haidasz, Dr. McGrand and Dr. David—no one knows better than we the importance of organ transplantation in the attempt to improve the quality of life and even the survival of thousands of Canadians.

As practising and ex-practising physicians, we were—and in some cases are—exposed to the urgency of this need: the young father with a family to support who was slowly ebbing away because of a defective heart; the infant whose days are numbered as a result of a diseased liver; and the senior citizen whose semi-blindness will become total without replacements for his damaged corneas. We have all encountered situations such as these. Some of them could be helped, others could not—not for lack of knowledge or skill on the part of the physicians but because the necessary donor organ such as heart, liver, kidneys and corneas simply were not available.

I am sure that you are all familiar with that wonderful film of the late 1930s, the "Wizard of Oz". You will recall that Dorothy's three companions decided to accompany her to Oz in order to acquire from that powerful wizard those things that they were lacking. The cowardly lion needed courage, the scarecrow wanted brains and the tin man had no heart. All three got exactly what they wanted and lived happily ever after. Would that it were so in real life! Unfortunately, there are no wizards waiting to grant us our every wish.

Statistics from the Department of National Health and Welfare show how urgent is the need for organ donation. Between June 1 and August 31 last year there were 254 kidney transplants in this country, while 1,103 people remained on that waiting list. In that same quarter, 29 heart transplantations were performed, while 26 patients anxiously awaited one. There were 327 referrals for potential organ donors during that period and only 166 could be accepted.

In London, Ontario, University Hospital recently completed its one hundredth heart transplant—46 of these being done last year. The first was done in 1981. That hospital's multi organ transplant service averages four organ transplantations a week. Here in Ottawa, at the Ottawa Civic Hospital, Dr. Keon's cardiac team is earning an enviable reputation for cardiac transplantation in their surgical program.

To solve this problem, we need more people committed to organ donation and a more effective system to ensure that a person's wish to donate is honoured at the appropriate time. I am pleased to report that my profession is, as it should be, in the vanguard of this move towards increased public awareness and participation. The Canadian Medical Association (CMA) has launched an organ donor campaign aimed at doctors and their families. A joint letter from Dr. Jacob Dyck, President of the CMA, and the Honourable Jake Epp, Minister of National Health and Welfare, urges each of the 56,000 Canadian physicians to act as a key role model by signing a donor card, informing his or her family of the decision and encouraging them also to become organ donors.

I suggest to members of this chamber that we can do no less. Together with my physician colleagues, I invite senators to help set an example for the Canadian public. Background information on the organ donor program together with a donor consent card has been distributed to each and every senator. I ask that they sign this card and that they urge their families and friends to do the same.

I know that those senators who are over 30 years of age—and I think that takes in quite a few in this chamber—may say to themselves, "Well, I'm too old to donate my organs." Wrong. Age is never an absolute barrier to some form of organ donation. The skin and eyes can be used at any age; bone and kidneys can be used up to the age of 70, and the pancreas can be donated up to the age of 60.

In conclusion, I ask honourable senators to consider these facts. For many people transplantation offers the only help for a healthy, productive life—indeed, a life at all, in some cases. Numerous tissues and organs—the kidney, cornea, heart, lung, liver, bone, skin and pancreas—can all be transplanted. One person's decision to be an organ donor could benefit as many as ten people. If only 50 per cent of potential donors gave organs, there would be enough to serve everyone who needed a transplant.

I urge senators to make their commitment today, to sign a card and begin by telling others about it. It is the greatest gift that they will ever give. What a rewarding and gratifying feeling to know that one's last act in life was to pass on life to someone else.

**Hon. M. Lorne Bonnell:** Honourable senators, on behalf of those physicians on this side of the house, let me support

wholeheartedly the request of my good friend, Senator Barootes. Let me say that many years past, the greatest gift in life was blood. But now we can make a greater gift—we can give one of our organs to someone else when we have no further use for it ourselves.

I was going to say many of the things that Senator Barootes has said, but there is no sense in my repeating them, except to give him and this program my full support. The other 56,000 physicians of the CMA who have signed donor cards and asked their families and friends to sign, as well, will be placing donor cards in their offices for their patients to sign so that, in the case of a tragic accident or sudden death, these very vital organs might be used to save the life of some other individual.

There are two or three questions many senators might ask. They might first ask about the success rate of transplants. Let me just provide some statistics of what has taken place over the last few years concerning transplants.

The success rate varies with the organ involved. Fifty per cent of heart-transplant patients survive for five or more years. Eighty-five to 90 per cent of corneal-transplant patients survive for more than five years. For some transplants the success rates are determined over shorter periods of time, as in the case of 90 per cent for kidney-transplant patients who survive for more years.

You might ask: Is there a need? Let me assure you that more donors are needed to meet the potential demands for implantation of corneas, kidneys, hearts, lungs, livers, pancreas, bones and skin. For example, last year there were more than 850 kidney transplants in Canada alone and over 1,000 patients were awaiting transplant. If a suitable number of donors were available, it is estimated that some 1,300 Canadians would benefit from a kidney transplant each year.

In 1986 there were almost 125 heart transplants. It is estimated, however, that if suitable donor organs were available, up to 500 Canadians could benefit each year from heart transplants alone.

Finally, as Senator Barootes has said, many of us might think that we are getting old and it is not worth our while. Let me say, however, there is no age restriction at all placed on being a donor for eyes or skin. They can be successfully donated at any age. For some organs criteria have been established which relate to age, such as in the case of kidneys where the donor-age is set as between age one to age 70. After age 70, the kidneys generally are hardly worth saving. For liver the donor may be as young as six months, but, in the case of bone, the donor should be at least 16 years of age.

Honourable senators, this is a very worthwhile cause to help our fellow Canadians. I am proud at this time to associate myself with Senator Barootes in one of the most worthwhile causes for us as Canadians.

**Hon. Senators:** Hear, hear!

[*Translation*]

**Hon. Paul David:** Honourable senators, I am very much pleased to join Senators Barootes and Bonnell in urging you to support the campaign that was organized by the Minister of National Health and Welfare and the president of the Canadian Medical Association.

[Senator Bonnell.]

I will not repeat what my honourable colleagues have said concerning transplant. But I feel compelled to remind you that if the transplant of various organs has developed to such an extent over these last few years, it is thanks to the discovery of a new drug, cyclosporin, by a Swiss company. Because of that innovative drug, we are now witnessing a dramatic growth in the demand for organs in Canada.

I will simply recall the experience of the Institut de Cardiologie in Montreal, with which I am still closely associated. In 1968-69, we were privileged in performing, my colleagues in the Surgery Department and myself, the first Canadian heart transplant. At that time, we did nine human experiments, which had an average 6-month survival time. Judging the results unsatisfactory, we initiated a moratorium that practically extended to all hospital centres in the world, with a few exceptions in the United States, England and France.

Four years ago, the program resumed. To this day, 24 patients have been operated on, four of whom died and 21 survived. To this day, the first patient who was operated under the new program will soon celebrate his fourth anniversary. We can therefore expect that a minimum of 50 per cent of cardiac transplant patients will survive over five years. The same thing goes for the other potential transplants.

I would urge you to join the move to encourage oneself to eventually become an organ donor and also to encourage our families, our children, and perhaps for some of us here our grandchildren, to take part in that donation movement. I think it is not enough to have a card in one's pocket. It is essential that the card bearer's family be made aware. In view of the current situation in emergency rooms, I think families should call the attention of doctors and professionals in emergency centres, and make them aware of the intention of the person in pain, not to say on his or her deathbed, to give his or her organs that may be of long-time benefit to living persons.

I therefore encourage you to follow the advice of Senators Barootes and Bonnell and members of the medical profession, to become promoters of organ donations, both among doctors and the general public.

Thank you, honourable senators.

• (1410)

[*English*]

## FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND FEDERAL POST-SECONDARY EDUCATION AND HEALTH CONTRIBUTIONS ACT, 1977

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-44, to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977.

Bill read first time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

## CITIZENSHIP ACT

BILL TO AMEND—FIRST READING

**Hon. Peter Bosa** presented Bill S-8, an Act to amend the Citizenship Act (foreign spouses).

Bill read first time.

On motion of Senator Bosa, bill placed on the Orders of the Day for second reading on April 16, 1987.

[*English*]

## PRESCRIPTION DRUG PRICES

EFFECT OF PROPOSED PATENT ACT AMENDMENT—PRESENTATION OF PETITIONS

**Hon. L. Norbert Thériault:** Honourable senators, I have the honour to table three petitions, and I ask that these be made part of the record of this house and printed as part of the proceedings of the Senate.

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

**Hon. Senators:** Agreed.

(*Text of Petitions follows:*)

TO THE HONOURABLE THE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy.

HUMBLY SHEWETH

WHEREAS, the proposed changes in Bill C-22 will affect directly all Canadians who are not protected by private or governmental medicare programs, and

WHEREAS the federal government's proposals will raise the cost, already high, of the provincial health-care programs and

WHEREAS the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase of drug cost and prices and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and

WHEREAS the proposed changes are another example of the Canadian government's concession to the Free Trade negotiations with the United States, at the expense of everyday Canadians.

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

And as in duty bound your petitioners will ever pray.

DATE: April 14, 1987

(Signed):

Rankin Keenan, Murray River, P.E.I.
Bazil MacLeod, Murray River, P.E.I.
Marilyn MacKay, Murray River, P.E.I.
Boyd Allen, Murray River, P.E.I.
Laura Graham, Murray River, P.E.I.
Betty Jean Mosher, Murray River, P.E.I.
Gertrude Mosher, Murray River, P.E.I.
Stanley Mosher, Murray River, P.E.I.
Jackie Graham, Murray River, P.E.I.
Hazel Graham, Murray River, P.E.I.
Raulston Graham, Murray River, P.E.I.
Howard Rafuse, Murray River, P.E.I.
Gladstone Higginbotham, Jr., Murray River, P.E.I.
Martha E. Higginbotham, Murray River, P.E.I.
Bazil Higginbotham, Murray River, P.E.I.
John Higginbotham, Murray River, P.E.I.
Scott Higginbotham, Murray River, P.E.I.
Florence Reynolds, Murray River, P.E.I.
Linda Reynolds, Murray River, P.E.I.
Roy Reynolds, Murray River, P.E.I.
Tanya Reynolds, Murray River, P.E.I.
Donalda MacLeod, Murray River, P.E.I.
Glenn MacLeod, Murray River, P.E.I.
Lori Whiteway, Murray River, P.E.I.
Esther Mosher, Murray River, P.E.I.
Sadie MacLean, Murray River, P.E.I.
Lynnette Duffy, Murray River, P.E.I.
William Duffy, Murray River, P.E.I.
Larry MacKay, Murray River, P.E.I.
Elsie MacKay, Murray River, P.E.I.
Fred Rafuse, Murray River, P.E.I.
Margaret Rafuse, Murray River, P.E.I.
Roberta Rafuse, Murray River, P.E.I.
John W. Whiteway, Murray River, P.E.I.
Linda A. Whiteway, Murray River, P.E.I.
Jeffrey Whiteway, Murray River, P.E.I.
Doris Ferguson, Murray River, P.E.I.
John A. Ferguson, Murray River, P.E.I.
Kevin J. Mosher, Murray River, P.E.I.
Mrs. Lettie Agnes Livingstone, Murray River, P.E.I.
Ronald Millar, Murray River, P.E.I.
Warren Millar, Murray River, P.E.I.

Flossie Millar, Murray River, P.E.I.
Sterling Gillis, Murray River, P.E.I.
Hubert W. Beck, Murray River, P.E.I.
Florence Beck, Murray River, P.E.I.
Fred M. Acorn, Murray River, P.E.I.
Robert Acorn, Peter's Road
Dianne Ferguson, Murray River, P.E.I.
Alvin Ferguson, Murray River, P.E.I.
Lornie Whiteway, Murray River, P.E.I.
Natalie Whiteway, Murray River, P.E.I.
Alana Pryne, Murray River, P.E.I.
Norma Pryne, Murray River, P.E.I.
Josephine Stockford

TO THE HONOURABLE THE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy.

HUMBLY SHEWETH

WHEREAS, the proposed changes in Bill C-22 will affect directly all Canadians who are not protected by private or governmental medicare programs, and

WHEREAS the federal government's proposals will raise the cost, already high, of the provincial health-care programs and

WHEREAS the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase of drug cost and prices and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and

WHEREAS the proposed changes are another example of the Canadian government's concession to the Free Trade negotiations with the United States, at the expense of everyday Canadians.

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

And as in duty bound your petitioners will ever pray.

DATE: April 14, 1987

(Signed):

Carman Penny, Murray Harbour, P.E.I.
Lorin M. Brehaut, Murray Harbour
Jamie Richards, Murray Harbour
Alden Gauthier, Charlottetown, R.R. 7
Arthur Jenkins, Charlottetown, R.R. 3
Harold Dalton, Charlottetown
Wilbur Cousins, Charlottetown
Irving DesRoches, Tignish
Roger Bolger, Portage
Martin Schellen, New Perth
James Palmer, S. Side
Dale Johnstone, Long River
Gwen Profitt, Long River
Aloise Bernard, Long River
Ronald Peters,
Euclide Gallant, Wellington
Roland Penny, Murray Harbour
Wanita C. Drake
Cecil Morl, East Royalty, R.R. 3
Gordon Doiron
Thomas E. Doyle, Rustico
Floyd Jenkins, Georgetown
Alfred McNeill
Irene Peters, Cornwall
Mrs. Myron Jackson, Murray Harbour North
Laurie McHerron, Gaspereaux
Murray Gosbee, Murray Harbour
Grace Clow, Murray Harbour N.
Leon Clow, Murray Harbour
Thelma MacDonald, Murray Harbour

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And as in duty bound your petitioners will ever pray.

DATE: April 14, 1987

(Signed):

Mae Ferguson, Box 172, Montague, P.E.I.
Mildred Jamieson, Sturgeon
Virginia Gormley, Murray River
Beverly Buchanan, Box 145, Georgetown
Floyd Strickland, Box 22, Murray River
Elizabeth Taylor, Mt. Mellick, R.R. 1
Joyce Mills, Montague, R.R. 2
Jean Cann, Montague, R.R. 4
Tracey McHerron, Montague
Barbara Carroll, Georgetown
Shirley Jackson, Montague, R.R. 4
Donna Crane, Montague, R.R. 4
Bernadotte Walker, Montague
Clayton Myers, Cardigan, R.R. 4
Carole Penny, Montague
Georgina Munn, Murray River
Ava Campion, Montague, R.R. 3
Jennie MacKenzie, Montague
Helen Green, Cardigan, R.R. 1
Margaret MacKinnon, Glen Martin
Judy Fleming, Montague
Joan McEnnis, Montague
Beth Llewellyn, Montague
Lawrence Mosher, R.R. 1, Montague
Thelma Johnston, Cardigan
James Woodgate, R.R. 3, Montague
Kevin Wheeler, Little Sands
Isobel Woodgate, Montague
Althea McGuigan, Montague, R.R. 1
Kathy Nicholson, Montague
Frances Gregor, Montague
Mildred Currie, New Perth
Dorothy Ferguson, Murray River
Victor Sencabough, Pembroke
Lydia Sencabough, Pembroke
Brenda R. Leeco, Murray River
Frances MacNeill, Murray Harbour
June Blue, Murray River
Mary Bertha Gormley, St. Marys Road, P.E.I.
Raymond Gormley, St. Marys Road, P.E.I.

## CANADA POST CORPORATION

### CLOSING OF MURRAY RIVER, PRINCE EDWARD ISLAND, POST OFFICE—PRESENTATION OF PETITIONS

**Hon. M. Lorne Bonnell:** Honourable senators, I have in my hand three petitions which relate to the Canada Post Corporation. Rather than read them now and take the time of this house, which is very busy this afternoon, and because Senator Walker suggested last week that I simply table them, I ask that they be printed in the proceedings of today. If that is agreeable to honourable senators, I so move.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators, that the petitions be tabled and printed?

**Hon. Senators:** Agreed.

(*Text of Petitions follows:*)

TO THE HONOURABLE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy.

HUMBLY SHEWETH

WHEREAS, the Canada Post Corporation is threatening to effect widespread closures of rural post offices, and

WHEREAS, the Canada Post Corporation is threatening to change the locations of many rural post offices, and

WHEREAS such changes are more likely to take place in areas where the postmaster or postmistress is about to resign, retire or become promoted, and

WHEREAS the Murray River postmaster/postmistress will soon be reaching retirement age.

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject proposals which will decrease the postal service to our local community and to take strong and immediate action to assure us that our post office, which serves a great need in our community, will not be closed, put out on contract, relocated to another community, replaced with super mailboxes or any other inferior service.

And as in duty bound your Petitioners will ever pray.

Date: April 14, 1987

(Signed):

Rankin Keenan, Murray River, P.E.I.
Betty Jean Mosher, Murray River, P.E.I.
Marion A. MacKay, Murray River, P.E.I.
Boyd Allen, Murray River, P.E.I.
Laura Graham, Murray River, P.E.I.
Gertrude Mosher, Murray River, P.E.I.
Stanley Mosher, Murray River, P.E.I.
Jackie Graham, Murray River, P.E.I.
Hazel Graham, Murray River, P.E.I.
Raulston Graham, Murray River, P.E.I.

Howard Rafuse, Murray River, P.E.I.
Gladstone Higginbotham Jr., Murray River, P.E.I.
Gladstone Higginbotham, Murray River, P.E.I.
Martha E. Higginbotham, Murray River, P.E.I.
Bazil Higginbotham, Murray River, P.E.I.
John Higginbotham, Murray River, P.E.I.
Scott Higginbotham, Murray River, P.E.I.
Florence Reynolds, Murray River, P.E.I.
Linda Reynolds, Murray River, P.E.I.
Roy Reynolds, Murray River, P.E.I.
Tanya Reynolds, Murray River, P.E.I.
Donalda MacLeod, Murray River, P.E.I.
Glenn MacLeod, Murray River, P.E.I.
Lori Whiteway, Murray River, P.E.I.
Esther Mosher, Murray River, P.E.I.
Maynard Mosher, Murray River, P.E.I.
Sadie MacLean, Murray River, P.E.I.
Erma Butler, Murray River, P.E.I.
Lynette A. Duffy, Murray River, P.E.I.
William Duffy, Murray River, P.E.I.
Hastings MacLeod, Murray River, P.E.I.
Alice MacLeod, Murray River, P.E.I.
Harry MacKay, Murray River, P.E.I.
Elsie MacKay, Murray River, P.E.I.
Fred Rafuse, Murray River, P.E.I.
Margaret Rafuse, Murray River, P.E.I.
Roberta Rafuse, Murray River, P.E.I.
John Whiteway, Murray River, P.E.I.
Linda Whiteway, Murray River, P.E.I.
Jeffrey Whiteway, Murray River, P.E.I.
John A. Ferguson, Murray River, P.E.I.
Doris J. Ferguson, Murray River, P.E.I.
Kevin J. Mosher, Murray River, P.E.I.
Lettie Angus Livingstone, Murray River, P.E.I.
Ronald Millar, Murray River, P.E.I.
Warren Millar, Murray River, P.E.I.
Flossie Millar, Murray River, P.E.I.
Sterling Gillis, Murray River, P.E.I.
Hubert W. Beck, Murray River, P.E.I.
Florence Beck, Murray River, P.E.I.
Fred Acorn, Murray River, P.E.I.
Robert Acorn, Peter's Road, P.E.I.
Dianne Ferguson, Murray River, P.E.I.
Alvin Ferguson, Murray River, P.E.I.
Lornie Whiteway, Murray River, P.E.I.
Natalie Whiteway, Murray River, P.E.I.
Alana Pryne, Murray River, P.E.I.
Norma Pryne, Murray River, P.E.I.
Josephine Stockford, P.E.I.

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Date: April 14, 1987

(Signed):

Frank Young, Murray River, P.E.I.
Clarence Whiteway, Murray River, P.E.I.
Jamie Whiteway, Murray River, P.E.I.
Roy Whiteway, Murray River, P.E.I.
Florrie Whiteway, Murray River, P.E.I.
Sheila Whiteway, Murray River, P.E.I.
Danny Whiteway, Murray River, P.E.I.
Robin Martin, Murray River, P.E.I.
Laurel Martin, Murray River, P.E.I.
Alan Martin, Murray River, P.E.I.
George Young, Murray River, P.E.I.
Verlie Young, Murray River, P.E.I.
Clinton Young, Murray River, P.E.I.
Mr. and Mrs. Kevin Whiteway, Dover (Murray River)
Jane Young, Murray River, P.E.I.
Kathy Scott, Murray River, P.E.I.
Joe Scott, Murray River, P.E.I.
Donald E. Scott, Murray River, P.E.I.
Elaine Scott, Murray River, R.R. 2, P.E.I.
George Whiteway, Murray River, R.R. 2

Ann Whiteway, Murray River, R.R. 2
Lowell Gordon, Murray River, P.E.I.
Maureen Gordon, Murray River, P.E.I.
Tracey Herton, Montague, P.E.I.
Rose Gosbee, Murray River
Frances MacNull, Murray River
Lisle E. Hirt, Murray River
Florence Macdonald, R.R. 2, Dover (Murray River)
Edith Bailey, Murray River, P.E.I.
Eddy Bailey, Murray River
David Whiteway, Murray River
Cindy Buell, Dover
Errol MacLure, Murray River, R.R. 2
Mary MacLure, Murray River, R.R. 2
Doris Young, Murray River
Brenda R. Leeco, Murray River
June Blue, Murray River, R.R. 4

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Date: April 14, 1987

(Signed):

Harry Clements, White Sands
Maurice Glover, Hopefield
Victor Brooks, White Sands
M. Sylvia Stewart, Murray River
Mary Johnston, Point Pleasant
Heather Buell, White Sands
Kenneth MacFarlane, White Sands
Leon R. Buell, White Sands
Katie Buell, White Sands
Raymond Buell, High Bank
Stewart Clements, White Sands
Mary Clements, White Sands
Charles Pollard, White Sands
Joan Pollard, White Sands
Colleen Hamilton, High Bank
Beth Clements, High Bank
Winston Clements, High Bank
Kenneth K. MacFarlane, High Bank
Letichia MacFarlane, High Bank
Vaughan Hayter, High Bank
John Hayter, High Bank
Agnes Hayter, High Bank
Reuben Moore, High Bank
Myrna Moore, High Bank
Ben Moore, High Bank
Dolores and Ralph O'Reilly, White Sands
Herman White, White Sands
Laura White, White Sands
Elva Bell, White Sands
Gavin Bell, White Sands
Watson Craig Bell, White Sands
Esther Bell, White Sands
Debbie Buell, High Bank
Chester Whiteway, Murray River
Dorothy Ferguson, Murray River

[*Translation*]

## FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND FEDERAL POST-SECONDARY EDUCATION AND HEALTH CONTRIBUTIONS ACT, 1977

BILL TO AMEND—REPORT OF NATIONAL FINANCE COMMITTEE ON SUBJECT-MATTER OF BILL C-44

**Hon. Fernand-E. Leblanc:** Honourable senators, I have the honour to table the Tenth Report of the Standing Senate Committee on National Finance on the subject matter of Bill C-44, an Act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977.

[*English*]

## SPECIAL COMMITTEE ON SUBJECT-MATTER OF BILL C-22

FIRST REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. M. Lorne Bonnell**, Chairman of the Special Committee of the Senate on the subject matter of Bill C-22, presented the following report:

Tuesday, April 14, 1987

The Special Committee of the Senate on the subject-matter of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto has the honour to present its

FIRST REPORT

Your Committee, to which was referred the subject-matter of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto, recommends, notwithstanding the *Procedural Guidelines for the Financial Regulations of Senate Committee*, that it be authorized to adjourn from place to place within Canada and the United States for the purpose of its examination.

Since the Committee has not finalized its plans, it will present its budget application when the Senate reconvenes after the Easter recess.

The Committee undertakes that it will incur no expenses until its budget application has been approved by the Standing Committee on Internal Economy, Budgets and Administration and by the Senate.

Respectfully submitted,

M. LORNE BONNELL
*Chairman*

• (1420)

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

**Senator Bonnell:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be now adopted.

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

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

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

That the Special Committee of the Senate on the Subject-Matter of Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto, have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

[Senator Bonnell]

**Senator Doody:** Honourable senators, if I may take a moment to explain. I realize that the Senate has shown some reluctance recently—and I think quite properly so—to grant permission to Senate committees to sit while the Senate itself is in session. The whips have pointed out that this causes difficulties with quorums, and so on. In the case of this particular committee today, it had made a prior commitment to the minister responsible for this particular piece of legislation to hear his testimony at 4 o'clock this afternoon. It would seem quite improper to cancel that appointment at this late date.

The Committee of the Whole has planned to hear this afternoon witnesses who have travelled from the maritimes to present their evidence. I think it is imperative that there be a reasonable number of senators present during the Committee of the Whole to hear that evidence. With that in mind, I would be very reluctant, indeed, to encourage other committees to meet this afternoon while the Senate is sitting. Indeed, I would suggest that it may be more appropriate for these committees to sit after the Senate rises, this evening or some time tomorrow. As I have pointed out, today is a very difficult one on which to have more than one committee sitting while the Senate is sitting.

Motion agreed to.

## FOREIGN AFFAIRS

NOTICE OF COMMITTEE MEETING

On Notices of Motions:

**Hon. George van Roggen:** Honourable senators, I had intended to make a similar motion relative to the Foreign Affairs Committee for 4 o'clock this afternoon. In view of the fact that we do not have witnesses slated and that we are sitting in Committee of the Whole, I shall not make a motion but simply announce instead that the committee will meet when the Senate rises.

## REVISED STATUTES OF CANADA, 1985

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO EXTEND DATE OF PRESENTATION OF REPORT

**Hon. Joan Neiman:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)((*e*), I move:

That the Standing Senate Committee on Legal and Constitutional Affairs, which was authorized by the Senate on 3rd February, 1987, to examine the draft Revised Statutes of Canada, 1985, be empowered to present its report no later than 15th May, 1987.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## BUSINESS OF THE SENATE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, at this time I usually give notice of the adjournment motion. However, considering the events of this afternoon, I would ask that we stand that particular subject for now and I will ask leave to revert to Notices of Motions later this afternoon so that I can give honourable senators the correct date for our return.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

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# QUESTION PERIOD

## SENATE REFORM

### ALLEGED STATEMENT BY HON. HARVIE ANDRE

**Hon. Louis-J. Robichaud:** Honourable senators, I have a question for the Leader of the Government in the Senate. It has to do with a lot of rumours going around in the country, apparently, which are, to say the least, disturbing. This morning I read an excerpt from an article that was published in the *Toronto Star* and the headline is as follows:

> Senate's future on the line over threat to stall drug legislation, Andre warns

I am asking the Leader of the Government in the Senate if he would agree to a policy that would make it completely impossible for the Senate of Canada to play its role in the current context. I am not suggesting for a moment that there should not be some sort of minor reform of the Senate, but reforms such as are now being suggested are outrageous, and I ask the Leader of the Government in the Senate if he agrees with what is purported to have been said by a cabinet minister, namely, the Honourable Harvie Andre.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my friend has quoted from a headline in the *Toronto Star*. I had not seen the headline, and I must confess I have not read the article or the news report that I assume is carried beneath the headline, so I cannot very well comment on it.

I do say that my colleague, Mr. Andre, will be appearing this afternoon before the subcommittee studying his bill, and I invite my honourable friend and other senators who may wish to raise these matters with him to attend and do so.

## AGRICULTURE

### CLOSING OF SUGAR-BEET PROCESSING PLANT, WINNIPEG, MANITOBA

**Hon. Joseph-Philippe Guay:** Honourable senators, my question is for the Leader of the Government in the Senate. I wonder if he is aware that the sugar-beet processing plant in Winnipeg will soon be closing its doors. That closing will affect many farmers and many of those who cultivate sugar-beets. It will leave them with their equipment and everything else on hand with nothing to do. It will also put many people out of jobs. This is because of a certain disagreement between the provincial and federal governments, as I understand it. That is only one question and I have a second question coming, Senator Doody.

I asked if the honourable Leader of the Government in the Senate was aware of this problem, because he said that he had not read about the previous matter. I was hoping that he would have read all about what is happening to the beet factory in Winnipeg, in the area of Fort Garry, since its closing will put a lot of people out of work. This is the largest investment that has been made in sugar-beets in greater Winnipeg, and it is only a matter of a small amount for the federal government to help them out to ensure that this is continued.

• (1430)

I raise the question at this time because it is of an urgent nature. The farmers, those who cultivate the beets, need to know now whether or not that plant will be kept open. Is there anything that the government might do, and that you could possibly bring to the attention of the cabinet, so that something will be done soon in this particular regard?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have not read about the matter to which my friend refers, but I heard about it briefly before coming into the chamber this afternoon and I have asked for a report on it.

My friend refers to a disagreement between the federal government and the Province of Manitoba. My understanding, perhaps incomplete and imperfect, is that the federal government had made a proposal which the Manitoba government would not accept on this matter.

I shall have to ask for more detailed information and I shall report to the Senate when I have it.

**Senator Guay:** In view of the fact that we will be adjourning, honourable senators, this week, would it be possible for the Leader of the Government to bring this information to the attention of at least those of us from Manitoba—whether you bring it into the house or send it to our office?

**Senator Murray:** I will undertake to do that, honourable senators.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have some delayed answers to questions.

I will follow the usual procedure. I will identify the question, the date and the questioner. If honourable senators wish it read, I will read it—otherwise, I will ask that it be printed as part of today's proceedings.

## TRANSPORT

ATLANTIC MARINE AND CN MARINE BOARD OF DIRECTORS—LACK OF FRANCOPHONE MEMBERS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on February 4 last by the Honourable Senator Thériault regarding Transport—Atlantic Marine and CN Marine Board of Directors—Lack of Francophone Members.

(*The answer follows:*)

The Board of Directors of Marine Atlantic was chosen for their experience and knowledge of the areas in which Marine Atlantic provides its services.

The concern raised by Senator Thériault has been brought to the attention of the Minister of Transport, and will be taken into consideration when future appointments are made to the Board.

## BANKING

INTERNATIONAL BANKING CENTRES—PROPOSED LEGISLATION—GOVERNMENT POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on February 11 last by the Honourable Senator Grafstein regarding Banking—International Banking Centres—Proposed Legislation—Government Policy.

(*The answer follows:*)

There has been no communication from the Government of Ontario indicating it is prepared to introduce tax legislation to counter the federal government's proposed legislation.

## GRAIN

CANADIAN WHEAT BOARD—FINAL PAYMENTS FOR GRADES 1 AND 2 SPRING WHEAT

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on February 17 last by the Honourable Senator Argue regarding Grain—Canadian Wheat Board—Final Payments for Grades 1 and 2 Spring Wheat.

(*The answer follows:*)

The Canadian Wheat Board press release dated January 30, 1987, announced a $201.4 million deficit in the wheat, oats and barley pool accounts. This sum is guaranteed by the federal government and amounts to a direct transfer from the Government of Canada to the Canadian Wheat Board. As such, there is no surplus in the pool accounts with which to make a final payment on 1 and 2 wheat.

[Senator Doody.]

## AGRICULTURE

INTEREST-FREE LOAN TO FORD MOTOR COMPANY—REQUEST FOR COMPARABLE TREATMENT FOR FARMERS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on February 18 last by the Honourable Senator Argue regarding Agriculture—Interest-Free Loan to Ford Motor Company—Request for Comparable Treatment for Farmers.

(*The answer follows:*)

Government participation in the sale of Versatile Farm Equipment Company is in the form of a repayable loan of $45.5 million, fully guaranteed by Ford. The principal balance of the loan is to be paid by Ford New Holland in 10 equal annual installments commencing in 1997. If research and development and capital expenditures each year total 10 per cent of the loan value, (i.e. $4.5 million) then there is no cash interest to be paid. If it is less than $4.5 million, then the company pays cash interest at the rate of 1 per cent for each $400,000 by which the investment falls short. This action by the government provides an incentive to continue to develop products in Winnipeg and to expand and modernize the plant.

The implication of the article referred to by Senator Argue has since been addressed by the president of the Ford Motor Company in the attached letter.

The Honourable Michel Cote

Minister of the Department of Regional Industrial Expansion

Ottawa, Canada K1A 0H5

Dear Sir:

The purpose of this letter is to express my concern that remarks attributed to me by the *Globe and Mail* in its February 18, 1987 Report on Business may be misinterpreted, and therefore, reflect adversely on our view of the valued role of the Government of Canada in Ford's purchase of Versatile's farm equipment assets.

I want to assure you that Ford's offer could not have been made without the amount and form of assistance agreed to by the Government of Canada.

We at Ford were quite aware that we were up against stiff competition from Deere and that the amount of government assistance requested would be a determining factor. Because of this, Ford reduced its request to the bare minimum needed to meet all of the requirements of the federal government, the secured creditors, and Versatile and still make economic sense for Ford.

Without assistance from the Government of Canada it is difficult to say when, if ever, the Winnipeg facility would have been reopened. It is even more difficult to say what kind of an operation would have emerged. One thing is, however, certain. There would have been much greater hardship inflicted on Versatile's employees, its suppliers

and customers if the Government of Canada had not facilitated an immediate take-over.

On behalf of Ford Motor Company, I would like to thank you for working with us to enable us to come up with a proposal which will prove of great benefit to the employees, dealers and suppliers of Versatile, the economy of Manitoba and to Canada.

Yours very truly,

Kenneth W. Harrigan

President and Chief Executive Officer

## NATIONAL DEFENCE

AVAILABILITY OF WHITE PAPER ON DEFENCE POLICY

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on March 19 last by the Honourable Senator Hicks regarding National Defence—Availability of White Paper on Defence Policy.

(*The answer follows:*)

The White Paper on Defence is presently before Cabinet. The Minister of National Defence hopes that the document will be available for distribution before the summer recess.

## INDUSTRY

INTEREST-FREE LOAN TO GENERAL MOTORS—REQUEST FOR INTEREST-FREE LOANS TO FARMERS—REMOVAL OF MORATORIUM ON FARM FORECLOSURES

INTEREST-FREE LOAN TO GENERAL MOTORS—EFFECT ON FREE TRADE NEGOTIATIONS—TARGETED SUBSIDIES—REQUEST FOR INFORMATION ON GOVERNMENT POLICY

FREE TRADE AGREEMENTS INCLUDING TARGETED SUBSIDIES

INTEREST-FREE LOAN TO GENERAL MOTORS—TERMS OF CONTRACT RE JOB GUARANTEES—ACCESS TO INFORMATION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on April 1 and 2 last by the Honourable Senator van Roggen and the Honourable Senator Argue respectively, regarding Industry—Interest-free Loan to General Motors—Request for Interest-free Loans to Farmers—Removal of Moratorium on Farm Foreclosures; Interest-free Loan to General Motors—Effect on Free Trade Negotiations—Targeted Subsidies—Request for Information on Government Policy; Free Trade Agreements Including Targeted Subsidies; Interest-free Loan to General Motors—Terms of Contract re Job Guarantees—Access to Information.

(*The answer follows:*)

The Renaissance Project represents an investment of $450 million by General Motors to modernize the Ste-Thérèse assembly plant as well as potential additional expenditures estimated to be $200 million after 1990. The modernization consists of the transfer of "A" line production from Oshawa, already underway, an increase in plant capacity, and construction of a new basecoat/clearcoat paint facility.

The project will maintain approximately 3,500 assembly jobs at Ste-Thérèse. In addition to assembly jobs, the plant supports an estimated 2,800 supplier jobs in Ontario, and 1,500 in Quebec. Depending upon market demand, when the modernization is complete, it is estimated that supplier jobs could increase to over 5,000 in Ontario and to over 2,000 in Quebec.

No absolute employment guarantees have been negotiated, recognizing the dynamics of the market place and General Motors' inability to guarantee future sales. The Renaissance Project and new labour agreement, combined with continuing commitment by the workers, are anticipated to assure ongoing employment at the plant. Had there been no financial assistance to modernize the plant, the plant would have been shut down with the resulting job loss and the consequent social costs of unemployment and welfare.

The level of federal assistance, a $110 million repayable interest-free loan, matched by an identical loan from Quebec, is repayable in 30 years. Should GM not provide an acceptable product mandate by 1990, $75 million would be repayable immediately.

The present value to GM of the $220 million interest-free loan repayable in full in 2017, based on the company's estimated after-tax cost of borrowing, is estimated to be $180.5 million. GM has declined to reply to the media reports on the precise tax implications. Taxation affairs are a confidential matter between the taxpayer and Revenue Canada. However, it must be recognized that grants are taxable, that is capital cost allowances and investment tax credits apply to costs net of grants. Loans are not taxable.

There is no direct relationship between the assistance package to Ste-Thérèse and the free trade negotiations underway with the U.S. Americans have extended substantial support to automotive assemblers at a level comparable or even superior to the assistance given to Ste-Thérèse. In fact, Clayton Yeutter, U.S. Trade Representative, in commenting on the Ste-Thérèse Renaissance Project, acknowledged the practice of providing significant levels of financial support to automotive assembly plants is widespread among state governments in the U.S.

While the general terms and conditions of the contract have been made publicly available, the specific details are third party confidential matters and it is the normal policy of the Department of Regional Industrial Expansion to maintain this confidentiality.

## INDIAN AFFAIRS

TOBIQUE INDIAN BAND LAND CLAIM—DEFINITION OF "TECHNICAL BREACH CLAIM"

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in

response to a question asked in the Senate on April 2 last by the Honourable Senator Corbin regarding Indian Affairs—Tobique Indian Band Land Claim—Definition of "Technical Breach Claim".

(*The answer follows:*)

[*Translation*]

The expression "technical breach claim", mentioned in the context of the Tobique Indian Band land claim in particular, relates to the facts surrounding the Indian band's cession of lands located south of Tobique River in the Province of New Brunswick in 1892. We found a copy of the cession and filed it. For this cession to be in accordance with the existing Indian Act, the government would have had to seek and obtain a ratification decree. This document cannot be found. The band cannot prove that the ratification decree was not approved, nor can the government prove that it was. This lack of element of proof concerning the ratification decree constitutes the "technical breach claim".

The Minister of Indian Affairs and Northern Development intends to scrutinize the mandate he was given with respect to particular claims. This will include an examination of such claims as those of the Tobique Indian Band where it is impossible to show that, in the absence of this kind of document, the claiming band has incurred significant losses or damages.

[*English*]

## CANADA-UNITED STATES RELATIONS

SUMMIT MEETING IN OTTAWA—ELIMINATION OF ANOMALIES IN MEMORANDUM OF UNDERSTANDING RE SOFTWOOD LUMBER

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on April 2 last by the Honourable Senator Sinclair regarding Canada-United States Relations—Summit Meeting in Ottawa—Elimination of Anomalies in Memorandum of Understanding re Softwood Lumber.

(*The answer follows:*)

The question of the Canada-United States memorandum of understanding on softwood lumber, in particular, the urgency of resolving the problems facing certain lumber remanufacturers, was discussed with U.S. officials during the visit to Ottawa of U.S. President Reagan, April 5-6, 1987.

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## CRIMINAL CODE

BILL TO AMEND—THIRD READING

**Hon. C. William Doody (Deputy Leader of the Government),** for Senator Nurgitz, moved the third reading of Bill C-28, to amend the Criminal Code (torture).

Motion agreed to and bill read third time and passed.

[Senator Doody.]

[*Translation*]

## FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND FEDERAL POST-SECONDARY EDUCATION AND HEALTH CONTRIBUTIONS ACT, 1977

BILL TO AMEND—SECOND READING

**Hon. Arthur Tremblay** moved the second reading of Bill C-44, to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977.

He said: Honourable senators, since this is the second reading of the bill, our main task is to consider the principles on which it is based.

There is some disagreement as to the origins of our present equalization system. Some people claim it goes back to the agreements on the collection of certain taxes in wartime that were concluded in 1942. Others refer to the recommendations of the Sirois Commission. One could even say that as far as the basic principle is concerned, the BNA Act contained provisions that in the context of that time and considering their intent, were a form of equalization. These provisions may be found in Section 118 of the BNA Act, which provided as follows:

> The following sums shall be paid yearly by Canada to the several Provinces for the support of their governments and legislatures.

This was followed by a list of specific grants. These provisions became obsolete over the years and have now been repealed.

In any event, however diverse our views on the more or less historical origins of equalization as we know it today, I think everyone will agree that the legislation adopted on July 31, 1956, authorizing the Minister of Finance to pay certain sums to the provincial governments and the federal government to conclude fiscal agreements with those governments, established the foundation of the system for equalizing provincial revenue we have today.

And what are the underlining principles today? Basically, there are two. The first principle defines the purpose of equalization payments. As recommended by the Sirois Commission, equalization payments are aimed at giving the less wealthy provinces the resources they need to provide, within the areas under their jurisdiction, services comparable to those provided by the wealthier provinces.

The second principle, which has remained as consistent as the first one over the years, has an immediate effect on the relationship between the two levels of government. Equalization payments have always been payments with no strings attached, which the beneficiary provinces may spend according to their own priorities.

Those are the principles which after twenty-five years of experimentation and testing, if I may use this simile, were finally enshrined in the Constitution Act, 1982, in the second paragraph of Section 36, which reads as follows, in terms very similar to those used by the Sirois Commission:

(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

The Constitution Act, 1982, did not change substantially the principles of equalization. However, it did give equalization new status. It moved up from being an established practice to the status of a constitutional obligation which is certainly most significant, I would think.

Since 1957, the programs designed to implement the general principles I have just mentioned have been inscribed in the five-year legislative statutes, including a definition of the terms. With the passage of time, from five-year to five-year period, these terms have undergone significant changes, generally speaking but also within the prescribed five-year period, be it with respect to the revenue sources taken into account or to the basic reference level chosen to set the standards for measures to be taken.

For instance, at the beginning only three revenue sources were taken into account: personal income taxes, corporate taxes, and succession duties. Eventually an ever larger number of provincial revenue sources were considered, so much so that practically all revenue sources are now used as a basis to calculate equalization payments.

Things have changed as well with respect to the level at which the equalization payments were established. At first the two richest provinces were the criterion. Then the payments to be made were based on the average of all provinces as a whole, and after they went back to the criterion of the two richest provinces. Again the average was used until finally, in 1982, Alberta where the yield from revenue sources was considered highest, and the four Atlantic provinces where the yield was lowest, were excluded in figuring out the standard.

Thus the standard is based on the average per capita yield of revenues in five provinces: Ontario, Quebec, British Columbia, Manitoba, and Saskatchewan.

One interesting fact is that, after all these fluctuations with respect to both the number of revenue sources taken into account and the equalization level, beginning in 1957 when the number of revenue sources was low—only three—but the very high equalization level, the two richest provinces, when the base was broadened, that is the number of revenue sources taken into account, we came back to the average, so a balance of a sort was established. Every time the revenue sources were broadened the standard was reduced to the average, the number of sources remaining stable, for a while, we were able to return to the two richest provinces over the years. At present the five provinces I have just listed are used as a base.

Very briefly recounted, this is how our equalization system evolved over some thirty years.

What should we ask ourselves about Bill C-44? The most important question in my view is this: Compared with the system that was put in place in 1982 and that introduced significant changes to the previous system, does the legislation propose changes that would once more affect the system itself in its major components?

To me, the answer to that question is a clear no, because for all practical purposes, the existing system is maintained in its entirety.

What is proposed in the legislation is first of all technical improvements. Those improvements are made to the measurement of potential revenues used in the equalization formula. The financial impact of those adjustments will indeed be phased in over two years, and it includes very clear advantages for provinces receiving equalization payments.

Second, the bill provides for the maintenance of the current system of minimum and maximum payments. Those provisions were put in place in 1982 with the aim, first of protecting provinces from a rapid drop in their equalization payments, and second of protecting the federal treasury from too rapid growth in the total payments.

Another provision that also does not affect the system as such is of special importance to some provinces. I am referring to provisions to correct the negative effects that could result from the adjustments required after the 1986 census. Those population data are an important component in the evaluation of equalization entitlements. Changes in those data resulting from the 1986 census will entail adjustments, either up or down, to the equalization payments already made, and I repeat payments already made, in respect of fiscal 1985-86 and 1986-87.

Under clause 17, monies that might be owed to the Canadian Government in respect of those years will be forgiven, taking into account the adjustments resulting from the computations needed to arrive at a definite evaluation of the monies payable to provinces under equalization. It is expected that Atlantic provinces, Quebec and Saskatchewan could benefit from those provisions.

The other programs and provisions that come under fiscal agreements also are virtually maintained and kept in force under Bill C-44. During the consultation process, provinces have stressed the importance to them of the financial stabilization program. That program, which is included in Part II of the 1977 Act, provides for corrective payment to a province whose year-to-year revenues decrease because of declining economic activities.

Further to the difficulties that were faced during the implementation of the stabilization program, some adjustments and clarifications are being made to that program. For instance, certain miscellaneous revenues, the year-to-year comparison of which led to special difficulties, will be excluded from the computations. On the other hand, the revenues subject to stabilization will be extended through the inclusion of transfers under equalization and established program financing.

Finally, other programs are also continued unchanged, except for the purpose of updating and administrative changes. They refer for instance to tax collection agreements.

Everything considered, what will be the end result of the steps proposed in Bill C-44? The document prepared by the Department of Finance and of which each of us has received a copy provides us with very interesting data. On page 3, we are told in very general terms that in 1986-87, equalization payments will amount to $5.3 billion. They will amount to $5.6 billion and $5.9 billion in 1987-88 and 1988-89 respectively. The increase, therefore, is about $300 million a year.

On page 12, we are provided with something very interesting which helps us put the equalization payments in their proper context. We are provided with the figures for equalization payments, established programs financing and the Canada Public Assistance Plan.

In 1985-86, the equalization payments will amount to $5.24 billion, compared with $15.172 billion for established programs financing. The amount for the Public Assistance Plan will be $4.284 billion, for a total amount of $24.48 billion. In 1986-87, the total will amount to $25,887 million, in 1987-88, to $27,328 million, while equalization payments will reach some $5.6 billion. They will thus represent about one fifth of federal transfers to the provinces.

We also find on page 11 of the same report a table which I will describe to you. In the first place, it shows what would have been the payments made without any other consideration under the system implemented in 1982. We note that a strict enforcement of that system would have decreased equalization payments for 1982-83. We considered the matter in 1982 and the Government at that time included in its bill a clause which would adjust the application of the new system. Thus so-called additional payments were made to provinces during the three years then provided under the bill. We note in the same table that this Government has proceeded in the same way, making additional payments in 1985-86 and 1986-87 over and above the payments provided under the system.

In short, the policies are somewhat similar even if the amounts are quite different. The additional payments of the three first years, that is 82-83, 83-84 and 84-85 are relatively quite high. However, and that is what we were told in committee yesterday, the anticipated amounts were much lower than the actual ones. The explanation is that in 1982-83, the recession which we all noted had begun, so that as a result, the additional payments made by the federal Government were increased because they were based on projections for 1977 to 1982, therefore on a more prosperous period so that the additional payments were increased over such projections.

This is I think a sufficiently explicit summary on the meaning and comprehensive effect of Bill C-44. Briefly, it seems to me that we can say that with regard to the 1982 formula, Bill C-44 essentially maintains it.

The changes are relatively minor. Of course $300 million is not an insignificant amount but, compared with the massive amounts involved, it is relatively minor. Moreover, those changes are meant to improve the formula. In addition to changes affecting the system as such, the bill includes clauses beneficial to the provinces which would have been compelled following the 1986 census to return to the federal Government moneys to which they were not entitled under the formula in effect.

Under such circumstances, I feel justified, honourable senators, to recommend to you to agree to the second reading of Bill C-44.

• (1450)

[*English*]

**Hon. John B. Stewart:** Honourable senators, we are being asked to pass an important bill through all stages at one sitting; my guess is that, once again, we will agree to do so.

This bill passed the House of Commons last Friday. We are dealing with it at the earliest possible moment today.

What I object to is the kind of gamesmanship to which the Senate is being subjected, indeed, to which the Deputy Leader of the Government in the Senate is being subjected.

The government showed no sense of urgency in the other place. The bill was introduced in the House of Commons on March 11. Second reading was not moved until March 19. The bill was referred to a legislative committee later that day, but the committee did not begin its work on the bill until March 30. The bill was reported to the house on April 2. Then the government did not have the order for the consideration of the bill at the report stage called until last Thursday, April 9. The bill passed the House of Commons on Friday, April 10, one month after it had been introduced in that house.

This leisurely progress is entirely consistent with the testimony of the Minister of State for Finance. When he was asked about the need for urgency, he replied in the legislative committee of the other house as follows:

> The first payment would normally be due on April 16 and the second on April 22. April 16 does not have to be a target date. Before then it will be necessary to complete all stages of House and Senate consideration, pass the regulations and issue the cheques. It might be hard to reach that date, but this is when it would normally be expected by the provinces.

Last night, during the meeting of the Standing Senate Committee on National Finance, I described that as a pretty laid back description of urgency. Certainly, the other house and the committee of the other house took the minister at his word. As I said, it took them 30 days to deal with the bill. In contrast, the Senate is being urged to complete all stages in one day. The government allowed all the available time to elapse in the other place.

This is an important bill. Senator Tremblay is absolutely correct in saying that these fiscal arrangements now are a fundamental part of our confederation system.

When we were first told that the bill would have to be dealt with in both houses in the space of one month, which turns out to have been 30 days in the other place and one day here, I asked why the bill could not have been introduced in Parliament earlier. The reply was that the relevant census figures from Statistics Canada had not been available until about the

end of January. Those figures were required to calculate the amounts of the overpayments in 1985-86 and 1986-87, the overpayments which, as Senator Tremblay has stated, under this bill are to be forgiven.

However, it was only yesterday that Statistics Canada published its final provincial population figures from the June 1986 census. In other words, there was no need to delay preparation of the bill until the exact figures were available. Indeed, they were not available either when the bill was introduced or when it was passed by the House of Commons.

How important, then, were the preliminary estimates of the census which were available in January? Presumably the Minister of Finance would have an interest in the general size of the overpayments which would be forgiven under the bill, but I have heard no evidence to suggest that a reasonable ballpark figure as to the size of this forgiveness could not have been estimated earlier.

In any case, the officials from the Department of Finance have impressed us with how quickly they are able to make these calculations. They have done comparable calculations repeatedly. They have the programs all set up; they can do these calculations overnight. I can see no reason and I have heard no evidence to suggest that the bill could not have been brought into Parliament at least three weeks, perhaps even four weeks, earlier than March 11. Perhaps that would not have helped us in this chamber. Perhaps the House of Commons would have taken two months instead of one month to pass the measure.

● (1500)

So that, honourable senators, is my basic complaint insofar as procedure is concerned. It would appear that the parliamentary process as it relates to this business has been mismanaged. Here we are on April 13 being told—and, I believe, quite accurately—that the normal practice would be for the first cheques to be transmitted to the provincial governments on April 16, and that a certain amount of lead time is required for those cheques to be prepared.

I want to call the attention of honourable senators to some of the effects of having the actual census figures—the effects on the amount of the forgiveness.

I should say first that this is a net forgiveness. If there are amounts which, under later calculations, are not due to the provinces but are payable to the federal treasury, they are to be deducted from the amount of the forgiveness. The evidence shows that the total cost of the full forgiveness—assuming that there are no such deductions—will be somewhat lower. Last night we were told by Mr. James Lynn, a most knowledgeable witness, that the total will be lower. For example, the preliminary census estimates—those are the ones that became available last January—for Newfoundland showed overpayments of $35 million, and the final estimate was $37 million. For Prince Edward Island it was $3 million and $2 million; for Nova Scotia it was $21 million and $14 million; for New Brunswick it was $26 million and $23 million; for Quebec it was $174 million and $149 million; for Manitoba it was $15 million and $14 million; and for Saskatchewan it was $11 million and $5 million. As I add up those figures, based on the preliminary census estimates, the total overpayment which would be forgiven is $285 million. Under the new census figures, the total overpayment which will be forgiven is $244 million. Those are fairly significant figures for some of those provinces.

Senator Tremblay has made the point that the bill now before the Senate makes no great change in the arrangement which prevailed under the 1982 statute—and I think that is correct. There is no deleterious effect upon the provinces and there is no considerable improving effect. It would be incorrect to state that the increases in the total amounts of the transfers are entirely attributable to any improvement in the arrangements, either technical or otherwise, because included in those increases, to which Senator Tremblay referred, are, of course, estimates of increases which would have taken place even if the 1982 arrangements had simply been renewed without any change whatsoever. So that all the $300 million increase—from $5.3 billion to $5.6 billion—is not directly due to changes effected by this bill.

I had thought, honourable senators, that had we had time it would have been advantageous for all concerned to have heard some witnesses from the provinces on this measure. As Senator Tremblay has said, the equalization program, in the terms that we now recognize, is an old program. That program is really a modern version of arrangements which go back to 1867; indeed, the statutory payments which were provided for in 1867 still go on, although they now account for only about $36 million per year. They still go on, with Newfoundland getting the largest sum. Having been the last province to join Confederation, they made the best deal and consequently attract on the statutory payments line about $9 million per year. The other nine provinces get about $27 million all together.

**Senator Doody:** We should have had a reopener.

**Senator Stewart:** I mention that simply to make the point that some form of equalization has been with us since 1867; and that when we bring in a new chapter of the equalization story, we ought not do it lightly or rapidly. This is an occasion when perhaps we should have heard from some academic witnesses, an occasion when we ought to have given the provinces an opportunity to be heard. But, of course, time constraints eliminate that possibility.

There were two questions which I would have liked to have explored had we had the time. One of them relates to the standard up to which equalization is made. As Senator Tremblay said, the standard has been changed from time to time—the two highest provinces, the national average, and the like. Since 1982 we have been using a five-province standard: Quebec, Ontario, Manitoba, Saskatchewan and British Columbia. I was not there at the time of the negotiations which led up to the 1982 act, but it is my understanding that the high revenues of the Alberta provincial government from oil and gas resources was the leading consideration which led to the exclusion of Alberta, on the one hand, and the four Atlantic provinces, on the other, from the calculation of the standard.

Well, times have changed, and the Alberta government is now quick to insist that its revenues are not what they once were. It would at least have been enlightening to have asked if this was not a time to revert to the old standard—the national average standard—for this five-year term. Last night we were told—and we have had a confirming letter—that this change from the five-province standard to a national average standard would have been worth $1.1 billion to the provinces eligible for equalization in 1986-87. That money would have gone to the governments of Quebec, Nova Scotia, Newfoundland, Prince Edward Island and New Brunswick.

• (1510)

Another question which deserves attention is the question of the relative per capita deficiencies. I raised this last evening rather late in the meeting. I am not satisfied that I understand the answer given, although it seems emphatic enough.

I quoted the figures for the Atlantic provinces as revealed yesterday by Statistics Canada. They show a considerable decline in the population of those provinces as a percentage of the population of the country as a whole, and the same is true for Quebec. The population of Quebec as a percentage of the population of the country as a whole has declined. Nevertheless, the equalization payments to those five provinces are going up. That led me to make the following statement.

> This implies that the base payment is higher.

Mr. James Lynn of the Department of Finance then stated:

> Yes, the per capita deficiencies.

Then I said:

> The population is declining, yet the bottom line is increasing. Therefore the base payment has to be increasing.

Mr. Lynn replied:

> Yes, the per capita deficiency.

At that point I accepted his language and said:

> Per capita deficiency, yes.

The terminology having been established, I am interested in the fact that the per capita deficiency is declining. That means that those of us who come from the Atlantic provinces and Quebec have to recognize that compared to the country as a whole our fiscal capacity is declining. This is lamentable. I suspect that some of the provincial governments, if this is indeed true, and if they had had an opportunity to examine the data and to make a case, would have argued that the time has come for the equalization formula to be corrected so as to compensate for this situation.

There is another point—a small point—to which I wish to refer, honourable senators. It is a point which will be of interest chiefly to those honourable senators who are concerned with post-secondary education.

As honourable senators may know, there is a requirement in the present act that the Secretary of State prepare for Parliament a report on activities in the area of federal financial support for post-secondary education. Under the present law, that report has to be presented to Parliament within five days of the end of January. If the bill now before the Senate becomes law later today, or shortly thereafter, that report will not be due until the first few days of April of each year. The purpose of this is to give the Secretary of State more time to get the figures from the provincial governments with regard to post-secondary education, and that, it seems to me, is a perfectly reasonable proposal on the part of the government.

In summary, honourable senators, I am unhappy with the fact that the Deputy Leader of the Government in the Senate, and indeed the Senate as a whole, has been subjected once again to the same old game plan. It has been done so often that I am beginning to bore myself when I complain about it; nevertheless, I think this is mismanagement of parliamentary business and that we have to complain every time it takes place.

A second point which follows from that is this: If we had had more time, we could have looked into the question of the suitability of the standard which is being continued by this bill; we could have looked into what is happening to the capacity of some of our provincial governments, as that capacity is revealed by the figures available to the Department of Finance. It would be beneficial to know what the implications of these equalization calculations and figures are for provinces such as New Brunswick, Quebec, Nova Scotia, Newfoundland and Prince Edward Island.

Unfortunately, due to the time constraints under which we have been placed by the government and the other place, we will not be able to perform what I think would have been a very beneficial exercise.

**Hon. John M. Godfrey:** Honourable senators, since I am a great believer in pre-study of legislation before a bill reaches the Senate, could the committee not have conducted a pre-study of this legislation earlier than it did? Could it not have done so when the bill was introduced in the House of Commons?

**Senator Stewart:** The honourable senator, I suppose, has heard many discussions on the merits of pre-study. I suppose he might suggest that some of these measures should be introduced in the Senate so that the House of Commons, too, could engage in pre-study from time to time.

**Senator Godfrey:** I believe in that, too.

**Senator Stewart:** Honourable senators, I see no merit in the proposition that, in general, bills should be submitted for pre-study here just as soon as they have been introduced in the other place. There may be exceptions to that, but it seems to me that we should not distort the established legislative process. Bills come before the Senate after they have been passed by the other place, and are reviewed by the Senate so that it is in a position to suggest amendments, not to the government, not to ministers down the back corridor, but to the House of Commons, which is our partner in Parliament. That is the process we ought to follow. There may be exceptions, such as when there is a need to have extensive hearings outside of Ottawa, for example, when that pattern should not be followed, but normally there is a due process, and that due process ought to be respected.

**Senator Godfrey:** The Standing Senate Committee on Banking, Trade and Commerce has been operating successfully under the other process for approximately 25 years. It is only recently that other Senate committees have started, in a more general way, to conduct pre-studies of bills.

We have been avoiding to a large measure what used to be called the "Christmas closure" by pre-studying legislation, and I wondered why we did not do that with respect to this legislation, if it is so important.

**Senator Stewart:** Honourable senators, I am sure there is some value and convenience in going the pre-study route, but there are also great costs in that the due process of legislation is distorted. Besides, it is possible under the pre-study technique for influential senators to have a word with their friend, the minister, and changes may be effected to bills in the other place as a result of those conversations.

The parliamentary process of legislation, I submit, ought to be a due process and, above all, it ought to be an above-the-ground process where amendments that are found to be desirable by the Senate can be proposed in a formal and open way rather than in an informal, covert way.

**Senator Godfrey:** I point out, honourable senators, that, at a guess, at least 20 amendments have been accepted as a result of what you say is not "due process" to every one that has been proposed when a bill is actually before the Senate and a committee studies it.

**Senator Stewart:** That should be changed, honourable senators.

**Senator Godfrey:** It has not changed.

[*Translation*]

**Hon. Jean-Maurice Simard:** Honourable senators, just a few words to thank Senator Tremblay and Senator Stewart (Antigonish-Guysborough) for their comments. The three of us, among others have profited by the explanations given in committee, some of us, more directly and privately by Department of Finance officials.

I say this because, last week, following the tabling of the Senate National Finance Committee report on post-secondary financing and with my colleagues' permission, I had made a few comments which were somewhat beside the point. I had moved three amendments which I felt the Department of Finance might consider. I think the minister had considered them even before my comments, but the explanations I have received since then have somewhat alleviated my concerns. I had referred to the new subsidy ceiling in the bill for payments beginning in 1987-88. I mean the ceiling based on the Gross National Product. I am advised that before this provision gets underway, a great many other things must occur. Therefore, it is almost an inoperative clause and thus my fears have almost completely disappeared. I had wished that the technical changes would start to apply fully the very first year and not after two years, as provided for in this legislation. The federal government has probably limited resources, and it is a way to readjust the formula accordingly.

I find solace, however, in the thought that the tax reform is forthcoming and even if this Bill applies for five years, surely there will be a tax reform before that period is over. As a rule, this Government meets its commitments. The Leader of the Government in the Senate seems to agree with me. This is my personal opinion which I think is shared by most Canadians. We can therefore expect a tax reform and the resulting changes in equalization. I, for one, think that the provinces receiving equalization payments are getting poorer, contrary to what the legislators had hoped for and in spite of the federal Government's constitutional commitments to the provinces.

I dare hope, therefore, that when planning the tax reform, the Government will take into account the ever widening gap in the quality of services between the affluent provinces and those which are not. I suggest that if we want to return to the approach which existed when the equalization payment scheme was implemented and then changed in 1966, 1977, 1982 and again today, and if we really want to ensure that Canada meets its constitutional commitments to the provinces, we will have to improve the formula soon. Senator Tremblay, who is a specialist in that area, has reminded us in committee that the equalization program possibly was not for economic development or enhancement in these provinces, but it was meant first of all to ensure these provinces had access to social services of similar quality to the more affluent.

If such is the case, I hope that the next time we consider or review this Bill thoroughly, we might use an improved formula, and that my province and the others will get the money they need to meet their provincial responsibilities.

Generally speaking, therefore, I am rather satisfied with the amendment of the formula and the sums that will accrue to the provinces. I was a little less regretful than Senator Stewart when he mentioned that the Government had once again waited until the last moment, but I will leave that aside for now. I preferred, as you no doubt have noticed, to talk about the substance of the Bill rather than about the procedure and about the time we spent or failed to spend on this Bill.

However, I agree with Senator Godfrey. Had the Leader of the Opposition been more serious and used less tactics, this chamber could have started the pre-study of the Bill some two or three weeks ago and, possibly, the Premiers, the Ministers of Finance and the officials of these provinces could have come before us to state their wishes. It has been said, I recall, that federal and provincial officials have been working in close cooperation for many months. On the whole there does not seem to be any disagreement as to the sources of revenue taken into account for the establishment of these payments, nor as to the technical arrangements or improvements that need to be added.

Thus, honourable senators, I propose to vote for the Bill.

**The Hon. the Speaker** *pro tempore:* Honourable senators, I must inform the Senate that if Senator Tremblay speaks now, he will be closing debate on second reading of this bill.

**Senator Tremblay:** Honourable senators, several points have been raised by Senator Stewart (Antigonish-Guysborough) as well as Senator Simard.

The first one, if I am not mistaken, deals with procedural matters, the delay in introducing the bill and the lengthy debate in the other place.

I readily admit that Senator Stewart is right. It happens often that we have to pass legislation too expeditiously. Who is to blame for that? As I stated earlier, Bill C-44 is strangely similar to the 1982 legislation. In 1982, we were placed in a comparable situation.

When did we start getting those bills on fiscal arrangements during the month of March? I know only of one specific occasion, when the first bill of this kind was passed in July 1956 and came into force on April 1, 1957. Those were happy times! Is it possible to go back to those times, I do not know. We seem to be getting this kind of legislation at the last minute and this has to change.

Senator Stewart also linked the question of the census-related overpayment to the provision whereby overpayments will not necessarily be payable to the Federal Government by some provinces.

More basically, I believe that the census is an element of the very definition of the basic formula of equalization. The reason is simple since the basic formula is based on the per capita revenue from the various sources being considered. The census is an important factor not only for those relatively lesser amounts that affect the overpayments clause, but for all calculations as well.

This is why I can tell Senator Stewart what we were told in committee last night about per capita deficiencies. These deficiencies will be reduced if the population decreases. This too is an element of the basic formula.

The per capita revenue, which is equal to total revenues divided by the number of citizens, assuming that the total revenue remains the same from year to year. Only the population varies. Obviously, the quotient will be larger if the population decreases. As that quotient is compared with the average revenue for any province that is below average, its deficiency will therefore be lessened.

Any way, this is what I understood, unless I completely missed the point. We could have studied the matter further as Senator Stewart said.

● (1530)

[*English*]

**Senator Stewart:** May I ask the honourable senator a question? Is it not true that the formula would remain the same regardless of the figures? In other words, you simply enact the formula and say that the census figures to be used are those that were produced by the last census, because really that is what is happening in any case. The bill was introduced a month before yesterday when the final figures from the June 1986 census became available, so it is not true that the precise figures are necessary before this bill can be brought in.

[The Hon. the Speaker.]

[*Translation*]

**Senator Tremblay:** As for the census, if I understand the position of Senator Stewart (Antigonish-Guysborough), indeed you would wait until the final figures are known. The practice has always been to use the preliminary figures for the calculations. It is convenient, to say the least, for the Finance Minister, who must make the payments, to have estimates as precise as possible, subject to subsequent adjustments.

I do not intend to engage in long discussions. I was only venturing that interpretation of the facts I gave earlier. That is what I was doing indeed on the first important question that Senator Stewart raised, about the five-province standard, as well as on several remarks made by Senator Simard in his speech last week. Those remarks, of which I am not discussing the validity for the moment, essentially, put into question the formula that was set in place in 1982. It is the reconsidering of the 1982 formula that is implicitly proposed in that type of question. We discussed it in 1982. God knows there were reservations then about the new system that introduced major changes. Not only on the opposition side where we sat, but there were objections also on the government side. I read the speeches made in 1982 on that bill. There were serious reservations on both sides of the House.

However, as far as Bill C-44 is concerned, I did not want to question retroactively, five years later, what was passed in 1982. My position has been, about 1982, that Bill C-44 is not bringing major changes. I still think that, under those conditions, even though we had reservations in 1982, we will have other opportunities to discuss the matter again, perhaps at the time of the tax reform. The changes proposed in Bill C-44 are not significant. They improve the system. Under the circumstances, it seems to me we should pass the bill at second reading.

Motion agreed to and bill read second time.

THIRD READING

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Tremblay, with leave of the Senate and notwithstanding rule 45(1)(*b*), bill read the third time and passed.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
THE SECRETARY OF THE GOVERNOR GENERAL

14 April 1987

Sir,

I have the honour to inform you that the Honourable Gérard V. J. LaForest Judge Puisne of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 14th day of April, 1987, at 5:45 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

[*English*]

## RESEARCH AND DEVELOPMENT

CLOSING OF MARINE ECOLOGY LABORATORY, BEDFORD INSTITUTE OF OCEANOGRAPHY—GOVERNMENT POLICY AND ACTIONS—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Hicks calling the attention of the Senate to the policies and actions of this Government with respect to Research and Development, having particular reference to the closing of the Marine Ecology Laboratory (M.E.L.) at the Bedford Institute of Oceanography.—(*Honourable Senator Hicks*).

**Hon. Henry D. Hicks:** Honourable senators, I think I can dispose of this inquiry in a very few moments. I listened with interest to the remarks which Senator MacDonald made on April 9, referring as he did to an article in a Halifax newspaper of April 4 wherein it was stated that Deputy Fisheries Minister, Dr. Peter Meyboom, had defused a growing revolt by scientists in the Marine Ecology Lab at the Bedford Institute of Oceanography by granting them direct input into administrative changes being brought about at the institute.

Honourable senators, I am glad that he did, and I believe that the scientists concerned were somewhat reassured by the assurances which Deputy Minister Meyboom gave.

In the same newspaper, the Halifax *Chronicle-Herald* of April 10, 1987, he is further quoted as saying that the staff reductions would be done "very, very careful." I presume it means "carefully," but it says, "very, very careful".

**Senator Macquarrie:** Perhaps it should say "(sic)".

**Senator Hicks:** I see. Thank you, Senator Macquarrie.

Dr. Meyboom said he's "taken to heart" concerns from departmental scientists that any further reductions in the scientific department could erode the quality of that service.

"We're hopeful that we can avoid layoffs . . . In a department with 5,500 employees, 142 positions is not too big a number."

The newspaper article then goes on to point out that already nearly 100 jobs have been cut from the Scotia-Fundy region.

Honourable senators, that is all very well. I am glad that the deputy minister has seen fit to acknowledge that the senior scientists at the Bedford Institute of Oceanography should participate more effectively in decisions affecting their future. But it does not in any way alter the fact that the Marine Ecology Laboratory has been disbanded and the scientists dispersed among other sections of the Beford Institute of Oceanography and elsewhere, including a dozen—perhaps as many as 20 or more—who are being dispersed to other provinces. It does not alter the fact that scientists who originally spoke out against the move were threatened with a formal reprimand. I am glad if the reprimand threatened has not as yet been followed. So, we shall await further developments with interest.

● (1540)

Everything I said about the desirability of concentrating and coordinating our scientific resources and our scientific efforts still stands. The disbanding of the Marine Ecology Laboratory still remains, in my view, a retrograde step.

Furthermore, I should point out to Senator MacDonald and others that I still stand by the general remarks I made about research and development in Canada, which preceded my specifc reference to the MEL. I conclude today by hoping again that the responsible ministers—both Mr. Oberle and Mr. Siddon—will continue to urge the government to try to live up to the optimistic, but perhaps not realistic, predictions which the Prime Minister made before he became Prime Minister of Canada to the effect that a Conservative government would prevent the continued decline in the proportion of our gross national product which is devoted to research and development and, hopefully, even move it back upward on the path which Mr. Mulroney suggested at one time would be a desirable doubling of that effort on Canada's behalf.

**Hon. Senators:** Hear, hear!

**The Hon. the Speaker** *pro tempore:* Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered as having been debated.

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

CONSIDERATION IN COMMITTEE OF THE WHOLE CONTINUED

On the Order:

The Senate again in Committee of the Whole on the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada-France.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the agreement, the Honourable Senator Rhéal Bélisle in the Chair.

**Senator Doody:** Mr. Chairman, a witness is waiting. Shall I escort him into the chamber?

**The Chairman:** Honourable senators, shall our witnesses, Mr. Jacques Haché and Mr. Gastien Godin from the Acadian Professional Fishermen's Association, be invited to attend the committee now?

**Hon. Senators:** Agreed.

**The Chairman:** Bring them in.

Pursuant to Order adopted on February 11, 1987, Mr. Jacques Haché and Mr. Gastien Godin were escorted to seats in the Senate chamber.

**The Chairman:** Honourable senators, may I be permitted to say to our witnesses that we welcome them in our midst and that we are pleased and honoured that they have accepted our invitation.

Witnesses, you are not in a court of law here and you are not under oath. You are in the Senate of Canada. The Senate has a long-standing tradition of being factual.

Of course, every word—either in English or French—is recorded. You are at liberty to use either one of the two languages of our country.

We want you to feel at ease and relaxed. We will give you all the time that you need to answer the questions properly, and you may consult between yourselves. We would ask you to please keep your preambles brief—in other words, not a speech in answer to any questions.

[*Translation*]

Honourable senators are known to be very cooperative and, as much as possible, we shall give you all the time you need to answer our questions. Would you like to make a statement?

**Mr. Gastien Godin, Secretary General of the *Association des pêcheurs professionnels acadiens:*** Mr. President, Mr. Jacques Haché, the President of the *Association des pêcheurs acadiens* and myself are obviously very pleased to be here today and to have been invited by this prestigious Canadian institution to come forward and set out our position on such a vital issue as the agreement between France and Canada.

Before tackling the subject which brings us before you today, may we be allowed to express our deep satisfaction with the fact that the Senate has convened its Committee of the Whole to take a very hard look at the fisheries agreement between Canada and France. We are pleased at the privilege granted us by the Upper House in inviting us to state the position of our Association on this vital issue.

This is our first opportunity to do an in-depth analysis of this question which concerns us greatly. The fishing industry in the Gulf of St. Lawrence is in uproar, Newfoundlanders are furious. Political parties and politicians in Canada are panicking, the Prime Minister first and foremost. A victimized Saint Pierre and Miquelon implores Canada and lashes out at metropolitan France. The metropolis roars and agrees with Canada to renegotiate the recent agreement on the condition that it obtain more.

The parties are not only miles apart, by jingo, they are preparing to engage in a cod war.

Why this sudden outburst? To some, it is a tempest in a tea pot, to others it is a full blown hurricane on the Atlantic. What is really going on? What is at stake for Canada and for France in this confused situation? Which interests in Atlantic Canada are most seriously affected? Is there a solution to the dispute and are there alternatives? These are some of the questions that our President and I shall attempt to answer while bearing in mind, of course, our Acadian perspective. However, let us start from the beginning.

I shall present a brief overview of the extended history of cod fishing by the French in North American waters to illustrate the crucial and historic importance of this activity for France.

Due to its colonial policy and to the misfortunes of war, France came to lose all its possessions in North America. Nevertheless, the very powerful lobby of the equally powerful French fishing interests managed to convince successive kings during the 17th century to preserve its cod fishing rights on the Newfoundland coast (section XIII of the Utrecht Treaty of 1713) and to maintain the islands of St. Pierre and Miquelon as a safe harbour for French fishermen (section VI of the Paris Treaty of 1763).

Fishing rights were somehow more important for France than territorial rights over those few deserted acres of snow in Acadia and Canada as Voltaire put it in his famous statement.

To make a long story short, in 1904 both our motherlands signed the last treaty of the colonial era, a treaty confirming France's fishing rights in the coastal waters of Newfoundland. That was the convention passed by the United Kingdom and France concerning Newfoundland, South Africa and Central Africa.

It should be remembered that Newfoundland was still a British colony and was to join the Canadian Confederation in 1949 only, and also that territorial waters were still distributed under the same treaty as far as Newfoundland and Africa were concerned. Under clause 2 of that convention, French fishing rights were restricted to the following: France kept, for its nationals, the same fishing rights on territorial waters as British subjects over the part of Newfoundland from Cape St-John to Cap Ray in a northerly direction. Those rights were to be exercised in the course of the normal fishing season ending on October 20 every year for everyone.

An agreement was reached in 1972. For the first time, Canada was recognized as having every and all powers of a sovereign state. It was renegotiating at the time a new agreement with France as one must remember that both our motherlands had dealt with our problems previously. But in 1972, Canada, as a sovereign state, signed an agreement for the first time with France. That agreement between Canada and France on their mutual fishing relations contained the following provisions: First, it superseded the 1904 convention and all previous treaty provisions. Second, it recognized the right of French nationals to fish on the Atlantic coast of Canada. Third, it stipulated the complete withdrawal of Metropolitan France from the Gulf of St-Lawrence after 1986. Fourthly, it specified that boats registered in Saint Pierre and Miquelon would be allowed to go on fishing in the Gulf of St Lawrence after 1986. At the same time, Canada was negotiating agreements with several other countries on the gradual withdrawal or phasing out of their fishing activities in Canadian waters,

namely the United Kingdom, Denmark, Italy, Norway, Portugal and Spain.

As far as we know, the agreement on reciprocal fishing privileges with the United States in the St-Lawrence Gulf was not abolished. Now, we would have a serious problem if that country were to take France's approach and claim historical rights dating back to the colonial era.

Although this issue is likely to resurface, these comments will deal exclusively with the French position.

On grounds that we could justifiably question, Canada exchanged Article II of the 1904 Convention for the new Article II of the 1972 Agreement which France considers as a mini-treaty on the basis of which it considers its fishing rights to extend to the whole of the Atlantic Ocean. I quote this article because I feel it is quite relevant.

> In return, the Canadian Government undertakes in the event of a modification to the juridical regime relating to the waters situated beyond the present limits of the territorial sea and fishing zones of Canada on the Atlantic coast, to recognize the right of French nationals to fish in these waters subject to possible measures for the conservation of resources, including the establishment of quotas. The French Government undertakes for its part to grant reciprocity to Canadian nationals off the coast of Saint-Pierre and Miquelon.

Some people feel that the 1972 Agreement is ambiguous. The very general terms used in the ten articles of this Agreement between France and Canada result today in broad interpretations.

Yet, the 1972 Agreement would have been the ideal opportunity for Canada to put an end to its last colonial obligations to France in the area of fisheries. These negotiations were taking place at a time when all coastal nations in the world were about to establish or had already established exclusive fishing areas—I can think for instance of the famous cod war along the Icelandic coast—and were negotiating an international convention which was to create a 200 mile economic zone, together with resource management rights for coastal nations.

In 1972, Canada failed for the first time to clearly and unequivocally establish the terms of a decolonization agreement with France in the area of fisheries. Today, after 15 years, France argues over every comma in the Agreement to find in it a guarantee for thousands of additional metric tons of cod. But Canada may still have a very last opportunity, Mr. Chairman, the *sine qua non* condition being to avoid the temptation of veiled threats and the trap of ultimatums.

What does France want in all of this? Since 1972, France has effectively obtained various quotas of fish in Canadian waters under various international conventions and the 1972 Agreement, including 35,855 metric tons of fish in 1986. This Agreement has already had and continues to have positive effects on continental French boats fishing in Canadian waters rather than strictly along the coast of Newfoundland, as provided for under the 1905 Convention and the other colonial treaties.

What does France want? Although it reserved for itself only 2,500 meric tons in the area of the Saint Pierre and Miquelon Islands over the last decade, France wants today that the new agreement with Canada would grant the islanders 12,000 metric tons of cod in the Gulf of Saint-Lawrence, that is five times their historical catch.

On the basis of a five century long tradition, the powerful French overseas offshore fishing lobby had therefore managed to keep the lion's share of the Canadian fish at the expense of the Saint-Pierre-et-Miquelon islanders. Today, France's requests imply that Canada should be more generous towards the Saint-Pierre-et-Miquelon islanders than France itself has been over the past few centuries and especially since the 1972 Agreement.

And in compensation for the withdrawal of metropolitan boats from the Gulf, withdrawal that was scheduled to happen 15 years ago, France is demanding eighteen thousand metric tons of cod. The 1972 agreement did not provide any such compensation.

Stating more and more aggressively its claims on an economic area of 200 miles off the St. Pierre and Miquelon Islands, for the past two years, France has been granting itself a quota which it is distributing as it likes. While Canada has been offering 6,400 metric tons according to the average historic take, France is cornering up 26,000 metric tons. As a result, Canadian and St. Pierre and Miquelon fishermen complain about overfishing. Surely some of you have heard the reports from the Islands in which the comments made by the individuals involved were quite convincing.

Finally, France wants to keep and even increase its other quotas of various species everywhere in Canandian waters. France wants to take advantage of negotiations undertaken in 1986 and 1987 to renegotiate the advantages provided under the 1713 Utrecht Treaty and the 1763 Paris Treaty to which it constantly refers to justify its claims.

What is then, Mr. Chairman, the impact of such an agreement on the Canadian fishery industry? The consequences of such demands will be very costly for the Canadian fishery industry. The situation would surely be less critical if there was a surplus of fish. Such is not the case. On the contrary, the resource in Atlantic Canada is now experiencing another crisis. It is quite clear that concessions made by Canada to France will be to the expense of the Canadian industry. Moreover, biologists are already expecting a few lean years. As an example, biologists have recommended that the quota in the southern zone of the Gulf of St. Lawrence with which you are more and more familiar, be reduced from 60,000 to 24,000 metric tons. Now, since France was taking 7,000 metric tons in that zone in 1986, its takes will represent almost a third of the quota recommended by scientists if the 1972-86 agreement was extended for another year. In short, if France had maintained its 6,000 tons quota while the suggested level of take is set at 24,000 tons, a foreign country would get fully a third of

the quota while the other two thirds would be shared by all other Canadians in five provinces. This will give you an idea of the problem facing Canadians.

Of course, the quantification of the quota Canada will grant France is a matter of utmost concern for the Acadian fishing industry of New Brunswick, which the president and I represent today, as well as that of Cape Breton, Prince Edward Island and Quebec, not to mention the people of Newfoundland who, in my opinion, have made out a very strong case up to now. Those fishermen do all their fishing in the Gulf. With the withdrawal of metropolitan France from the Gulf in 1987, the inshore fishermen of those provinces have already benefitted from the transfer of 6,000 metric tonnes of cod. In spite of that, Acadian and Quebec inshore fishermen will have to make do with a reduction of 11,000 metric tonnes in their landings compared to their 1986 landings level. It is therefore obvious that each additional tonne granted to the fleet of St. Pierre and Miquelon will be taken off that transfer and just might be lost forever to France. For us, whether important quotas are given to metropolitan fishermen, to metropolitan France or to the people of St. Pierre who fish in the Gulf, the result is the same. Moreover, some Acadian fishermen of New Brunswick also fish in the economic 200-mile zone. We have a small deep-sea fleet fishing outside the Gulf of St. Lawrence. It will be easier to negotiate additional quotas in those areas if foreign countries withdraw. Overfishing in the area around the islands of St. Pierre and Miquelon just outside the Gulf is also a concern, and some witnesses who appeared here recently made much of those concerns. The mobility of the stock from the Gulf to that area has been scientifically proven. Therefore, there is a risk that serious overfishing will affect the level of landings from the Gulf. I have spoken about our immediate interest, that is the Acadian area or coast.

But the evaluation of the Fisheries Council of Canada describes very well the worries of the industry everywhere in the Atlantic. I wish to quote from a study made by the Council.

● (1600)

[*English*]

By any standards the French demands are by no means trivial. To put these demands in perspective, the total quantity of cod France wishes to catch pursuant to its various claims amounts to at least 50,000 tonnes annually. This is over 2.5 times the average annual catch by the metropolitan and the Saint Pierre and Miquelon fleets from Canadian waters since 1960.

Allowing for the cod offered by Canada, the quantity is about 47,000 tonnes in the hands of Canadian fishermen. This has a gross value of $20 million to $26 million at current prices. The final market value would be in the range of $40 million or $50 million, based on 1985 wholesale prices.

[*Translation*]

Here, we know that since 1985, over the last two years, cod markets have improved considerably. We can make a reevaluation upwards of the estimate you have there. The 6,000 figure you have is rather conservative.

Mr. Chairman, with those figures in mind, it is easy to understand the strong reactions of the Government of Newfoundland and of the industry to the January 24, 1987 agreement on fishing and on the marine boundary between the two countries.

I am going to talk about this January 24, 1987 agreement. First of all, there is the boundary and then the matter of fishing. What did the Canadian government do to cause reactions which were so violent that the attention of everyone in Canada was attracted and that you, honourable senators, decided to go into the Committee of the Whole to examine this matter?

Besides giving Mr. Peckford, as we say back home, a golden opportunity on a silver platter for an imminent election, is this preliminary agreement so dangerous for the future?

One thing is sure, it is not common to see an agreement between two countries so decried and rejected with such bitterness by both parties, even before the ink is dry. Why is that?

As far as the metropolitan fleet is concerned, no one is surprised. Its greed for cod is insatiable. The powerful French lobby of deep sea fishing, which has existed for centuries, will never be satisfied. It hangs on to the Canadian zone as to a last refuge.

When you hear spokesmen from this metropolitan lobby talk about what is due to them, it is obvious we are still considered a colony. Not content with their Canadian window on the Atlantic, they deliberately overfish the disputed zone around St. Pierre and Miquelon, while awaiting a settlement.

As to the St. Pierre fleet, the citizens of St. Pierre and Miquelon are subjected to the same treatment as Canada. They also feel victimized by the powerful metropolitan lobby, which leaves them only the scraps.

Consequently, Mr. Chairman, it should not come as a surprise that public opinion in Acadia, Quebec and Newfoundland, which are parts of the Canadian community, is sympathetic to our neighbours with whom we have developed friendly relations while doing together the same hard job.

Naturally, Canadians have analyzed each of the preliminary concessions, detrimental to our fishing industry, given to France by the Canadian government, to understand why this agreement created so much resentment and frustration in many areas of our industry.

During the past few weeks we have repeated many times both in Newfoundland and in the other provinces along the Gulf coast of which we are the major spokesmen in this case, that Canada gave away a lot for very little. What are the actual facts?

As regards the agreement of January 24, 1987, Canada and France agreed that day to sit together during the year to negotiate two separate but closely related treaties. One was to refer the border dispute over St. Pierre and Miquelon to an

international court, whereas the other was to determine the French fishing quotas in Canadian waters from 1988 to 1991, that is the period of time required to settle the border dispute.

In return, Canada gave to France a number of "preliminary safeguards" that we are going to assess immediately.

The first one is the St. Lawrence Gulf cod which is of highest concern to them as well as to our association.

Since the 1972 agreement was very clear in this regard, we knew that the ships of metropolitan France were to withdraw from the St. Lawrence Gulf as of 1987. Anxious to recover that valuable quota, Canadians were expecting nevertheless harsh negotiations to determine the fishing rights of St. Pierre and Miquelon ships which were the only ones allowed to keep on fishing in the St. Lawrence Gulf.

From 1980 to 1986, Canada granted to France a quota of 20,500 metric tons of cod per year in the Gulf. During all these years, the average catch of the ships of St. Pierre and Miquelon has been about 2,500 metric tons per year and the balance of 18,000 metric tons was reserved for the metropolitan fleet.

Then it is important to make it clear that during that period, France was the only one to decide upon this allocation. Therefore, only that section dealing with cod allocations in the St. Lawrence Gulf under the agreement of 1972 had to be renegotiated in 1987.

Therefore, Canada gave to France, that is to St. Pierre and Miquelon, 3,500 metric tons of cod, 1,000 tons over their historical catch. Although France considers that is not enough, it will allow us under the agreement to begin the negotiation process of the two above-mentioned treaties.

We have already underlined that the average historical catch of St. Pierre and Miquelon fishing ships is 2,500 metric tons. France claims 12,000 metric tons. Canadian fishermen's quotas have decreased for the past few years and will continue to do so. If necessary, our president will be able to provide more details later on.

Under those circumstances, is it reasonable to secure a larger catch in the Gulf for the people of St. Pierre? We believe this is an already most generous interpretation of the 1972 agreement. Whatever excess allocation we shall give away until 1991 will be difficult to recover later on, notwithstanding the without prejudice clause, of course.

The Government of Canada should have learned a lesson from the 1972 agreement. The 3,500 metric ton quota given prematurely by Canada was considered inadequate and even ludicrous and shocking by the French government. What are we to expect from the next round of negotiations?

Canadian Gulf fishermen have good reason to be worried. There are vital interests at stake. It is only through very strong pressures from the Gulf fishing industry, supported by the Senate and a new approach from the federal government, that we will be able to stop the haemorrhage.

Briefly, as concerns northern cod, in this preliminary agreement, Canada gave the French 3,000 metric tons of cod in the 2GH area, off the coast of Labrador. Of course, that quota was also considered inadequate. But at least, the process was started.

Our negotiating team certainly had room to manoeuvre in that area. Not satisfied with that important quota on Atlantic stocks, the French deep-sea fishing lobby is vehemently demanding a permanent right on the famous cod from the 2J+3KL area which is considered sacred by Newfoundland and on which the whole history of the province is based.

As concerns northern cod, Canada has committed itself to grant the French a certain quantity of cod from the 2J+3KL stocks in the northeast of Newfoundland. The quotas will have to be negotiated for the period from 1988 to 1991.

Let me quote from the press release of the Fisheries and Oceans Department:

> Since the French Government considered this concession to be inadequate, it is obvious that the French lobby is aiming at a permanent right on the famous Newfoundland banks.

The fact that they are continuously reminding us of the colonial treaties clearly proves it. Let us not forget that the French are demanding 18,000 metric tons in that area.

Until then, Canada had refused to give away a single inch of that much coveted territory which Newfoundlanders considered sacred. Moreover, Canada had already warned the French that it would not renew the 1,500 metric ton quota they had enjoyed until 1987 under the long term agreements signed with the European Economic Community.

So, the concession of the Canadian Government came as a surprise for everybody. This commitment may weaken our position for a long time.

It is a fact, Mr. Chairman, that cod stocks in this area are the largest in the Atlantic, reaching annually about 250,000 metric tons which are equally shared between inshore fishermen from Newfoundland and the rest of the Canadian deep-sea fishing fleet. But let us not forget that the Canadian fishing industry depends to a large extent on that stock. It is the largest in the Atlantic and, last year, the reduction of the catches by the Newfoundland inshore fleet resulted in a very heated debate which eventually led to a revision of the management of the resource.

It was therefore predictable to expect a violent reaction to an overly generous Canadian attitude. Wearily raising the French flag in that zone, subject to ulterior quantification of the quota, is undoubtedly the most hazardous gesture of the Canadian government during the January 27, 1987 negotiations.

On this specific point, Canadian negotiators will have no choice but to limit the damage to a minimum—that is a minimum quota—or withdraw this article from the preliminaries altogether.

I now come to the last two points concerning overfishing in the disputed zone and the border dispute.

With respect to overfishing in the disputed zone, the statements to the effect that Canada should tolerate France's overfishing in the 200-mile disputed zone around the Islands of St. Pierre and Miquelon (3PS) have certainly given currency to the suggestion that, for one thing, our government was weak in this case and, for another, it provided additional ammunition to the unrelenting opposition which became obvious.

During the years after our country established a 200-mile economic zone in 1977, Canada gave France a quota related to a certain level of historic catches, roughly 15 to 18 per cent of over-all quotas in this zone.

But the situation has changed drastically over the past three years. France sets her own total quota and unilaterally establishes her own share which is closer to 50 to 60 per cent of over-all quotas, with the result that Canadians and French fishermen take their own quotas and we finally end up with a catch which amounts to 150 to 175 per cent of the quota.

By taking a more aggressive approach France wants to strengthen her claims within the disputed zone, with the prospect of international arbitration.

In the meantime both countries have given their scientific experts the responsibility of preparing joint analyses and projections on 3PS cod stocks. This has to be one of the very few positive but little known elements of the agreement of last January 24. However there is no reference to the way they should jointly share the quota which will be set as they wait for the border dispute settlement.

Should there be no agreement, unfettered fishing may very well go on at the expense of Canadian and St. Pierre fishermen. So this is the zone where relations may worsen and possibly lead to violent physical confrontations among the various actors in this crisis.

Indeed, until such time as the dispute is settled by a court which both countries accept, each one can claim and exercise certain rights in the disputed zone. We might recall that we witnessed a similar scenario with respect to Georges Bank until an international court stepped in at the request of Canada and the United States.

As far as the boundary dispute is concerned, both countries are sailing in troubled waters, and to get to their respective home ports, they must cross the high seas. While Canada recognizes France's right to a twelve-mile territorial zone, France has been claiming a 200-mile economic zone off the French islands since 1977. Using the equidistance theory as one of its arguments, France claims it is entitled to a share of the 200-mile economic zone, out to international waters, which would give it a considerable economic and strategic advantage, thanks to its sole possession in North America.

Canada, arguing the equity theory, is convinced that two small islands completely cut off from the mother country and in the middle of Canadian Atlantic waters, cannot lay claim to the rights of a sovereign state. According to Canada, an international tribunal will take into consideration the respective land masses of St. Pierre and Miquelon and Canada's Atlantic coastal area in reaching a decision on how the economic zone is to be shared.



Mr. Chairman, we recommend that a settlement of the boundary dispute establish once and for all the ownership of the fish and sub-ocean resources in the new designated zones. But was it necessary, meanwhile, to give France guarantees for fish quotas in various parts of Canada's Atlantic waters? Was it necessary to link the two treaties? Those are the main issues that will have to be resolved. Spokesmen for the Canadian government consider the preliminary fisheries agreement a small price to pay for trying to settle the boundary dispute. The industry, however, feels that their government has just sold out inalienable interests in Canadian fisheries to a foreign power.

At the beginning of the eighties, France urged Canadian authorities to let the boundaries of each country's respective marine zones be determined by international arbitration. For some obscure reason, Canada ignored France's overtures. But why does Canada feel obliged today to make so many concessions to France in exchange for the consent it already had in principle? To our knowledge, and we feel this is very important, France never really objected to arbitration of the boundary dispute. In fact, it felt it was being rushed by Canada. We can hardly blame France for taking advantage of Canada's confusion with respect to the two "inextricably linked" treaties and coming in with its shopping list of Atlantic fish.

Was it not a major strategic error on the part of the Canadian government to insist on negotiating the two treaties together? By letting the boundary issue drag on until 1987, when the fisheries agreement had to be negotiated, didn't the Canadian government put itself into a vulnerable situation, with predictable results? It is not surprising that so many intervenors are worried about the ultimate price the Canadian fisheries industry will pay for this compromise. And this is before any decision by the International Court and subsequent negotiations.

The claims for fish quotas in Canadian waters arise basically from the 1972 agreement. By giving France more than it would have been entitled to under this agreement, we may never be able to reverse the situation.

By way of a conclusion, after a slight pause, Mr. Chairman, what is most astonishing regarding the negotiations between France and Canada is the total lack of confidence of the Canadian government in its rights as a sovereign coastal state over its territorial waters. We have witnessed it in 1972, in 1980, and again in 1987. If France uses an imperialistic approach in its negotiations, it is partly because Canada is all too prone to submit to French coercion as if we were still a colony. Not only is Canada flickering under veiled intimidation, but we went much too far, we showed too great a generosity in trying to maintain our good relationship with France, while letting our domestic relationships deteriorate on that question, as people have said during these last months. Canada has undoubtedly lost its chance to break the umbilical

cord of colonialism in 1972, while perhaps trapping itself during the January 1987 discussions.

During the talks leading to the 1972 agreement, France and Canada alike harboured the then prevailing illusion that Canadian fish resources would soon exceed the country's needs. However, after the depletion of cod reserves in the southern section of the Gulf in 1976-77, following that of Boston blue fish a few years before, whereas ground fish stocks had substantially declined, generally speaking, in 1974 in the Gulf as well as in the Atlantic, Canadian industry finally woke up to reality. How remote and unreal seems to be the period when, following the declaration of an exclusive economic zone, both the Canadian government and the industry displayed with delirious optimism the perspectives of abundant and eternal resources.

Only now do we realize to what extent we were mistaken, how difficult it is to maintain stocks while submitting them to constant fishing efforts, despite a belief that supplies can only increase thanks to management principles and practices of world-wide reputation in the area of marine biology.

Contemporary realities are somehow sad. Our seasoned managerial efforts are not as fruitful as expected, as is shown in the Gulf, where the F01 quota is the same as it was 10 years ago. We are paying the price of that deception. France indulges in the fanciful belief that the virtually limitless fish stocks of the Atlantic will not be affected by the overfishing it already engages in on the one hand and by the important quota allocations it is seeking for the future on the other. This is why it sees no limit to Canada's generosity.

Furthermore the Canadian government as well as Canadian industry wish to maintain a close relationship with Saint Pierre and Miquelon. This explains why Canada has made generous concessions to this French department. Also, in allowing Saint Pierre and Miquelon to use the factory freezer trawler "La Bretagne", Canada is granting an advantage which it has never allowed itself until last year in the Atlantic and which it still does not allow itself in the Gulf of St. Lawrence, that is the use of factory freezer trawlers. Given the current depletion of fish stocks, the French are the ones who should be generous towards their overseas department. So far, it is evident that France has negotiated first and foremost to meet the needs of its deep-sea fishing fleet.

Given the present state of the Atlantic fisheries, Canada must adopt a very firm stance with France, as it has already begun to do in fact by closing the door to the French deep-sea fleet. In the upcoming negotiations, Canada will have to deal accordingly and break the bonds of colonialism once and for all.

Since France has continued to overfish in the disputed zone, it bears responsibility for escalation of the conflict. The ball is therefore in the court of the French and, hopefully, their attitude will change since all stand to pay a very high price if the French fleet continues its present practices.

With regard to this conflict, I would like to raise a point which we consider very important and rather delicate. Newfoundland took the lead in a debate which was necessary before it became too late to make up for the Canadian blunder of January 1987, which was the result of past errors. However, we do not agree with Premier Peckford's claim that fisheries resources should be managed by the provinces. If the honourable Senator LeBlanc (Beauséjour) is here today, I believe that he will recall vividly the historic debate over the right for provinces to manage fisheries resources and the dangers that this entails. He often reminded us that fish has no nationality and that provincial management of that resource would be difficult. We must not think that the sharing of these resources between the Canadian fleets of the different provinces is any easier. Indeed, the future of the Canadian industry might be jeopardized if Newfoundland grabbed this opportunity to take away from the federal government the jurisdiction over fisheries.

But let us go back to this diplomatic imbroglio on fishing agreements, stemming from what we humbly consider three mistakes made by Canada in 1972, in 1981 and in last January. We think it is still possible to straighten things out.

First, one must recognize the three mistakes that we made: first, the hasty signing, in 1972, of an agreement which extended the fishing area in which the French deep-sea fleet was able to obtain fishing rights. Second, our refusal, in 1981, to have this boundary dispute settled by arbitration and third, the assumption of the Canadian government that France absolutely wanted to tie the issue of the fish quotas to the arbitration of the boundary dispute, when it was in fact a unilateral requirement by Canada.

It is vital, in our view, to break all colonial bonds with France. This must be done in considering France as any other foreign country fishing in the Canadian waters, as far as legal status is concerned, even if we allowed them a preferential treatment because of certain historic bonds in the sharing of the surplus of resources offered to foreigners or other resources that could be offered to foreigners.

Pending the settlement of the boundary dispute, and in order to respond to the reasonable needs of St. Pierre and Miquelon, we must ask the French metropolitan fleet to leave the 3PS area because of its over-fishing which is unacceptable, while compromising the economic base of this French department and counting on Canadians only to accommodate St. Pierre. That is why we believe, even if that could be interpreted as interference in French affairs, that since the French want us to respond to the needs of St. Pierre, we can ask them to share in that responsibility.

We are on neighbourly terms with St. Pierre and Miquelon. If the French metropolitan fleet left the 3PS division, Canada could negotiate with France an increase in the percentage of the global quota of 3PS granted to St. Pierre and Miquelon. At present they have 6,400 tons. Why not give a little more in these conditions? Canada could also make up for the needs of the fleet of St. Pierre in granting it quotas in the St. Lawrence Gulf or elsewhere in the Canadian area or else, ask them to leave the Gulf because the overall quotas are smaller and fish elsewhere in the Atlantic.

These measures, we believe, would lead to Canada's exercising its right, as a sovereign state, to an exclusive economic zone, while showing due consideration for the needs of our good neighbours, the people of St. Pierre. Decisive measures would also be a way to affirm our sovereignty vis-à-vis France, which unfortunately will not admit that Canada is no longer New France. In other areas where Canada has a privileged relationship with France, agreements between the two countries reflect reciprocal relations between two sovereign states whose cultural ties are free of any colonial overtones, which is not the case for the fisheries.

Our association, and I am about to conclude my speech, Mr. Chairman, represents Acadian fishermen. They are aware of their ancestral origins and are proud of their French language and culture. However, they feel no kinship with a France that shocked our community with the kind of colonialism that has come to the fore in the fisheries negotiations.

As part of the greater francophone community, we will always have a special affinity to France, with the mutual respect worthy of a new relationship free of any hint of subservience.

My presentation was somewhat detailed. In fact, Mr. Chairman, we prepared our analysis with great care and I want to thank you for having the patience to listen to us.

**The Chairman:** Would the President of the Association des pêcheurs professionnels acadiens, Mr. Jacques Haché, like to make a short statement? I would only ask you not to repeat everything Mr. Godin just said.

**Mr. Jacques Haché, President of the *Association des pêcheurs professionels acadiens:*** For us in the Gulf, in 1986, the overall quota was 60,000 metric tonnes. For 1987, our quotas are down to 45,000 metric tonnes, which means 15,000 metric tonnes less.

Landings for 1986 totalled 38,000 metric tonnes. This year's quotas are for exactly 26,500 metric tonnes, a drop of 11,000 metric tonnes compared to 1986.

In 1987, with France withdrawing from the Gulf, we will get an extra 6,000 metric tonnes. Otherwise, we would have lost 18,000 metric tonnes this year in the Gulf, the equivalent of 25 million pounds, representing, on average, a loss of $10 million compared with previous years.

This is very important, since further reductions in quotas are expected for the Gulf in the future.

**The Chairman:** Thank you, Mr. Haché. Before asking honourable senators to put their questions, the Chair will first recognize Senator MacEachen.

[*English*]

Then the Chair will recognize the honourable Senator Marshall. Those who raise their hands will be recognized by the Chair.

• (1630)

**Senator MacEachen:** Mr. Chairman, first, I thank Mr. Godin for his very comprehensive presentation. It is not my intention to raise questions about all the points that he has covered. We have covered with other witnesses some of these points and it will be unnecessary to retrace the ground. So, in thanking Mr. Godin, I want to assure him that we will not ask him to go over his whole presentation, which was very thorough. I also want to note that Mr. Godin has expressed some approval that the Senate has highlighted this particular agreement and has given it appropriate importance by a special study in Committee of the Whole.

I would like to ask a question about the matter of de-colonization. Mr. Godin has stated that we should have broken the ties of colonization in 1972 when we signed the fisheries agreement with France, and that now there rests an opportunity to break these ties in the upcoming negotiations. Personally, I do not take the sombre attitude toward the 1972 agreement that some others have taken, for a number of reasons—partly because France, as the witness has pointed out, has had treaty rights in Canadian waters which go back as far as the Treaty of Utrecht and the Treaty of Paris. Those rights were confirmed in 1904 by the United Kingdom acting on behalf of Canada with France. When we negotiated the agreement of 1972, we were working to achieve international acceptance of an extension of jurisdiction for Canada over the 200-mile economic zone, which at that point had not been acknowledged. The treaty with France postulated the possibility that we would have extended jurisdiction, and also that we would acknowledge the right of France to fish in Canadian waters, subject to quotas and the question of conservation.

We have had evidence that in waters that are not disputed, France has respected the quotas established by the Government of Canada. I really do not wish to go into this very much, except to say that it is true that Canada had an option in 1972 to declare null and void the legal treaty fishing rights of France in Canadian waters. That opportunity still exists. The Government of Canada could denounce today the 1972 agreement just as it could have denounced in 1972 the pre-existing rights established by treaty. This has been stated by others than Mr. Godin. I ask him: Does he think that it is a realistic proposal to ask the Government of Canada, either in 1972 or in 1987, to denounce these rights as opposed to establishing by mutual agreement a system of dealing with the fisheries which, I believe, has progressively increased the jurisdiction of Canada? And if you would extinguish the rights of France or the metropolitan fleet, why would you exempt the vessels from Saint Pierre and Miquelon? After all, the residents of these islands are French nationals in precisely the same way as the nationals from Saint-Malo, who were told by the French negotiators that jobs numbering up to 1,000 will be lost if their quotas are affected. My main point is: Is it realistic to suggest that we should break the colonial links with France, which means the extinguishment of all historic rights? Is that your proposal?

[*Translation*]

**Mr. Godin:** Mr. Chairman, I think I can add something to the question of the honourable senator. I have here an International Relations Bureau document dated 1980, a working document which was submitted to a groundfish seminar which

we attended at the time, and I see in this document that the objective in 1972 was to break these ties. It states on page 3 of the document that the decision was made in 1972 precisely because there were problems. In that context and given the generally less than satisfactory relations between Canada and France in fishing matters, particularly with respect to the activities of French fishermen around Newfoundland and surrounding waters, it was decided in May 1981 to open preliminary discussions with France with these objectives in mind: Second objective, secure an agreement on France's gradual abandonment of her traditional fishing operations and, third, reach agreement on the cancellation of rights guaranteed to France under the 1904 convention, as well as the relinquishment of privileges granted pursuant to the provisions of several treaties since 1763.

Thus it is obvious, Mr. Chairman, that such was the objective. In my humble opinion, Canada in 1972 was in a better position than it is today but, as the honourable senator has stated, it can still be attained. Any country can decide at any time to renounce a treaty. But in our view it would have been easier in 1972 because the previous treaty on that issue involving Canada and France was concluded by both our motherlands. It was the last colonial treaty of 1904 that settled the question of fishing rights.

So we believe that Canada negotiated as a sovereign country in 1912. The Statute of Westminster in 1931 conferred on it the right to sign international treaties and, for the first time, it could really deal extensively with that issue and say: "Listen. The Treaty of Paris and the treaty signed in 1713 might be a good thing but perhaps the time has come for us to break the colonial bonds." However, that did not necessarily mean that we should have suspended French rights to fish in Canadian waters. France could have been placed in the same position as other countries that have been granted since 1977 extended rights to fish in Canadian waters. I may add that Canada has negotiated and signed agreements with those countries so that they renounce their rights in the 200 mile zone that Canada wanted. That is the only country with which Canada has concluded such an agreement. All other countries have signed without the need of that additional constraint. All those countries that did fishing in the St. Lawrence Gulf, be it Spain, Portugal or Russia, agreed to withdraw without guaranteed rights.

In effect, and I do not want to give too long an answer to that question, as you requested earlier, Mr. Chairman, but we in the industry have to ask ourselves when we consider that today: What have we gained in 1972? Indeed, it is true that metropolitan France is operating a phasing-out of its vessels in the St. Lawrence Gulf. Previously, they had three. In the treaty, we allowed them up to ten and today they are about to reach that number including some freezer trawlers that can fish in the Gulf while we Canadians cannot. So you can imagine the outcome if these ships from metropolitan France are replaced by factory freezer trawlers from Saint Pierre and Miquelon in the Gulf. What will we have gained? As things stand now, the 1972 treaty provides them with a right in perpetuity, unless this is changed by negotiation. Or if they abandon their ancestral rights in exchange for rights which would be limited to the Newfoundland coast. But what rights did they have in fact? They have the right to dry cod along the Newfoundland coast. In 1904, industrial fishing as we know it today did not exist.

So what are they claiming today? What are they getting in exchange? Section 2 which I quoted purposely was in fact a treaty on a smaller scale. Today Canada tends to agree that it affords both metropolitan France and St. Pierre and Miquelon perpetual rights in the Atlantic. Therefore, what have we really gained, apart from the possibility of counting our losses? So you can see from the way they are negotiating that this will be far from easy.

Given what I have said, I honestly believe that we had a better chance in 1972 but that we fumbled it. You will surely wonder whether it is realistic. As a matter of fact, when Canada reconfirmed these rights in 1972, it became a little more difficult, but not impossible. Nothing is impossible. In view of the importance of this question for Canadians, (and we explained today the situation and gave you some statistics) I think that Canada should be concerned about this, but it should also come to terms with St. Pierre and Miquelon. We are not opposed to a settlement because of the peculiarity of those remote islands which happen to be near our coastline.

[*English*]

**Senator MacEachen:** I just have one comment, and that is that Mr. Godin made the point—with which I agree—that through negotiation it ought to be our objective to decrease the activities and eliminate the possibles. However, if I understood him correctly, I think he did say that he had not recommended in 1972, or even now, that we shut out the French fleet unilaterally.

Mr. Chairman, those are all my questions.

**The Chairman:** Senator Marshall?

**Senator Marshall:** Mr. Chairman, I would like to welcome Mr. Godin here and thank him for his brief. I went to the trouble of having translated the speech he made in Shippegan, and he has given us practically the same one.

Mr. Godin, you are a member of the advisory group that is dealing with France in the on-going negotiations. Were you at the recent meeting on March 24 or 25 here in Ottawa?

[*Translation*]

**Mr. Godin:** On March 24 and 25, yes, Mr. Chairman.

[*English*]

**Senator Marshall:** Are you at liberty, Mr. Godin, to tell us if there was any progress made at that meeting? Also, can you tell us what negotiations took place; on what basis were those negotiations, and to achieve what purposes?

[*Translation*]

**Mr. Godin:** Mr. Chairman, I find it difficult of course to talk about these negotiations. I was invited as the spokesperson for the association and not as a Canadian delegate. But

without revealing any secrets, I think I can say that following what has happened here on January 24, not many people expected substantial progress in the first negotiation. It was more some sort of a meeting with both sides facing each other for the first time following quite a serious crisis and trying to assess their respective positions.

We must remember that before this meeting, Canada had also closed its ports to the French fleet. Thus there was a new situation confronting us in these negotiations. Therefore, without going into all the details, which I could not do because of my special mandate, I think that it is fair to say that no substantial progress was accomplished; at least people agreed to come to the negotiation table for discussion.

[*English*]

**Senator Marshall:** Mr. Chairman, I do not wish to press my luck. I will think about that answer.

Perhaps, Mr. Godin, you would indicate to us if the action taken by the Canadian government to close the ports and to close Burgeo Bank to the French fleet was discussed, and did they express their reaction to the action taken by the Canadian government?

[*Translation*]

**Mr. Godin:** I believe, Mr. Chairman, that the honourable senator is stretching his luck somewhat. Unfortunately, I cannot follow him that far. I believe the two heads of the Canadian delegation, Mr. Appelbaum and Mr. Clark whom you have already met here, would be in a better position to give a follow-up on the issue, if you invited them again.

But the last question really is rather directed to the heart of the discussion. I am not sure that I have the mandate, and in view of the difficulty of finding an answer, it is often better not to say anything. I will therefore remain silent on that question, Mr. Chairman.

**The Chairman:** As I said at the beginning, you are not here under oath. You can answer the questions as you please. If the answer is satisfactory and can help the senator, so much the better.

[*English*]

**Senator Marshall:** I can understand Mr. Godin's reluctance, and I will accept it, Mr. Chairman.

Mr. Godin, I think you stated that we should put pressure on the French with respect to the overfishing in 3Ps. I think you are aware that the French classified 3Ps as their own waters. Are you still insisting that we should pressure them to discontinue fishing in that area when they are claiming that as part of their 200-mile zone?

[*Translation*]

**Mr. Godin:** To answer the honourable senator's question, I believe I am more at ease to answer here. That may in part answer his previous question, Mr. Chairman.

I think you are aware that the 3Ps area, the so-called supply management area, has been established at 41,000 tonnes for Canadians and 43,000 tonnes for the French. The area claimed by St. Pierre and Miquelon does not necessarily cover all the 3Ps area in discussion. These areas were established by the Northwest Atlantic Fisheries Organization to manage the stocks and they have no connection with the debate between Canada and France.

It so happens that, because of a series of circumstances, 3Ps more or less corresponds to the disputed zone but not entirely, which means that a significant part of the 3Ps area would not lie within the equidistance lines; it is more generous to France, especially with the Burgeo Bank. It is in that context that Canada is shutting its ports to French ships, which quite seriously hampers the metropolitan fleet and the St. Pierre and Miquelon fleet, to avoid that after they catch their awarded 6,400 tonnes, that they be limited to the disputed zone where we cannot act. But outside of that area, Canada should assume sovereign responsibility and say: If you are to fish on the Burgeo Bank, that is of particular interest to us. When we speak of the Bank, we speak of fish. When we forbid them to fish over there, it is an embarrassment to them, and they do not appreciate that. I do not want to speak for the Canadian delegation, but you may be assured that for the industry, that move has been a first welcome one in this issue. I hope I answered the senator's question.

• (1650)

[*English*]

**Senator Marshall:** While Mr. Godin has the map before him, can he indicate the interests of New Brunswick? We had representatives from Nova Scotia here and they indicated their interests. Would you point out and designate the area that the fishermen from New Brunswick are concerned with in the Gulf?

[*Translation*]

**Mr. Godin:** Mr. Chairman, I would say to Senator Marshall that people in New Brunswick or in other provinces have different interests. Let us remember first that zones 4T and 4VM in the southern part of the Gulf have the same stocks of fish. Now in that shared area, two thirds of quotas granted to France or St. Pierre and Miquelon came from the northern part and one third from the southern part of the Gulf.

There is no legal requirement there, but it is a practice that has been followed over the years, particularly since 1980. That is to say that for every additional 1,000 tons or 100 tons of fish given to France, to people of St. Pierre and Miquelon, one third of it could be lost for us. So we have a direct interest.

Our fishermen operate also in the northern area of the Gulf. Two thirds of the quotas of St. Pierre and Miquelon are caught in that area. That means also that in that case every additional ton of fish given away could affect proportionally Newfoundland fishermen first, but fishermen from other provinces also.

There is also the problem of overfishing which was scientifically established. If such a phenomenon occurs in 3PS quotas provided in the northern area of the Gulf could very well be affected too because of stock mobility. Therefore, such a situation could have a serious impact on Newfoundlanders and people from my home place.

I must add also that sectors of our fleet have access to the zone outside the Gulf, along the Newfoundland coastline including 2JT, 3PM. There are over there small quotas available for our fleet. As a matter of fact, if France had no such large quotas in that area, more could be made available for those sectors of our fleet. That is to say that we are also affected, but not as much as Newfoundland of course.

The whole question of individual interests of provinces is a matter of degree. But in a different way, we are all directly affected in every area.

[*English*]

**Senator Marshall:** Mr. Godin referred to the management of the resource between the provinces and the Canadian government, and he alluded to the fact that he would favour management of the resource by Atlantic Canada and the federal government.

How do you see that in practice—in as short an explanation as you can give? Am I right in assuming that that was what you were getting at when you spoke about it in your brief?

[*Translation*]

**Mr. Godin:** Mr. Chairman, I did not quite get Honourable Senator Marshall's question.

[*English*]

**The Chairman:** Senator Marshall, would you repeat the question?

**Senator Marshall:** Do you see any advantage in a variation in the management of the resource—not as referred to by Premier Peckford, namely, that he wanted to be part of the management process? You referred to Atlantic Canada, all the maritime provinces and Newfoundland managing the resource with the federal government. Is that practical?

[*Translation*]

**Mr. Godin:** Thank you, Senator, for this clarification.

In view of the fact that resources, as you know, are common property and that it is difficult to put a provincial flag on the fish travelling from one area to the next, it would be difficult to accept the notion that the provinces are a major jurisdiction in fisheries management.

I believe that if the Fathers of Confederation felt the need to give this jurisdiction to the provinces, they must have had their reasons. These reasons might not apply today. However, I believe in realistic terms that today this jurisdiction must be assumed by the federal government. It is the only Government which has the authority to arbitrate the conflicts between the Atlantic provinces in the management of fish resources and the various interest groups within these provinces.

I think that we have witnessed these past few years some very serious problems in the area of fish management. I find it difficult to imagine what the end result of the debate would have been had the provinces had greater jurisdiction in this area.

Finally, on this point, we strongly suggest the *status quo* should be maintained with respect to the jurisdiction of the federal government, even if it means granting the provinces certain administrative arrangements on some aspects still to be considered.

[*English*]

**Senator Marshall:** Mr. Chairman, I will pass now, but perhaps I can have another opportunity to question the witnesses later.

**The Chairman:** Honourable senators, we will hear from Senator Simard, and then Senator Stewart will follow.

[*Translation*]

**Senator Simard:** Mr. Chairman, I also want to congratulate the representatives of the Association of Acadian Professional Fishermen. These people don't have the reputation of being disliked by those they meet. They always come well prepared and their brief speaks well for them. I think that it contains interesting details, particularly about the aspiration of the Acadian fishermen from New Brunswick and, indirectly, about the point of view of Quebec fishermen who operate in the Gulf of St. Lawrence. This is perhaps one of the most interesting aspects of today's hearings.

This was hardly mentioned by previous witnesses. Therefore, I want to congratulate you, Mr. Godin and Mr. Haché and ask you a question.

Could you dwell a little more on the possible impact on bottom fish of overfishing in the Gulf and could you tell us more precisely what are your expectations in terms of stock and preservation of stock in the Gulf as far as a future agreement is concerned?

**Mr. Godin:** Mr. Chairman, I think that a few minutes ago, our president clarified some aspects of the impact of fishing by France and the quotas that could be granted to the French government in the Gulf of St. Lawrence, particularly in view of the fact that our quotas have already been reduced this year.

In 1986, they had been reduced by 5,000 tons. This year there was an additional reduction of 15,000 tons. It is expected that the quotas will be lowered again each year over the next few years.

Well, Mr. Chairman, to answer the question asked by the honourable Senator Simard, any transfer of quotas to the French, each 100 tons that is granted to the French, will have serious negative impact on the economic stability of the industry in the Gulf of St. Lawrence.

Earlier, Senator MacEachen referred to a loss of jobs in France as an impact of lowering their quotas. But I think the major point to consider in the context of a lowering of quotas would be the impact this could have on Canadian fisheries.

On the larger question raised by Senator Simard, namely the contents of a new treaty, certainly it was not easy to agree on these treaties in 1972 and it will not be easy now. All the more so because I think we negotiated, I would not say like amateurs, but maybe we did not protect sufficiently the Canadian interests in that case.

We should go as far as to question certain ancestral rights granted to the French as we wanted to do at the time of the treaty of 1972, which I quoted earlier, and consider invalidating the rights given to France under the 1904 Agreement as well as the privileges granted under several treaties since 1763 (something we were unable to achieve in 1972 because apparently the fishery agreement was wrapped up rather expeditously). We should try to achieve now what we failed to do in 1972.

The concession we are willing to make, both to metropolitan France and to Saint-Pierre and Miquelon, is that we believe France should have certain specific privileges in the 200-mile zone, compared with other foreign nations. But France should be put on the same legal footing as other foreign nations without a particular treaty.

As for Saint Pierre and Miquelon boats, certainly there is room for accommodations. but they should be put on the same footing as Canadian vessels. For example, if they negotiate and are granted quotas in the Gulf of St. Lawrence, since Canadians are not allowed to use freezer trawlers in the Gulf, we should ask that this restriction apply to them also.

Without going into the details, those are a few items we would like to see in a new agreement with France.

**Senator Simard:** Thank you, Mr. Godin.

[*English*]

**Senator Stewart (Antigonish-Guysborough):** Mr. Chairman, I have three or four short questions. Am I correct in thinking that your organization represents fishermen primarily in the area from Cape Tormentine up through Tracadie, Richibucto, Shippegan to Campbellton? Are there others in the Bay of Fundy area who are represented by your organization?

[*Translation*]

**Mr. Godin:** Mr. Chairman, to answer the question of the Honourable Senator Stewart, we do not represent the fishermen of the Bay of Fundy area. They belong to another organization.

It should be noted that for them this agreement has very little significance because, if you look at the map, they fish mostly in 45Y, 4X, 4VWX, while the disputed area is more in 2GH, 2J+KL, 3PS and the Gulf of St. Lawrence. Although I would not want to speak on their behalf, I do not think that this agreement has as much importance for them.

Our association does not represent fishermen in that area, although we maintain an excellent working relationship.

[*English*]

**Senator Stewart (Antigonish-Guysborough):** I would like to know what species of fish caught by your fishermen are involved in this agreement. As to the size of the boats, do you represent an inshore fleet, a middle water fleet, or do you have any real high seas vessels in the fleets you represent?

[Mr. Godin.]

[*Translation*]

**Mr. Godin:** Mr. Chairman, our association represents about 140 mid-shore boats. They fish different species like herring, cod, blue mouth, crab, sole.

However, the part of our fleet which is affected by this agreement is the groundfish fleet, which is also a mid-shore fleet.

That means it is made up of boats less than 100 feet in length, in general, equipped with mobile gear, as opposed to fixed gear. I could even say less than 65 feet, because we have only a few boats 65 to 100 feet in length that fish mostly shrimp, a species I did not mention in my list a moment ago. The majority of boats are between 45 and 60 feet.

This is the fleet we represent and which is affected by this agreement.

I do not know whether or not I answered all the details of the honourable senator's question.

[*English*]

**The Chairman:** I should like to inform Senator Stewart and other senators that I have been advised that we will have Royal Assent at 5.45. I would permit another five or six minutes of questions, although I am in the hands of the Senate.

**Senator Stewart (Antigonish-Guysborough):** Thank you, Mr. Chairman. The witness made reference to the fact that these groundfish stocks migrate. He used that as the basis for his resistance to Premier Peckford's claims of jurisdiction. Is it established that the various groundfish stocks do migrate?

One witness, who appeared before us a couple of weeks ago, contended that they do, but, if I recall correctly, conceded that some scientists would argue that the 3Ps stock does not migrate into 4Vn. Is it clear that the fish stocks do migrate? I ask that question because, if the stocks are fairly stationary, Premier Peckford could at least eliminate that argument against his claim to jurisdiction.

[*Translation*]

**Mr. Godin:** Thank you, Mr. Chairman. I think it is clear the stocks are not stable. I alluded earlier to the southern part of the Gulf where scientists recommended lowering quotas from 60,000 tonnes to 24,000 tonnes. It is finally the catch level of ten years ago, before we established the 200-mile limit.

In the northern part of the Gulf, the same thing is happening but on a smaller scale. In the Atlantic, southwest of Nova Scotia, we witness a similar phenomenon. For cod in the 2J, 3K and 3L zones, this year, the offshore fishing fleet suffered a 10,000 tonne reduction. Last year, the coastal fleet caught, I think, some 40,000 tonnes less than the estimated quota. On the one hand, I think people in the industry are right when they say the stocks are not stable. Your question about the mobility between stocks is quite relevant. It relates mostly to

3Ps zone. In that regard, we do not intend to exaggerate the importance of the mobility of 3Ps versus the Gulf, be it 4VN or the southern part of the Gulf. This is a matter of proportions. On the one hand, it can be claimed, as scientists did according to the assessments of fish tagging, that there is a certain mobility of 3Ps stocks, particularly towards the northern part of the Gulf and not towards the southern part of the Gulf, which is 4VN.

This mobility is not extremely large except that what the scientists and the industry say is that severe overfishing would hurt 3PS; nobody would be concerned, of course, if the overfishing were insignificant. But if there is a severe overfishing in 3PS, even though the mobility is only 5 or 10 percent, then the 5 or 10 percent becomes considerable. Besides, overfishing in itself is basically a matter of concern. The matter of mobility is incidental to the problem. It adds to the seriousness of the problem. But the most serious problem is the overfishing in 3PS.

Very briefly, you can figure it out fairly easily: France takes a share of 43,000 tons. They keep 26,000 tons and give the balance, 17,000 tons, to Canadian fishermen. The Canadian people do the contrary. They establish a quota of 41,000 tons. They give 64,000 to the French fishermen, and they keep 35,000 tons. If you add the 35,000 tons which Canadian fishermen catch in reality to the 26,000 tons if not more that French fishermen catch in reality, because there are no observers on their boats, you end up with a total of 61,000 tons. The quota established by the French amounts to 43,000 tons and the quota established by the Canadians amounts to 41,000 tons. The catch is therefore 61,000 tons. If you make speculations on this fishing practice, which has been going on for two years already and imagine that it continues over the next five years, then all the debate on 3PS will have been almost academic even if a boundary is delineated; it will be used for the delineation of geocarbons and other things, but not much for fish because there would be no fish left. This is what concerns the industry, Mr. Chairman.

**The Chairman:** Honourable senators, on your behalf, I would like to express our gratitude to the witnesses for the help they gave us. We thank Messrs. Haché and Godin for helping us with this difficult problem. When the *Debates of the Senate* are printed, copies will be sent to you.

**Mr. Godin:** Mr. Chairman, we want to thank you for this opportunity to address this house.

**Senator MacEachen:** Honourable senators, I move that the committee rise, report progress and request leave to sit again.

**The Chairman:** It is moved by the Honourable Senator MacEachen that the committee rise, report progress, and request leave to sit gain. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

**The Hon. the Speaker** *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

**Hon. Rhéal Bélisle:** Honourable senators, the Committee of the Whole, to which the Canada-France Agreement on Fishing and Territorial Boundaries was referred, reports progress and asks for leave to sit again.

[*English*]

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this committee have leave to sit again?

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I move that the Committee of the Whole be given authority to sit again at the next sitting of the Senate.

Motion agreed to.

## ADJOURNMENT

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 5th May, 1987, at two o'clock in the afternoon.

Motion agreed to.

The Senate adjourned during pleasure.

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At 5.45 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Honourable Gérard V.J. La Forest, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Criminal Code (torture) (*Bill C-28, Chapter 13, 1987*)

An Act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977 (*Bill C-44, Chapter 14, 1987*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, May 5, 1987, at 2 p.m.

# THE SENATE

**Tuesday, May 5, 1987**

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

Prayers.

[*Translation*]

## THE CONSTITUTION

### FIRST MINISTERS' ACCORD

**Hon. Jacques Flynn:** Honourable senators, I hope this chamber will allow me a few moments to express my feelings of profound joy, probably shared to a large extent, if not completely, by all members of the Senate, upon hearing the news of the agreement in principle concluded on Friday, April 30 of this year at the meeting attended by the Prime Minister of Canada and the ten provincial premiers at Meech Lake.

The official ratification of this accord will have the very important consequence of bringing Quebec into the Canadian Constitution and thus filling the dramatic gap in the Constitution Act 1982.

I do not intend to comment on the conditions and provisions that received the unanimous approval of the participants, since these will be included in a formal resolution to amend the Constitution, at which time there will be ample opportunity to discuss the matter in Parliament and in the respective legislatures, while it will also be analyzed and assessed in other forums.

Today I just want to congratulate the Prime Minister of Canada and the ten provincial premiers on all counts, and more specifically, Mr. Mulroney on his leadership and his negotiating skills, and the provincial premiers on their generous and open spirit. I think they all deserve this country's congratulations!

Furthermore, I think congratulations are also in order for the discreet but extremely effective individual who is also responsible for the success achieved at Meech Lake. I am referring to our colleague, the Leader of the Government in this chamber and Minister of Federal-Provincial Relations.

**Hon. Senators:** Hear, hear!

**Senator Flynn:** Senator Murray has been working extremely hard on this meeting for months, which included preliminary visits to provincial capitals, in order to do the ground work, and thus provide a favourable environment for an agreement which in many circles was thought to be impossible.

I tremble at the very thought of the agreement falling through, which would have put the patriation of Quebec on the back burner for some time. In fact, that is why I am particularly enthusiastic about the present results.

Senator Murray will, I presume, have no objection to sharing this compliment with Senator Trembly, whose cooperation was invaluable.

**Hon. Senators:** Hear, hear!

[*English*]

**Senator Flynn:** Honourable senators, April 30, 1987, was a great day for Canada, for the Prime Minister and for the ten premiers. They deserve the gratitude and the admiration of all Canadians, maybe more so of the people of Quebec.

As I said in French, Senator Murray also deserves our gratitude and admiration for his arduous work and his optimistic approach in the preparation of the Meech Lake meeting.

**Hon. Senators:** Hear, hear!

**Senator Flynn:** I also salute the help given him by our colleague Senator Tremblay.

Even if one may hear some reservations expressed concerning certain of the provisions of the accord, I suggest that, outside of extreme centralizers and separatists, you will find general acceptance.

I look forward to the day when the constitutional resolution embodying the accord will be proclaimed.

**Hon. Senators:** Hear, hear!

### FIRST MINISTERS' ACCORD—COMMUNIQUÉ TABLED

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, on Friday last, in the House of Commons, the Right Honourable the Prime Minister tabled a communiqué of the First Ministers' Meeting on the Constitution held at Meech Lake on April 30, 1987. For the record, I should like to table that communiqué in this chamber.

• (1400)

Honourable senators will be aware that the next step in this process is to put the accord into the form of legal or constitutional texts and to hold a First Ministers' meeting to ratify those texts. While a date has not yet been set for the First Ministers' meeting, I expect that it will be held within a month. After that, as Senator Flynn has pointed out, we would proceed with constitutional resolutions here in the Parliament of Canada and in the provincial legislatures.

There will be time to discuss the details of the accord and the constitutional resolutions when they are before us, and it is not my intention today to discuss the Meech Lake accord in detail. However, I want to join with Senator Flynn in paying tribute to the Right Honourable the Prime Minister for the tremendous leadership he has shown—

**Hon. Senators:** Hear, hear!

**Senator Murray:** —and to the premiers of the provinces for the statesmanship that they have demonstrated in reaching this unanimous agreement.

[*Translation*]

Honourable senators and the Canadian people know that we have been seeking to achieve such unanimity for 61 years. They also know what were the consequences of the steps taken in 1981 without first reaching this unanimity.

Honourable senators, I have the conviction that the Meech Lake accord will enable us to see the day when Quebec will regain its place as a full-fledged participant in the constitutional evolution of Canada.

However that is not the full extent of this accord. Because it reasserts the will of each region of the country to work in the interest of the common good, it tightens the bonds of our confederative pact. Because it acknowledges the importance of each province in the determination of our collective options, it reinforces the federal character of Canada. Because it allows the provinces to participate in Supreme Court and Senate appointments, it reflects, within the heart of two of our most important institutions, the spirit of authentic federalism. Finally, because it guarantees the presence of our main cultural and linguistic characteristics in our basic statute, it attests to our collective aspirations, with full respect for both our differences and the links that bind us together.

I am convinced that the effect of the constitutional amendments stemming from this accord will be to enhance the legitimacy of our national institutions, while assuring us that any reform to these institutions will be possible only with the consent of most Canadians. In short, the accord is an eloquent demonstration of the government's commitment to make national reconciliation a basic principle of our political and constitutional existence.

As to the next stages, honourable senators, as I just said in English, a First Ministers' conference will be held within a few weeks to ratify a legal text designed to implement the Meech Lake accord. Should unanimous agreement prevail at this conference, a resolution will be introduced in both the Senate and the House of Commons, as well as in the legislative assembly of each province. Once all resolutions have been adopted, the amendment will be proclaimed by the Governor General.

This will signal the disappearance of the cloud which for too long has obscured our national existence. The constitutional reform process will again be set in motion and we will be able to turn our attention to other major constitutional questions which are of interest to all Canadians throughout this country.

● (1410)

[*English*]

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, in response to the comments made in the first instance by Senator Flynn, followed by Senator Murray, one can hardly fail to share at least vicariously in the sense of joy which they have apparently experienced since Friday last at the unanimity which existed and resulted in the Meech Lake communiqué. This is also shared, of course, by those who were eager, as were all members of this chamber, to welcome, as was stated in the communiqué, Quebec resuming its place as a full participant in Canada's constitutional development. Those who sought that experienced an immediate sense of satisfaction at the outcome.

Of course, as Senator Murray has stated, we are in the first phase of the examination of the results of Meech Lake. No one as yet—and here I speak for myself—understands fully the implications for the future of Canada when the principles of the communiqué are ultimately enshrined in the Canadian Constitution. The initial euphoria which surrounds these agreements usually settles itself at a later stage into a greater analysis and greater realism.

Today Senator Flynn used the expression "accord", which brought to mind a number of previous accords which the government has announced, heralded by a similar sense of euphoria. I refer, of course, to the Atlantic Accord, which did not in its fulfilment live up to any of the expectations originally outlined. The Western Accord had the same history; and, of course, the results of the Quebec Accord are all well known.

The point of my argument is simply that it is now our obligation as legislators to examine not only the immediate impact, which is one of satisfaction, but also the long-term impact on the future of our country and its development. It is very clear that the Meech Lake communiqué represents a significant shift of power and authority from the Government of Canada and the Parliament of Canada to the governments and legislatures of the provinces. That is absolutely clear. It is a factual statement. We will have under the amended Constitution a weaker national government and a weaker national Parliament.

That has been attested to already by the Premier of Quebec who has stated: "If there is one principle which stands out from the Meech Lake meeting, should it be applied, it is that Canada is to be a much more decentralized country than it was last Wednesday." That simply means that the provinces will be stronger and the national government and the national Parliament will be weaker.

One is not surprised that the provincial premiers found it possible to adhere to the Meech Lake agreement, because their status and their authority is enhanced. They received a great deal. One wonders what the *quid pro quo* is for the federal government and the federal Parliament, whether there was not some added power or authority in various fields that the federal government could have acquired which would have compensated it for the loss of authority.

The nature of our federation, the future strength of our country, is deeply involved in the Meech Lake communiqué. I hope that as we examine and debate this matter and as views are expressed, it will not be the thrust of the government to assert, as Senator Flynn did this afternoon, that those who might take a different view are either separatists or centralists.

I personally will want to examine more carefully the implications of the new regime that will be established for the spending power. It is provided in the communiqué, as I understand it, that in the future, if this constitutional principle is embedded, so far as national programs are concerned, provinces will be permitted to opt out, and, indeed, will be compensated if they adopt initiatives or programs that are compatible with national objectives. One will have to examine that element carefully to know whether in the future it will be possible for the Government of Canada and the Parliament of Canada to establish a major program such as Medicare.

I was the minister who put that bill through the Parliament of Canada when not only was there provincial opposition but when there were alternative programs being proposed by the provinces to supplant and replace the federal program. I may have to ask myself, as I examine this result, whether it will be possible in the future to establish a national program such as Medicare. Will it still be possible, or will it be a project for a decade or two decades? If it is, it will amount to a great weakening of our country.

I believe that is one of the fundamental questions that we will be asking. If we can be assured that, indeed, the capacity to act that has been characteristic of our national government will be perpetuated, then, of course, our anxiety will be greatly relieved.

Honourable senators, I have one other point to make. It refers to the question of Senate reform. There are those of us—and I believe there are many in the chamber—who understand and appreciate the significance of Senate reform, that is, change to this institution. At least, I hope there are many who believe that it needs change. Now we have a situation where there will be embedded in the Constitution the rule of unanimity. Anyone who takes a look at the history of Canada will see that the rule of unanimity has been a major stumbling block in achieving any form of constitutional change. Quite frankly, I am puzzled that an advocate of an elected Senate, like Premier Getty, would accept the rule of unanimity, which in my mind and in the minds of many others makes it even more difficult to achieve any form of change in this institution or in any other of our federal institutions. Senator Eugene Forsey has been telling us recently that the present Constitution is very rigid. Certainly, this new addition will make it even more rigid. That is disturbing.

● (1420)

I look forward to following up and examining the details of the communiqué in order to determine their potential implications for the future of the country. We will have that opportunity when the legislation comes before the Senate. In this particular case, if the Prime Minister and the ten premiers with their majorities persist, there is nothing to stop the enactment of this constitutional change, because not even the Senate can stand in the way of these constitutional changes under the amendments last made. The Senate can delay but not stop them. All we can hope is that in the time available to us the premiers and the Prime Minister will listen to arguments that are made respecting the measures which affect the future of our country. Certainly, there are elements within this package that cause concern and anxiety, and we will want to debate those in the future.

In the meantime, I hesitate to rain on the parade, and I can only join with all those others who have congratulated the Leader of the Government and Senator Tremblay on their arduous work. I am sure they worked hard, but that does not remove from us the responsibility to determine whether their work, in all its phases, is in the best interests of Canada.

**Some Hon. Senators:** Hear, hear!

**Hon. Heath Macquarrie:** Thank you very much, honourable senators. I have not been away, so it is clearly my excellence you are applauding!

I recall that in the far off days before I hit the House of Commons the late C.D. Howe was supposed to have remarked during the passage of a bill that, "If we do not watch out, Mr. Speaker, this is going to develop into a debate." There was a suggestion that it would not be a debate, but Senator MacEachen has made a contribution to the debate, a most excellent one as he always does. I admire a man who, when he is wrong, is brilliantly and eloquently wrong.

I just want to say that some while ago I found it necessary in my heart and mind to vote against the Constitution of Canada. In the process, I differed from the then national leader of my party—a man whom I admire. I admire him more as I know him better, and that is a very nice development in public life or in life in general. I am also able to report that I have run across in public life some people whom I respected less the more I knew them, but this man is not of that kind.

At that time I took the view that we could not have a nine-province Constitution for a ten-province country. I could not live with that document so long as Quebec was not included. If I felt then that the inclusion of Quebec was the *sine qua non* of my support, how can I now take the view that the inclusion of Quebec is not the most important thing? I suppose that I would fall into Senator Flynn's category. I hope that I am not an extreme centralist, but I am a centralist. I believe that the whole is more important than the parts or the sum of the parts.

Honourable senators, I do not rejoice in what I call "growing provincialism," but I do not know what our representatives, both provincial and federal, could have done the other day except what they did—that is to complete, to make whole our Constitution—-

**Senator Frith:** They could have said no!

**Senator Macquarrie:** —from which develops the wholeness and completeness of the country. Therefore, I salute those people.

If we have misgivings, if we have forebodings—and I have some—whoever said that the life of a nation, any more than the life of an individual, was to be devoid of concern and anxiety? Of course there are problems ahead, but I think that the first essential is the viewpoint, the attitude, what Montesquieu used to call "the spirit of laws." And the spirit the other day, whether we worry about the details or not, was noble and

strong. I want to join those who congratulate our two senatorial colleagues. I was honoured, as a senator, that Senator Murray was given such very important, onerous responsbilities in the Government of Canada. He has discharged them, after much hard work behind him and much more ahead of him, in such a way that we may all be proud and honoured. I am delighted to speak to this subject today.

**Hon. Senators:** Hear, hear!

● (1430)

## CANADA POST CORPORATION

CLOSING OF MURRAY RIVER, PRINCE EDWARD ISLAND, POST OFFICE—PRESENTATION OF PETITION

**Hon. M. Lorne Bonnell:** Honourable senators, I have a petition in respect of the closing of rural post offices in Prince Edward Island. In view of the remarks made by Senator Walker on the last occasion I presented such a petition, I ask that it be incorporated in the *Debates of the Senate* and printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*Text of Petition follows:*)

TO THE HONOURABLE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy,

HUMBLY SHEWETH

WHEREAS, the Canada Post Corporation is threatening to effect widespread closures of rural post offices, and

WHEREAS, the Canada Post Corporation is threatening to change the locations of many rural post offices, and

WHEREAS such changes are more likely to take place in areas where the postmaster or postmistress is about to resign, retire or become promoted, and

WHEREAS the Murray River postmaster/postmistress will soon be reaching retirement age.

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject proposals which will decrease the postal service to our local community and to take strong and immediate action to assure us that our post office, which serves a great need in our community, will not be closed, put out on contract, relocated to another community, replaced with super mailboxes or any other inferior service.

And as in duty bound your Petitioners will ever pray.

Date: May 4, 1987

(Signed):

[Senator Macquarrie.]

Willard Maclean, Murray River, P.E.I.
Emma Maclean, Murray River, P.E.I.
Beth Gallant, Murray River, P.E.I.
Franklin Whiteway, Murray River, P.E.I.
Marion Whiteway, Murray River, P.E.I.
Carole Allen, Murray River, P.E.I.
Glen MacKinnon, Murray River, P.E.I.
Lena MacKinnon, Murray River, P.E.I.
Bernice MacLeod, Murray River, P.E.I.
Byron MacLeod, Murray River, P.E.I.
Cyril MacKinnon, Murray River, P.E.I.
Dianne MacKinnon, Murray River, P.E.I.
Leslie Lawe
Alva Allen, Murray River, P.E.I.
Ethel Reynolds, Murray River, P.E.I.
Lewis Miller, Murray River, P.E.I.
Marlene Miller, Murray River, P.E.I.
Willie Miller, Murray River, P.E.I.
Helen Dixon, Murray River, P.E.I.
Carole MacDonald, Murray River, P.E.I.
Wilbert Graham, Gaspereaux, P.E.I.
Mary MacDonald, 265 University Ave., Charlottetown, P.E.I.
Agnes Hayter, High Bank, P.E.I.
Margaret Blue, Little Sands, P.E.I.
Angus MacLean, Hopefield, P.E.I.
Isabelle White, Wood Islands, P.E.I.
Amelia MacDonald, Hopefield, P.E.I.
Catherine MacLean, Iris, P.E.I.
Mary M. Ellis, Iris, P.E.I.
Hester Glover, Arney, P.E.I.
Rupert Glover, Arney, P.E.I.
Blanche Buell, Arney, P.E.I.
Ola Matheson, Vernon Brim, P.E.I.
Vina Emery, Wood Islands, P.E.I.

## PRESCRIPTION DRUG PRICES

EFFECT OF PROPOSED PATENT ACT AMENDMENT—PRESENTATION OF PETITION

**Hon. L. Norbert Thériault:** Honourable senators, I have a petition from various people in Prince Edward Island objecting to Bill C-22 and signifying their opposition to such legislation which, in their opinion, will cause hardship to large numbers of people in this country and will, in effect, increase the price of drugs available to the people of Canada.

I ask, honourable senators, that this petition be incorporated in the *Debates of the Senate* and printed as an appendix to the

*Minutes of the Proceedings of the Senate* and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*Text of Petition follows:*)

TO THE HONOURABLE THE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy,

HUMBLY SHEWETH

WHEREAS, the proposed changes in Bill C-22 will affect directly all Canadians who are not protected by private or governmental medicare programs, and

WHEREAS the federal government's proposals will raise the cost, already high, of the provincial health-care programs and

WHEREAS the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase of drug cost and prices and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and

WHEREAS the proposed changes are another example of the Canadian government's concession to the Free Trade negotiations with the United States, at the expense of everyday Canadians.

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

And as in duty bound your Petitioners will ever pray.

Date: May 4, 1987

(Signed):

Willard Maclean, Murray River, P.E.I.
Emma MacLean, Murray River, P.E.I.
Beth Gallant, Murray River, P.E.I.
Franklin Whiteway, Murray River, P.E.I.
Marion Whiteway, Murray River, P.E.I.
Carole Allen, Murray River, P.E.I.
Glen MacKinnon, Murray River, P.E.I.
Lena MacKinnon, Murray River, P.E.I.
Bernice MacLeod, Murray River, P.E.I.
Byron MacLeod, Murray River, P.E.I.
Cyril MacKinnon, Murray River, P.E.I.
Dianne MacKinnon, Murray River, P.E.I.
Alva Allen, Murray River, P.E.I.
Peggy Munn, Murray River, P.E.I.
Carol MacDonald, Murray River, P.E.I.
Mary MacDonald, 265 University Ave., Charlottetown, P.E.I.
Lucy Butler, Peter's Road, P.E.I.
Merrill Butler, Peter's Road, P.E.I.
Ruby Banks, Montague, P.E.I.
Hilton Herring, Murray Harbour, P.E.I.
Geraldine McLean, Georgetown, P.E.I.
Agnes Hayter, High Bank, P.E.I.
Donna Herring, Murray Harbour, P.E.I.
Elsie Stewart, Murray Harbour, P.E.I.
Hester Glover, Murray River, P.E.I.
Rupert Glover, Murray River, P.E.I.
Blanch Buell, Murray River, P.E.I.
Linda G. Reynolds, Murray River, P.E.I.
Ola Matheson, Vernon Bridge, P.E.I.
Vaunda MacDonald, Murray River, P.E.I.
Lorne Sanders, Mount Vernon, P.E.I.
Connie Sanders, Mount Vernon, P.E.I.
David N. Sanders, Mount Vernon, P.E.I.
Vina Emery, Wood Islands, P.E.I.
William Clements, Murray Harbour, P.E.I.

## SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-37 TABLED

**Hon. Finlay MacDonald:** Honourable senators, I have the honour to table the twelfth report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-37, respecting the imposition of a charge on the export of certain softwood lumber products.

## OFFICIAL LANGUAGES

THE ESTIMATES, 1987-88—PRIVY COUNCIL VOTE 15—REPORT OF JOINT COMMITTEE TABLED

**Hon. Dalia Wood:** Honourable senators, I have the honour to table the second report of the Standing Joint Committee on Official Languages respecting Vote 15 under Privy Council in the Main Estimates for the fiscal year ending March 31, 1988.

[*Translation*]

## FOOD AND DRUGS ACT

BILL TO AMEND—REPORT OF COMMITTEE

**Hon. Arthur Tremblay,** Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, May 5, 1987

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

FIFTH REPORT

Your Committee, to which was referred Bill S-6, An Act to amend the Food and Drugs Act has, in obedience to the Order of Reference of Tuesday, April 7, 1987, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

ARTHUR TREMBLAY
*Chairman*

**The Hon. the Speaker:** Honourable senators, when will this bill be read the third time?

[*English*]

On motion of Senator Phillips, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## FARM FINANCE

STUDY BY AGRICULTURE AND FORESTRY COMMITTEE—NOTICE OF MOTION

**Hon. Dan Hays:** Honourable senators, I give notice that on Wednesday, May 6, 1987, I will move:

That the Standing Senate Committee on Agriculture and Forestry be authorized to examine and report upon farm finance to assess the gravity of the current problems facing the Canadian agricultural industry, to consider the degree to which existing government policy and programs have been successful in meeting their objectives, and to make recommendations on how to better meet the needs of the Canadian agricultural industry; and

That the Committee present its report no later than 31st January, 1988.

• (1440)

## SPECIAL COMMITTEE ON SUBJECT MATTER OF BILL C-22

MOTION TO PERMIT COVERAGE OF COMMITTEE HEARINGS BY ELECTRONIC MEDIA—DEBATE ADJOURNED

**Hon. M. Lorne Bonnell:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

That the Senate do empower the Special Committee of the Senate on the Subject Matter of Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto, to permit coverage by the electronic media of its public proceedings, with the least possible disruption of its hearings.

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

**Hon. Senators:** Agreed.

**Hon. Orville H. Phillips:** Are we to be given an explanation by the mover?

[Senator Tremblay.]

**Senator Bonnell:** Honourable senators, since this is a very important matter, and your committee will be travelling to all the capital cities in the provinces of Canada, I thought it would be appropriate for the people in the provinces to see the Senate of Canada in action. I therefore thought it would be appropriate if there were coverage by local television stations and that there be interviews by local television and radio personnel.

It is my understanding that without the permission of the Senate the committee cannot authorize television or radio personnel to cover our committee hearings.

**Hon. Finlay MacDonald:** Would Senator Bonnell indicate whether the motion includes the televising of committee hearings in Senate committee rooms?

**Senator Bonnell:** It is possible that some of the hearings I am referring to would be held in committee rooms in the Senate, but the motion was particularly directed to committee rooms which would be situated in the capitals of the ten provinces.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I agree with my friend's interpretation of the powers of the committee. We had a discussion on this matter some months ago when the Standing Senate Committee on Banking, Trade and Commerce was holding hearings into the collapse of the western banks. I think we are agreed that the decision is up to the Senate, and that the committee cannot on its own invite television personnel with cameras into a room to broadcast its hearings.

Honourable senators may also recall that at the time the chairman of the committee was able, after some negotiations with the television networks, to assure the house as to the rules of the game, that is, as to how the television networks were to cover these hearings.

It is necessary to establish certain rules and have them agreed to, preferably in writing, by the television stations or networks. I suggest to the honourable senator, the chairman of the committee, that he come back here with this motion once he has an agreement from the various networks concerned along the lines, I would suggest, of the agreement we made some months ago in the Standing Senate Committee on Banking, Trade and Commerce. In my judgment the Senate should not at this point give an open-ended approval to the suggestion that the honourable senator has made.

**Hon. John M. Godfrey:** I thought that the idea was to allow local stations across the country to televise the matter locally and, if that is the case, I cannot see how an agreement can be reached well in advance.

Surely we can trust the chairman and the members of the committee, who have a great interest in whether the hearings are conducted properly, to come to a proper type of agreement.

**Senator MacDonald:** Honourable senators, I think that the point the Leader of the Government is making is that we do not, if this chamber approves of it, want to deny the chairman of the committee the experience we have already had in this

particular matter. I suggest that the Leader of the Government is quite correct. If the chairman of the committee would like to have some assistance and the benefit of the experience we have had, I think it may be helpful to him. With all due respect, I do not think this matter should be left to his own discretion.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Surely we should benefit from the experiment that the Leader of the Government undertook when he was chairman of the Standing Senate Committee on Banking, Trade and Commerce. I saw the results of that experiment and I thought they were very good. As the Leader of the Government said, he did a lot of good work in this regard.

The way to benefit from that is to have the chairman of the committee consult with the clerk of the Standing Senate Committee on Banking, Trade and Commerce and with Senator Murray in order to get the benefit of their experience. It seems to me to be a waste of that good experience to wait and then come in and debate the negotiating of rules, a debate which will take place between the two chairmen.

Surely the point Senator Murray has raised is a good one. But it is that Senator Bonnell should have the benefit of Senator Murray's experience.

**Senator Murray:** That would be fine. Some months ago I and members of the Standing Senate Committee on Banking, Trade and Commerce—in particular, Senator Finlay MacDonald, who has some professional experience in this line—negotiated the matter with the television networks. We were able to come to the Senate and assure this chamber that the rules of the game had been agreed on.

**Senator Frith:** But we did not debate them.

**Senator Murray:** No, we did not, but we were able to assure the chamber that the rules of the game had been agreed to as between the committee and the television networks. Senator Bonnell is not in a position to give the Senate that assurance today.

Honourable senators, without going into too much detail, let me say that the concept is covered by the phrase "electronic *Hansard*". In effect, the entire proceedings of the committee were, under certain previously agreed upon rules, put on tape. From there it was possible for television stations or networks to select what they wanted.

Honourable senators, I do not want to make a federal case out of this, but I would tell my friend and all the members of that committee that they will regret it to their dying day if they do not reach an agreement with the television stations and networks as to how this is to be done. As of now it appears to me that it will be open to television stations and networks to come trundling in in the middle of meetings, take what they want, and leave.

The concept we agreed on in the Banking Committee was a so-called "electronic *Hansard*." We negotiated to the point where the positions of the cameras and the angles that were to be permitted were defined and agreed to by both sides. It was very much along the lines of the rules that govern telecasting in the House of Commons.

**Senator Frith:** Why doesn't he get that from you?

**Senator Murray:** All I am asking is that the chairman of the committee, before he asks us to approve this motion, be in a position to assure us that the rules of the game have been agreed to by the television networks and the committee.

**Hon. Hartland de M. Molson:** Honourable senators, I wonder if the chairman could tell us if there is any possibility that, in the course of negotiating with the television systems, there will be any substantial financial implications so far as the Senate is concerned. Are we going into this knowing where we are going, and whether it will cost anything or nothing, or are we just going in and taking our chances as we go along? I think these are some of the things that we should know in advance.

**Hon. Philippe Deane Gigantès:** Honourable senators, if I understand the Leader of the Government correctly, under the "electronic *Hansard*" procedure, everything was taped and then the news media decided what to take from those tapes, with no guidance from the Leader of the Government to the media on how to take what was on the tapes, edited, superimposed or transposed, am I correct?

**Senator Murray:** We agreed on the camera angles that could be used and the positioning of the cameras in the room, as is done in the other place. We had a very detailed understanding with the television networks as to how this would be done. Obviously, I did not tell them which excerpts to use on newscasts. That is not my concern.

**Senator Gigantès:** The point I want to make is that the choice of what the media would use was left by the "electronic *Hansard*" to the media, and quite properly so. The only thing that was changed was the aesthetics of the camera angle—whether some of us would look prettier or less pretty when shot. The substance of what would be put on the screen was left entirely to the media. As far as I am concerned, that arrangement gives no protection against wrong interpretations and poor editing. It did not give any more protection than any arrangements that Senator Bonnell might propose.

• (1450)

**Hon. Peter Stollery:** Honourable senators, I would point out that this business of how parliamentary committees and, in particular, the House of Commons are televised has a long history. The arguments over what is "electronic *Hansard*" and what is not "electronic *Hansard*," what is editorializing on the part of the television station, and so on, have a long history around here. I would think that Senator Bonnell, as a senior member of the Senate, would be aware of that. It goes without saying that he would be interested in the experience of the Standing Senate Committee on Banking, Trade and Commerce as well as the long history down the hall with their problems of editorializing and accusations one way and another.

I certainly put my faith in Senator Bonnell to follow what is the long experience of Parliament in this matter, and we should approve his request to make the public aware, in the parts of Canada that the committee will be travelling to, of what is going on. We should approve it without too much more talk about it.

**Hon. Michel Cogger:** Honourable senators, speaking as a member of Senator Bonnell's committee, since this matter has not been the object of discussions—it has never been brought up before the committee—and since the committee is meeting at six o'clock this afternoon to discuss internal matters, would Senator Bonnell, as the mover, postpone his motion until such time as it has been considered within the committee?

**An Hon. Senator:** Good point.

**Senator Bonnell:** Honourable senators, if I could answer some of the questions that my honourable colleagues have brought up, I think it would be helpful.

First, I would like to say to Senator Molson that the question that he asked about the expense is important, because if they want to charge us to come and take our pictures, then we certainly do not want them there. If it is not a news item, then they will not want to get in. They will have to ask permission to get into the hearing, and we certainly will not pay them.

Perhaps the next important item I should deal with is the fact that my deputy chairman brought up a point to the effect that I had no permission from my committee to bring this forward and that I should bring it forth in committee at six o'clock. He must have missed that part of the meeting, because there is a signed written minute showing that the subject was brought up before the committee and requesting me to bring it up today and to get permission from the Senate for the electronic media to attend. That is a recorded minute, not one of those that merely ask, "Do you agree?" It is a motion which was made, and it is not like the minutes of some other committees. So we have a motion which was made and carried with no objection. In fact, I asked my clerk specifically if it was recorded and he stated that it was.

I would suggest—concerning the motion that I made this afternoon—to honourable senators that the committee has the power to tell the media to leave at any time if they are causing any disturbance, disrupting the meeting, or not doing as we think they should.

As a fourth point, I suggest to honourable senators that it is important, if we are going to the various regions of the country—after all, we are representing the regions of Canada—that honourable senators attend our meetings. We are not getting the highest praise from our regions; they do not realize what a great job many of you are doing on their behalf. Since we are going to the great City of Quebec where Senator Flynn, perhaps, would not even be known, I thought that he might come to our meeting there. In fact, I would ask that all honourable senators, when we go to the capital of their local provinces, come to our meetings—because you can all come even though you are not members—and participate in the hearings. We will not be taking votes, we will just be hearing witnesses. We would ask the local members or the local senators to participate in their local communities, local provinces and local regions so that, at least, people in those regions will know who their senators are.

I leave this point to the discretion of our committee. It is a solid, sound committee which recognizes the regions and provinces represented in the Senate. We will certainly use our discretion to try to have the media cover only the senator who is speaking. We will then try to have the witnesses in such a position that the television or radio can cover the witnesses as they are speaking. As a senator asks a question, the camera can then revert back to the questioner. We will try to tell them that if they are to come in and cover the proceedings, this will be the method that we will use rather than having the camera sweeping around through the senators to see who is combing their hair, cleaning their nose, or something of that nature.

Honourable senators, if I have to write to every radio and television station in all the local communities across the country as well as the cable television stations—which cover 60 per cent of the people of Canada today, and they probably want to cover it for their local communities—to ask them for permission and to make sure that they do it right, without leaving it to the discretion of the chairman or the steering committee, it will take considerable time. My motion states that if they are causing any disruption, we have the right to ask them to leave. That, honourable senators, might be worth a good try in order to get the public's interest. Something could be broadcast in each of the capitals of our provinces, where all of the senators representing the different regions can participate in the hearing. Even those who are not members will certainly be welcome to participate. I hope that you will give this your best shot so that we can bring good results back here.

We have a big job to do. We would like to be back here quickly. Our plans at the present time, if all goes well, are to try to report back to the Senate by June 16, if possible. We might not be able to do it, but at this time we are hoping to be able to report back by June 16. That will give us at least two weeks in which we can have third reading and Royal Assent before the end of June. If we get your cooperation and if we can go forward with full speed ahead, our committee is prepared to work hard and do a good job for you and report back, because this is an important matter. The minister is anxious to have it reported, you are anxious to get it done, and I am so anxious to get at it that I do not even want to wait for its passage in the other place; we want to do a pre-study so that we can get at it before they ever pass the bill. If they want to drag it for another week or two, that is up to them; we can be doing the study here while they are doing one over there. So, honourable senators, with your support, we can do our work. Let us go forward together.

● (1500)

**Some Hon. Senators:** Hear, hear!

**Senator Murray:** Honourable senators, I am going to move the adjournment of this debate until tomorrow. Meanwhile, I will try to obtain a copy of the conditions that the Senate set

out on the last occasion that committee hearings were televised. Tomorrow I shall try to persuade my honourable friend and other honourable senators that if we pass this motion, we should find a way of making it clear that the televising will be done according to certain terms and conditions; because I do not think that we can simply leave it to the good offices of the chairman to try to persuade television networks or stations how to conduct themselves once they are in the room. I believe that we have to set up the terms and conditions—

**Senator Frith:** We left it to you to do it. Is he not capable of doing it?

**Senator Murray:** I beg my honourable friend's pardon. They did not leave it to me. I informed the Senate that there had been agreement in writing as to how the coverage was to proceed; and I am suggesting that that be done again.

**Senator Frith:** We did not discuss it. We did not debate it.

**Senator Murray:** I am proposing to adjourn the debate for one day. I will obtain a copy of the terms that we set out on the last occasion, and I will see if I can persuade honourable senators to approve the motion subject to those terms. That is what I intend to do.

**Senator Bonnell:** May I ask the Leader of the Government a question? I would like to ask my colleagues in the Senate to agree with your suggestion to postpone the debate until tomorrow and give you that opportunity, if you can give me your assurance that you will bring it forward tomorrow and that we will not hold it up for further days. The Leader of the Government has my blessing.

**Hon. Jacques Flynn:** I would not want him to have your blessing. I want to protect him from that!

**Senator Bonnell:** You do not want my blessing?

**An Hon. Senator:** Withdraw it.

**Senator Flynn:** I have my own religious minister. I would ask the chairman whether we have had occasion to approve the budget of the committee. He speaks of urgency and of a major travelling program. I was wondering if we had had occasion to approve the budget and to discuss the program of the committee.

**Senator Bonnell:** The budget was before the subcommittee this morning and it will be before the full committee on Thursday.

On motion of Senator Murray, debate adjourned.

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## QUESTION PERIOD

[*English*]

### THE CONSTITUTION

FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—DEFINITION AND INTERNATIONAL RAMIFICATIONS

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I will not take much time today as we begin the process of seeking clarification of the meaning of the Meech Lake communiqué; but I am interested in a number of developments which have occurred with respect to the interpretation of that communiqué. The Leader of the Government stated, as I recall, on the CTV program "Question Period" on Sunday that the use of the expression "distinct society" does not change the distribution of powers nor does it give the Government of Quebec any power which it does not presently have. But I noted that a Quebec minister, Mr. Rémillard, has cited the use of the expression "distinct society" as an additional strength with legal significance which the Province of Quebec can use before the courts in asserting its language law. I noted that the Premier of Quebec has gone a considerable distance in asserting that the use of that expression now gives the Province of Quebec an additional international presence.

I ask the Leader of the Government: Can he clarify the differences in interpretation? One cannot say, on the one hand, as he says, that it has no legal significance, and yet have the Premier of Quebec and a minister say, "Yes, it is going to strengthen our hands before the courts, and it is also going to permit us to have a stronger position in international summits." I ask the Leader of the Government whether he can try to reconcile what appear to me to be different conclusions from the same expression.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I did not say that it has no legal significance. Of course it has legal significance. We propose to put in the Constitution that the Constitution shall be interpreted in a manner that is consistent with the fact that Quebec forms a distinct society within Canada. Of course that has legal significance.

What I said in the course of the interview on the CTV program "Question Period" was that that provision does not alter the distribution of powers; nor does it purport to; nor has anyone suggested that it does.

**Senator MacEachen:** So the Leader of the Government is saying that Premier Bourassa is correct in saying that the use of the expression "distinct society" has a legal significance, which permits Quebec to assert itself internationally, a course which will not be open to any other Canadian province.

**Senator Murray:** I must say that I did not see that particular comment of Premier Bourassa. I did, however, read very carefully the comments attributed to Mr. Rémillard in *Le Devoir* this morning, and I must say that I quite agree that the recognition of Quebec as a distinct society is being put in the Constitution for a purpose, which is that the courts are to interpret the Constitution in a manner that is consistent with the fact that Quebec constitutes within Canada a distinct society.

We did not go on from there to enumerate the various ways in which Quebec is a distinct society. I think it is hardly necessary to do so.

**An Hon. Senator:** Oh, oh!

**Senator Murray:** My friend knows some of the ways in which Quebec forms a distinct society. It is the only province

which has as a majority a French-speaking population. It has its own Civil Code. There are various obligations upon Quebec, under the existing Constitution, as to its education system, and so on and so forth.

**Senator Austin:** What is the change?

**Senator Murray:** The change is that the Constitution will be interpreted by the courts in a way that is consistent with the existence of Quebec as a distinct society within Canada. Will that give Quebec greater room to manoeuvre, more authority in order to protect, promote and preserve the distinctiveness of its society? Of course it will. Will it be used as an argument before the courts with regard to language legislation? Of course it will.

**Senator MacEachen:** We now have a clarification which clearly states that the use of the expression "distinct society" will have legal significance; that it will empower Quebec before the courts to assert a protection for language laws because of being that "distinct society." I would say that that is what the Leader of the Government has said, and that is considerable clarification, that that is available to the Province of Quebec in the courts and not available to any other province—because no other province can utilize the expression "distinct society".

• (1510)

I come now to the international aspect. I refer to an article in the *Toronto Star* written by one Robert McKenzie. That article states, in part:

> Describing his meeting earlier in the day with the pretender to the French throne, the premier said:
>
> "This morning, I met the Comte de Paris, the descendant of Louis XV, and we discussed the Constitution and the fact that Quebec will be recognized as a distinct society.

The article goes on to state, and this is a quote from the Premier:

> This means that our position in international summits, at the Francophone summit, is consolidated.

Obviously, the Premier of Quebec is now asserting, based on the words "distinct society", an international presence for the Province of Quebec. I find that quite unusual.

**Senator Flynn:** Tell him you disagree with him!

**Senator MacEachen:** I find it unusual that there is involved in this phrase an opportunity for Quebec to assert an international presence, according to the Premier of Quebec, which is not available to any other province of Canada. That is what the implication is.

**Senator Flynn:** Tell him that!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Bring him here as a witness.

**Senator MacEachen:** Senator Flynn has said, "Tell him." I am not telling him; I am seeking clarification.

[Senator Murray.]

**Senator Flynn:** You are offended!

**Senator MacEachen:** If Premier Bourassa is correct, we ought to know that the phrase "distinct society" will give Quebec an international standing not available to any other province, and, if he is wrong, he ought to know that before we get too confused.

**Senator Frith:** And the minister should tell him that.

**Senator Roblin:** He already has that. You should know that!

**Senator Frith:** Roblin for Premier of Quebec!

**Senator MacEachen:** If he has that, he got it from this government.

**Senator Roblin:** No, from your government.

**Senator Murray:** There is certainly some difference between the statement of Premier Bourassa—that is, that the position of Quebec at Francophone summits will be consolidated—and the rather wider interpretation that the Leader of the Opposition wishes to place on that statement.

As I have said, I have not seen the statement. I take note that he has been reading from the the *Toronto Star*, but the fact of the matter is that it is not just the phrase "distinct society" that is important, it is the fact that we propose to place in the Constitution the obligation on the courts to interpret that Constitution in a manner that is consistent with the fact that Quebec constitutes within Canada a distinct society. I am sorry the honourable senator finds that offensive.

He should note that we also propose to place in the Constitution an obligation on the courts to interpret the Constitution in a manner consistent with the fact that there is a French-speaking dimension to Canada, which is concentrated in Quebec and present in the rest of the country, and an English-speaking dimension to Canada, which is present in Quebec and concentrated in the rest of the country.

So, what we are doing here is placing upon the courts the obligation to interpret the Constitution in a manner that is consistent with (a) the existence of Quebec as a distinct society within Canada and, (b), with what, in two words, I would describe as linguistic duality as a fundamental characteristic of our federation.

I think we have done something very important in describing and defining the nature of our country. I remind my honourable friends that in the Charter of Rights there is the recognition of multiculturalism. What we are doing here, in the body of the Constitution, is placing an interpretative clause which, I think, recognizes the reality of our country.

**Senator MacEachen:** I appreciate the commentary, but I really want to know whether in the mind of the Government of Canada the expression "distinct society" in itself and by its conclusion confers any additional international status on Quebec that is not possessed by the Province of Ontario. That is what I want to know. Does it give a leg up to Quebec in the mind of the Government of Canada to assert an international presence not available to the Province of Ontario?

**Senator Flynn:** You can draw your own conclusions!

**Hon. Henry D. Hicks:** Honourable senators, there is another aspect to this matter that concerns me.

**Senator Frith:** What about the answer?

**Senator Murray:** I have answered the question as best I can. We are proposing to put an interpretative clause in the Constitution. Whether their lordships will ever be in a position to make findings as to the role of Quebec at the Francophone summit is something that is, to put it mildly, hypothetical.

**Senator Frith:** There is nothing in this proposal that limits this to just the courts. It says: "The Constitution of Canada shall be interpreted in a manner consistent with"—et cetera.

Would the federal government not have to interpret the Constitution that way if one province, Quebec, wanted to have the increased international status that the Premier of Quebec has talked about? He does not have to go to the courts for that; he goes to the federal government and says: "We have this status because you agreed the Constitution would be so interpreted." You cannot just lay it off on the courts.

**Senator Murray:** I am glad the honourable senator has asked that question because it gives me an opportunity to say that the present government arrived at a very good agreement with the Government of Quebec, the Government of Ontario and the Government of New Brunswick in connection with the Francophone summit, an agreement which preserves the role of the Government of Canada in international affairs and gives those provinces the right to participate in the deliberations of those conferences, as they sought.

I would have thought that honourable senators opposite would rejoice in the agreement we were able to arrive at with those provinces in connection with the Francophone summit. I think the arrangement that we were able to agree to, in a spirit of cooperative federalism, is the best indication of our attitude on these matters.

**Senator Frith:** The Premier of Quebec is not just talking about the Francophone summit. The Leader of the Government keeps talking about the Francophone summit. The Premier of Quebec has said that Quebec will have increased international status as a result of this accord and as a result of the fact that the Constitution will state, "The Constitution shall be interpreted in a manner consistent with," et cetera.

So we are not just talking about the Francophone summit. The question that has been asked by the Leader of the Opposition is: Does the federal government interpret this in such a way that the Province of Quebec will have an international status that other provinces will not have because they have not been deemed to have a distinct status?

So, we do rejoice, but we would really rejoice if the leader answered the question.

**Senator Murray:** Honourable senators, the word "interpretation" does refer to the interpretation the courts will place on the Constitution.

**Senator Frith:** It doesn't say that!

**Senator Murray:** That is what it means.

**Senator Frith:** We will see.

**Senator Murray:** The ultimate clarification the Leader of the Opposition seeks will come when we have the Constitutional text agreed to.

**Senator Hicks:** Honourable senators, as a result of this discussion a question has occurred to me which troubles me considerably. The Leader of the Government in the Senate has declined to try to explain what is meant by the words a "distinct society". He says that the term "distinct society" will go into the Constitution and we will leave it to the courts to decide what it means in relation to the Province of Quebec. Would my honourable friend not agree with me that this is a most unusual way to write a constitution, that surely the legislature should try to write a constitution which is explainable and subject to interpretation within the words contained in the Constitution, and that we should only expect the courts to enter the picture when there is some lack of clarity or some difference of opinion as to how the meaning of the words embodied in the Constitution should be applied? Surely we are not going to be asked at some future time to incorporate in the Constitution this idea that there is a distinct society in the province of Quebec. I think one could make a very good case for saying that there is a distinct society in the Island of Cape Breton, where both the Leader of the Government and the Leader of the Opposition come from. That we are going to put these terms in our Constitution without having any idea what they mean or, at least, without the Leader of the Government in this chamber being able or willing to try to explain to us what they mean, and that we are going to say, "We will write the Constitution even though we do not know what this "distinct society' means, and we will leave it to the courts to tell us at some future time," I think is highly unusual and most inappropriate.

● (1520)

**Senator Murray:** Honourable senators, it is not very unusual at all. As a matter of fact, I think my honourable friend will find that the Canada Act passed by the previous Parliament a few years ago asserts such rights as Aboriginal rights without further defining what they mean—

**Senator Argue:** Look where that got them!

**Senator Murray:** —and that the Charter contains an interpretative section to the effect that the Charter—and I do not have it in front of me—was to be interpreted in a way consistent with the multicultural heritage, and so on and so forth. So it is not unusual to leave these matters stand in fairly broad phrases and have the interpretations come later.

I have already indicated off the top of my head some of the ways in which I believe Quebec is a distinct society. It is the only province that has a majority Francophone population. Quebec has its own Civil Code. There are special obligations in the existing Constitution with regard to Quebec in matters of education and so forth. One could make a list of ways in which Quebec is a distinct society, but I do not know that it would add very much. I would remind my friends opposite that a "distinct society" is the very phrase their party used at its

convention last fall. Surely they did not use it without some idea of what they meant.

**Senator Flynn:** They probably did not know what they were talking about.

FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—EFFECT ON PROPERTY AND CIVIL RIGHTS

**Hon. John B. Stewart:** Honourable senators, a moment ago the minister said that it is questionable that a question ever would go to the courts concerning the effect of the proposed amendment on Quebec's status in international law.

I want to raise a question concerning the effect of the proposed amendment on Quebec's status as it relates to a highly controversial matter which, in the past, has gone to the courts. As the Leader of the Government knows, subsection 13 of section 92 of the Constitution Act, 1867 was included principally to provide protection for the special institutions of Quebec. That is the property and civil rights clause. Now, from time to time the Parliament of Canada has purported to enact legislation relating to matters ordinarily exclusively under the legislative authority of the provincial legislatures, specifically to matters included under property and civil rights within the provinces.

My question to the Leader of the Government in the Senate, to the minister is: Will the recognition of Quebec as a distinct society give Quebec additional protection against the kind of emergency legislation intruding upon provincial jurisdiction with regard to property and civil rights within the province, the kinds of jurisdiction on which acts such as the War Measures Act and the Anti-Inflation Act encroached back in 1914 and again in the 1970s, or will Quebec's position with regard to jurisdiction over property and civil rights remain exactly as it is now if this proposed Constitutional amendment is made? I ask that question because it is precisely the kind of question which will come up in the courts. I am sure that it is the kind of question which the minister and his advisers have discussed. It is a question which has to be to the fore in the mind of everyone concerned with constitutional matters.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the honourable senator is asking me to speculate on what defence or what argument the Government of Quebec might use in a given case before the courts. His question would be perhaps better put to the law officers or to the Minister of Justice of the Province of Quebec.

**Senator Frith:** What is your legislative intent?

**Senator Murray:** I shall examine the question the honourable senator has asked more carefully to see if there is a response that I can properly make to it in the Oral Question Period of the Senate.

**Senator Stewart:** Honourable senators, am I to understand that the government did not anticipate this question, with the result that the minister responsible for these discussions is not prepared to answer what every constitutional lawyer in the country would regard as a basic question? Surely, in going into these discussions, the government had in mind what the expression "a distinct society" would imply with regard to the interpretation of subsection 13 of section 92 of the Constitution Act, 1867.

**Senator Murray:** Honourable senators, I will see if there is a reply. The question that has been asked is one that would have to be answered, if at all, by our legal experts, because the honourable senator has also asked me to speculate on what claim or defence Quebec might enter as a result of this recognition of the province's status as a distinct society. I cannot speculate on that matter any more than I can speculate on what the findings of the court might be. There are considerable powers under which the Government of Canada invoked the War Measures Act some years ago and brought in the anti-inflation program. Those powers are there in the Constitution. I think the honourable senator is asking me to speculate whether the new recognition of Quebec as a distinct society can be used in some manner to frustrate those powers.

**Senator Frith:** That is not what he is asking at all.

**Senator Flynn:** Sure, it is.

**Senator Murray:** That is a very involved question and one that I will certainly not try to answer off the top of my head.

**Senator Stewart:** Honourable senators, I am looking for information. I am not trying to enter into debate. I am having difficulty getting that information. I am not interested in what kind of argument might be put forward by counsel on behalf of the Government of Quebec. The situation is that the Government of Canada is bringing forward a Constitutional proposal which contains language which will have the effect of making it necessary to interpret the Constitution of Canada so as to give recognition to the fact that Quebec constitutes within Canada a distinct society. I am trying to ascertain what was in the mind of the minister, what was in the mind of the government, when they used those words. It is a specific Constitutional question, one which relates to a topic which over the years has been of paramount importance. I am sure that the government and even the minister, who poses as an innocent in these matters, has thought about this question and that he does not have to rely on some functionary in the Department of Justice to answer it. It is an unavoidable question. My question is this: Since subsection 92.13 was included in 1867 because of the distinctive institutions of Quebec, is it the intention of the Government of Canada that the requirement that the Constitution be interpreted so as to treat Quebec as "a distinct society" shall strengthen, weaken or leave unchanged the legislative jurisdiction of the legislature of Quebec with regard to property and civil rights in the province? I am not asking the minister to speculate about what some ingenious lawyer acting for Quebec might argue before a court. I am asking what is the understanding and intention of the Government of Canada?

• (1530)

**Senator Murray:** I am afraid that I cannot add very much to what I have already told the Senate. I will read the senator's

question more carefully to see whether there is a reply that I can properly bring to that question, which, with respect, still seems to me to be quite speculative.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, while the government leader is doing that, could he consider the question in this light? This is how I understand it. The federal government sits down with the provincial governments to deal with amendments to the Constitution. At some point it seems reasonable to assume that representatives of the federal government would have a draft and would say, "We propose that the Constitution of Canada shall be interpreted in a manner consistent with"—and so on. Would they not then turn to their law officers to ask what would be the effect on the interpretation of the Constitution, including the Constitution Act of 1867, if they were to do a certain thing? It seems to me that any lawyer would say whether it would have an effect, and, if so, what that effect would be.

**Senator Flynn:** It will have—

**Senator Frith:** Perhaps you should have consulted Senator Flynn.

**Senator Flynn:** Maybe he should have consulted you.

**Senator Frith:** He might very well have, but I am suggesting that he would have consulted neither me nor you, Senator Flynn, but some people from the Justice Department or some constitutional lawyers to ask: "If we were to provide in the Constitution that it shall be interpreted in that way, what would some of the effects be?" What effect, for example, would it have on the property and civil rights subsection of section 92? Would it give the Province of Quebec, because we are saying that the society is distinct, any more rights under subsection 13 than those given to other provinces? If you were then told yes, what we are now asking is: Did you say that that is fine, that you don't mind if it has that effect? That is what the question is. And perhaps when you try to get the answer, you could let us know that.

**Senator Murray:** I am glad to have that clarification because the question is, as I suspected, highly speculative. The honourable senator is asking me to state what I think the courts might, in certain circumstances, find.

**Senator MacEachen:** You don't know!

**Senator Murray:** I am not ready to go down that path.

**Senator Frith:** Honourable senators, what we are hearing is that what the government intended is highly speculative. That is the answer.

**Hon. H.A. Olson:** Honourable senators, I should like to ask a question for clarification, but it has to do with another part of the communiqué, so perhaps I can defer to those who are on this particular subject.

**Hon. John M. Godfrey:** Honourable senators, the Leader of the Government in the Senate made reference to the fact that at the Liberal convention last fall there was a resolution which included the words "distinct society". He has overlooked the fact that well before the convention began that proposed resolution had been amended to delete the words "distinct society". Obviously, he was not aware of that.

**Senator Murray:** I would have to check the record on that, and I shall. If I was incorrect, I apologize in advance, but I had copies of a number of resolutions. Three resolutions on Senate reform were passed by that convention, some of which contradicted each other.

## FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—PROTECTION OF ANGLOPHONE MINORITY

**Hon. Hartland de M. Molson:** Honourable senators, I should like to ask the Leader of the Government if in this memorandum the definition of "distinct society" envisages any better protection for the people whom I might be thought to represent, the anglophone minority in Quebec. As senators are well aware—the government is certainly well aware—over the last few years the language situation in Quebec has been extremely muddled. The situation has been a very unhappy one and a large number of people have left the province. Finally, in recent years matters have settled down to a point at which I think there is a better understanding than ever before between the people of the two languages in Quebec. Now, all of a sudden, thrown into the pot is a new definition which I believe could have a poor effect upon the good relations within the province of Quebec. I think the use of the term "distinct society", without further clarification, is a very dangerous one. I am quite sure that the anglophone minority of Quebec, which numbers about 800,000 people, will be very disturbed unless some further clarification is forthcoming. May I ask whether the government has taken that into account?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, one interpretative clause that we propose to put in the Constitution will recognize the existence of Quebec as a distinct society within Canada. Another interpretative clause that we propose to put into the Constitution recognizes as a fundamental characteristic of the federation that there is an anglophone dimension to Canada that is prevalent in the rest of the country but present in Quebec, and that there is a francophone dimension to Canada that is prevalent in Quebec but present in the rest of the country. The draft goes on to assert the commitment of Parliament and all of the provincial legislatures to preserve that fundamental characteristic of Canada referred to in paragraph 1(a)—a characteristic which, in a word, I would describe as duality.

In my judgment, therefore, as I said in an interview on the weekend, the anglophones of Quebec and the francophones outside Quebec are very definitely covered in that recognition.

## FIRST MINISTERS' ACCORD—JUDICIAL INTERPRETATION OF TERMS

**Hon. Philippe Deane Gigantès:** Honourable senators, I have a question on the same point.

**Senator Olson:** Honourable senators—

**Senator Gigantès:** I am prepared to yield to Senator Olson, but I am afraid that it will break the flow. I am most thankful to him for letting me proceed.

The Honourable the Leader of the Government said that to try to pin down what particular use might be made of the phrasing in the Constitution by Quebec in the courts is highly speculative. Am I wrong in saying that he said that?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I don't think so.

**Senator Gigantès:** I beg your pardon?

**Senator Murray:** I don't think you are wrong; it sounds all right so far.

**Senator Gigantès:** What he is saying, therefore—and forgive me for descending, if you like, from the sublime to the ridiculous—is that it is not possible to pin down every possible eventuality, to make rules in advance that will ensure that nothing is likely to go wrong. Yet, he was asking Senator Bonnell to do that very thing regarding media coverage of hearings. The principle is the same. Therefore, it is all right to want to pin everything down on something as trivial as media coverage of proceedings, but it does not seem to be all right to want to pin everything down about something as fundamental as the Constitution of this country.

## FIRST MINISTERS' ACCORD—SENATE REFORM

**Hon. H.A. Olson:** Honourable senators, I want to ask for some clarification on the correct interpretation of what Premier Getty obtained from the conference. It is well known that he went there seeking an assurance from the federal government that it would soon discuss, and continue to discuss at all subsequent meetings, Senate reform until the problem is resolved, as I understand it. That undertaking by the federal government will be contained in the proposal that will be brought to the Parliament of Canada within the next several weeks, I believe. There have been several interpretations of what Senator Getty obtained—

**Some Hon. Senators:** Oh, oh!

**Senator Frith:** He might make the next Alberta list!

**Senator Olson:** —of what Premier Getty obtained. I ask this question because, at least in his public announcements, Premier Getty has been far more specific in terms of what he is seeking than simply outlining Senate reform. He had something that was articulated far beyond what is called the Triple-E Senate, and I will not go into that unless there is some misunderstanding about what that means.

● (1540)

What I would like to ask the Leader of the Government in the Senate is whether or not the federal government had agreed to put Senate reform on the agenda of future meetings until something similar to a Triple-E Senate was achieved. Alternatively, will that item continue to appear on the agenda until they achieve what they call Senate reform, because obviously there are degrees of Senate reform?

The other part of my question is: Has the federal government agreed that they will make amendments or changes, either formal or by informal agreement, so that any future Senate appointments will be made only from nominations submitted by provincial premiers?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I can confirm what I understand to be my friend's understanding with respect to the last part of his question. With respect to Senate appointments, the communiqué states as follows:

> —until constitutional amendments regarding the Senate are accomplished the federal government shall appoint persons from lists of candidates provided by provinces where vacancies occur and who are acceptable to the federal government.

My honourable friend is asking how long Senate reform will appear as an item on the agenda. He is also asking what constitutes Senate reform, because he says there might be different stages of Senate reform, and so forth.

**Senator Frith:** Since the answer to the first question is a century or so, that surely determines the answer to the second question.

**Senator Murray:** Senate reform will remain on the agenda unless and until there is agreement to take it off.

**Senator Olson:** Perhaps the Leader of the Government could also answer the other part of my question. Was there an endorsement by the Prime Minister or by the federal government at Meech Lake of a Triple-E Senate and/or the implications that are involved therein?

**Senator Murray:** Honourable senators, the answer is no. We have undertaken to develop a proposal for Senate reform and to place it before the premiers at the First Ministers' meeting that is held on that subject. We are aware that while Premier Getty and perhaps some others favour the so-called Triple-E model, there are other views in other provinces and, of course, we shall have to canvass all of those views at a First Ministers' Conference.

**Senator Olson:** I have a final question. There were some comments made by the Deputy Prime Minister and by the Secretary of State for External Affairs at a meeting in Camrose, Alberta, a few days before the meeting at Meech Lake. Those comments differ somewhat from the interpretation that Premier Getty is putting on the undertaking or assurance that he obtained at Meech Lake. I wonder if the Leader of the Government in the Senate could tell us which one of those two different interpretations of what is involved in "reform of the Senate" is, in fact, the government's position.

**Senator Murray:** Honourable senators, the honourable senator would have to show me the quotations that he is referring to before I could make any comment on that question.

**Senator Olson:** Perhaps that could await another day, honourable senators.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a supplementary on this same clause, and this is a question for clarification only.

With respect to the clause just referred to by the Leader of the Government in the Senate and by Senator Olson, I take it that the word "only" can be read between the words "appoint" and "persons" on the second line. If you read it the way it is, it says:

> —until constitutional amendments regarding the Senate are accomplished the federal government shall appoint persons from lists of candidates provided by provinces where vacancies occur and who are acceptable to the federal government.

I suppose you could interpret that as saying that they will do that, but not that exclusively. Do I take it that it is the intent to appoint only from lists provided by provincial governments and to appoint persons from those lists who are acceptable to the federal government? In other words, the word "only" is intended there.

**Senator Murray:** Certainly this will be the process for Senate appointments.

**Senator Frith:** I understand that, but as it presently stands you could read this as saying that the federal government will appoint persons from such lists, but not only persons from such lists. I take it that the intention was that in the meantime only persons from such lists would be appointed.

**Senator Murray:** That is a fair interpretation, yes.

**Hon. Stanley Haidasz:** Honourable senators, I have a supplementary question. I would like to ask the Leader of the Government in the Senate who will be responsible for presenting the lists of candidates to fill possible vacancies in the Senate from the Yukon and the Northwest Territories?

**Senator Murray:** Honourable senators, I have not really examined that question nor have I discussed it, but I will reflect on that matter and bring back a reply another day.

## FIRST MINISTERS' CONFERENCE—ABORIGINAL RIGHTS—AGENDA ITEM

**Hon. Pierre De Bané:** Honourable senators, I have a question which I would like to address to the Leader of the Government in the Senate. Yesterday in reply to a question with respect to whether or not the Prime Minister would entertain some changes to that agreement, the Prime Minister said that he had an open mind. Of course, it cannot be changed fundamentally, but he said that he was open to suggestion.

I would like to put to you that the following should be included among the topics to be discussed at the next First Ministers' Conference: Specifically, the question put by the first inhabitants of this country. When I see that, for instance, the Conference of First Ministers has agreed to discuss fish, personally, I think it would be most unwise to transfer that jurisdiction to the provinces. Even if it were to be transferred, after all, it is merely a question of who should have jurisdiction over that resource, and I am sure you agree with me that that is a lot less important than giving due recognition to the rights of the first inhabitants of this country.

I would like to ask the Leader of the Government in the Senate if he would entertain a request to add that question of aboriginal rights to the specific issues that are to be dealt with in that annual First Ministers' Conference.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the situation with regard to constitutional recognition of aboriginal rights is as follows: We came to the end of a particular process some weeks ago under circumstances that the honourable senators will be aware of. At that time there was a federal proposal on the table supported by a good number of provinces, but not by the required number of provinces and not, as it turned out, by the representatives of the aboriginal peoples.

That proposal is still on the table and the Prime Minister has made it very clear that if at any time there appears to be a possibility of agreement around that proposal, he would not be long in convening a constitutional conference to reach that agreement.

Meanwhile, however, there does not seem to be any point in convening further conferences on that subject. There will have to be some movement somewhere before we would be justified in calling such a conference.

## FIRST MINISTERS' ACCORD—DEFINITION OF QUEBEC AS DISTINCT SOCIETY—EFFECT ON USE OF FRENCH OUTSIDE QUEBEC

**Hon. Gildas L. Molgat:** Honourable senators, my questions are all supplementary to previous subjects. I will deal with the first one in sequence, and it refers to the distinct society and the position of the francophone communities outside of Quebec. Quite obviously, the distinct society is based on the fact that the largest proportion of francophones are in Quebec.

● (1550)

Does the use of that term in any way imply a responsibility for the Province of Quebec insofar as the use of the French language outside of Quebec is concerned, and, more importantly, does it in any way reduce the responsibility of the federal government with regard to the use of the French language outside of Quebec?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The answer to the second part of the question is: Definitely not.

Insofar as the first part of the question is concerned, the recognition of Quebec as a distinct society obviously does not confer on Quebec extraterritorial obligations with regard to the use of the French language in other provinces of Canada. I would draw my honourable friend's attention to the fact that the recognition of what I have referred to as "linguistic duality" is linked to the commitment of Parliament and all the provincial legislatures in the exercise of their repective powers

to preserve that fundamental characteristic which I have described as "linguistic duality."

FIRST MINISTERS' ACCORD—SENATE REFORM—
RECOMMENDATIONS FOR APPOINTMENT

**Hon. Gildas L. Molgat:** Thank you. My other supplementary is with regard to the Senate. I agree with some of the comments that were made, and I suspect that what has been done will substantially retard Senate reform and I regret that that should be so.

However, in terms of the lists of names that the provinces will now provide, will it be in order for a province to provide a list with only one name on it?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, that is the kind of detail that remains to be worked out.

I disagree with my friend that this will necessarily retard the work of Senate reform. I think it may expedite it.

**Senator Frith:** That is some detail we would like to hear.

**Senator Molgat:** On the same subject, is it correct, from what the minister has said, that the federal government will come forward at the next meeting with its proposal for Senate reform? Will the initiative be up to the federal government in that it will not wait for the provinces to come forward with proposals? Will the federal government make such a proposal?

**Senator Murray:** Honourable senators, I suspect there will be a great many proposals for Senate reform on the table when the First Ministers meet to discuss that subject within a year of proclamation, or before the end of 1988, in any case.

Goodness knows, we do not lack for suggestions. We have even constituted parliamentary committees which have made recommendations on this matter. There has been the MacDonald Royal Commission, the Pepin-Robarts Task Force, and so forth.

The federal government will come to the table with perhaps various options to propose, but we will have a proposal to put on the table for the benefit of the First Ministers. We fully expect that many provinces will come forward with proposals of their own.

**Senator Molgat:** Will the proposal of the federal government be discussed beforehand by Parliament, and by the Senate in particular?

**Senator Murray:** Honourable senators, my friend is getting quite a distance ahead of himself. I really have not had an opportunity to think about that or to discuss it with my colleagues, but I shall do so.

FIRST MINISTERS' ACCORD—EFFECT ON TERRITORIES'
ASPIRATIONS FOR PROVINCIAL STATUS

**Hon. Paul Lucier:** Honourable senators, my question is for the Leader of the Government in the Senate.

[Senator Murray.]

At the meeting at Meech Lake on the weekend, as usual, people from the Yukon and Northwest Territories became pawns in a game of give-away between the Prime Minister and the ten premiers without even the courtesy of being invited to the meetings which dealt with their future.

Before 1982 all that was required for the Yukon or the Northwest Territories to become provinces was an agreement between the Yukon or the Northwest Territories and the Government of Canada. In 1982 seven provinces, representing 51 per cent of the population, had to reach an agreement. On the weekend it was agreed that there could be an absolute veto from any province. This seems to me to have effectively killed the opportunity for the Yukon ever to become a province.

Could the Leader of the Government advise me whether or not the Prime Minister has effectively bargained away the option for the two Territories to ever become provinces?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not agree with my honourable friend that unanimity causes such a straitjacket for the federation. To do that one would have to believe that there is bad faith rather than good faith in these discussions.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Look up the history of the country. History proves that unanimity has been the stumbling block.

**Senator Murray:** I would remind the Leader of the Opposition that unanimity was achieved on the Unemployment Insurance amendment of 1940, the Old Age Pension amendment of 1951 and the Supplementary Benefits of 1965. The straitjacket thesis is hard to sustain.

**Senator MacEachen:** Those are rather selective instances.

**Senator Murray:** The unhappy experience of 1981 demonstrates the perils of proceeding without unanimity.

**Senator MacEachen:** You can employ it, but, for God's sake, don't defend it.

**Senator Murray:** I do defend it. My honourable friend defended it when he was a member of the Pearson government which brought forward the Fulton-Favreau formula which provided for unanimity on most constitutional amendments. My honourable friend defended a veto when they brought forward the Victoria formula, which they proposed again in 1981, which provided for vetoes for Quebec, Ontario and certain regional combinations of provinces. The problem is that my friend is against the equality of provinces.

**Senator MacEachen:** I do not find that to be a problem at all. The provinces are not equal.

**Senator Murray:** The premiers who were able to agree, as they did, on the important issues on the table at Meech Lake will, when the time comes, be able to achieve agreement on such matters as provincial status.

Frankly, the creation of new provinces and the extension of provinces into territories are matters on which every province should be able to say yes or no, because matters such as these

do have a major impact on fiscal relations, including equalization. These are not matters to be taken lightly. They would affect the numerical operation of the amending formula.

I frankly believe that it would have been extremely difficult, if not impossible, to have proceeded to create new provinces with the agreement of only seven provinces having 50 per cent of the population, just as I believe that political reality would have dictated that no federal government would have proceeded with a major reform of federal institutions such as the Senate and the Supreme Court on the basis of the minimum requirement of seven provinces and 50 per cent of the population. Political reality is that that would have been highly unlikely to happen.

• (1600)

**Senator MacEachen:** Parsimonious government, yes!

**Senator Lucier:** Honourable senators, it seems to me that we are changing the rules in the middle of the game. This was never the case before. When anyone else wanted to become a province, they did not have to have unanimous consent from everybody else. When Alberta was made a province, Nova Scotia did not have to agree to it. The Government of Canada had to agree to it—and that was good enough. People trusted the Government of Canada. When we had Mr. Diefenbaker as Prime Minister, at least he had some northern vision and he cared for the people of the north. We in the north want to know that when decisions affecting us are taken, decisions as serious as those that were made on the weekend, that our elected people are at the meetings, that they are consulted and that they have full participation in the discussions. Instead of moving away from colonialism, we are moving deeper into it.

**Senator Murray:** Honourable senators, the governments of which my friend speaks are not now provincial governments and they are not involved in the process of amending the Constitution. That is the fact. There were, as there should have been, eleven First Ministers around the table making those decisions last week at Meech Lake. That will also be the case when the First Ministers meet in a few weeks' time. There is no provision for participation by other than the federal government and provinces in this amending process. The amending process is set out in the Constitution that we passed here in 1982.

**The Hon. the Speaker:** Senator Buckwold.

**Hon. Sidney L. Buckwold:** All of my questions have been asked, thank you.

**Senator Flynn:** More than once!

## YUKON

### CHANGES IN GOVERNMENT TRAVEL SERVICE—EFFECT ON LOCAL BUSINESS PEOPLE

**Hon. Paul Lucier:** Honourable senators, I have a question on another subject. Marlin Travel has applied to have the Yukon and Northwest Territories included in its contract to handle former Central Travel Agency work, which they will now be doing. Both the Yukon and the Northwest Territories were exempted from the Central Travel Agency department by the Treasury Board in 1969; that was reaffirmed in 1977. Marlin Travel is now trying to get the two territories back in, which appears to me to be a reversal of the decentralization, which is really the way that we should be going.

We have some competent, capable local people in both territories who have done an excellent job of handling our travel arrangements. We do not need anyone from Toronto, Montreal, or anywhere else to come in and try to make our travel arrangements for us in the north.

**An Hon. Senator:** Hear, hear!

**Senator Lucier:** Could I ask the Minister of State for Federal-Provincial Relations to take our concerns to his cabinet colleagues—especially the President of the Treasury Board—and ensure that Yukoners will continue to handle Yukon affairs.

I do not want to make any derogatory comments about Marlin Travel or the work that they will do, all I want to know is that—concerning travel in the Yukon—competent people in the Yukon who are presently doing that work will continue to do it and that no agencies subsidized by the federal government will be allowed to compete with the local business people and effectively run them out of business, which is exactly what will happen if this takes place.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have seen a memorandum prepared by Senator Lucier on this subject and I have already asked for a report on the matter. When I have received it, I will advise the honourable senator.

**Senator Lucier:** Thank you.

## THE CONSTITUTION

### FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—ADVICE GIVEN ON DEFINITION AND EFFECT

**Hon. Charles McElman:** Honourable senators, I have a question for the Leader of the Government in the Senate. Many Canadians have said that we live in a country that is ungovernable. There have been occasions when it would appear so, and I am sure that in the negotiations of recent weeks the honourable Leader of the Government in the Senate may have thought so as well. But I wish to compliment him on the role that he has played and to say that, along with other senators, I feel honoured that this role has been given to a member of the Senate to carry out.

I do not ask him for a reply to this question today, but in the lead-up negotiating period, which he has conducted and has carried the primary responsibility for, he must have been required to give advice to the negotiator for the Province of Quebec as to what the effect and meaning of "distinct society" would be. That advice he would have given in legal and other terms. I suggest that probably in addition to the legal aspects

it is very much a political question as well—and I use "political" in its finest sense.

The Leader of the Government would also have had to negotiate with the Premier and his associate ministers for the Province of Alberta. Some rather extreme statements were made by that Premier as to what he would and would not agree to. In the course of it, the Minister of State for Federal-Provincial Relations, the Leader of the Government in the Senate, would have had to have interpreted what the intent, meaning and effect of these words would be to Premier Getty as well.

My question is: Could he please, for the benefit of the Senate, come to the Senate with a statement as to the advice that was given in those negotiations as to what the true meaning of these words would be and what the effect of these words would be in order to achieve that element of agreement that was eventually reached? If there was advice given to bring about this desirable conclusion, then perhaps the Senate could be advised of what that advice was. It would be useful to the Senate, and, perhaps, useful to the country.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I cannot table a single document or several documents on this subject. In due course I trust that we will have a constitutional resolution before us to discuss.

Let me tell the honourable senator that as I have made my way around the country discussing these matters with provincial premiers and ministers, on the question of the recognition of Quebec as a distinct society there was, I gathered, a readiness and a willingness on the part of provincial governments to recognize that political reality for what it is. There was also a readiness to recognize the English- and French-speaking dimensions of our country and to accept the commitment that we propose to enshrine in the Constitution of the Parliament of Canada and of all of the provincial legislatures to preserve that fundamental characteristic of the federation. The honourable senator can be assured that for each and every province—and in some cases I discussed the matter with their Attorneys General and officials of Departments of Justice—there was considerable work done as to the meaning of that recognition for that province and for the country as a whole. So, in the event, as the honourable senators knows, the First Ministers came to the conclusion that this recognition added something important and valuable to our Constitution, and agreed that our Constitution should accord that recognition and that it would be enriching to our country rather than detract in any way from anyone's present constitutional prerogatives or jurisdictions.

● (1610)

**Senator McElman:** Honourable senators, I appreciate the answer given. I am not pressing for an answer today. I simply hope that the Leader of the Government will reflect on this and not bring a document but bring his advice as to what occurred. I can well understand and I appreciate greatly that there was that element of goodwill among the First Ministers to agree that there is within Canada a distinct society as embodied in the province of Quebec. But, at the same time, with that goodwill and with that purpose, they must have asked, as in the case of Premier Getty, "Well, what does this mean? What will its constitutional effect be? What do you believe the Supreme Court of Canada will draw from these words?" Those questions had to have been asked. Any of us could agree without any problem whatsoever, I am sure, that the Province of Quebec constitutes a distinct society within the nation. It is simply a fact. But, then, each premier, in his responsibility to his people, has to ask, "But, having accepted the principle, what is the effect of including those words in the Constitution?" They have to ask that before they say, "Yes." Would the Leader of the Government reflect on that and perhaps give us some guidance?

[Senator McElman.]

**Senator Flynn:** Have a debate on it.

**Senator McElman:** We have had quite a debate today. I am simply seeking information.

**Senator Flynn:** I am not sure.

**Senator McElman:** That is the sort of distrust that has got us into trouble for so many years.

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## THE SENATE

### QUESTION OF PRIVILEGE—MOTION FOR REFERRAL TO COMMITTEE WITHDRAWN

On the Order:

> Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator Corbin:
>
> That the question of privilege raised by Senator Olson, on April 9, (claiming he was improperly prevented from asking a question) be referred to the Committee on Standing Rules and Orders to examine the circumstances related to the question of privilege, and to report its findings and recommendations.—(*Honourable Senator Murray, P.C.*).

**Hon. H.A. Olson:** Honourable senators, I know that Senator Murray adjourned the debate. However, I would ask that I may be allowed to explain and, indeed, make an apology. When I raised this question of privilege on April 9, I used certain words that I regret. In the right-hand column of page 891 of the *Debates of the Senate*, I complained that something said by the chairman in committee was not true. On page 892, I also said that something the chairman said was not true.

This is not the time to make the argument; and I will not try to give an explanation of the point I was trying to make. I merely wish to tender an unqualified apology to Senator Sinclair, chairman of the Banking, Trade and Commerce Committee, for creating and leaving with the Senate a mistaken impression. Therefore, I would like to withdraw those words, which could lead to a wrong impression.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I had left the chamber for much of the

discussion which followed the question of privilege. However, I have read the debate, and I am wondering whether Senator Olson would consider it presumptuous of me to ask whether in withdrawing his comments he would consider asking leave to withdraw the motion itself. I say that after having read the debate and having understood what was and still is the essence of his complaint. That has now been clarified, and, in view of what he has just said, perhaps the motion could be withdrawn and the subject considered to have been sufficiently covered. He would, of course, require leave to do so, and he will have to ask for that leave.

**Senator Olson:** Honourable senators, with leave of the seconder of the motion, Senator Corbin, I would ask leave to withdraw the motion.

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

**Senator Frith:** Perhaps I should place on the record the fact that I had a discussion with Senator Olson about this matter and I also knew that Senator Sinclair, for good reasons, would not be present today. However, I contacted him in Toronto and explained what I understood Senator Olson was going to say, and what I proposed to suggest; and he instructed me to say on his behalf that he would certainly not oppose, and would support, leave being granted to withdraw this motion.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion withdrawn.

## CHILD CARE

### SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO STUDY FINAL REPORT OF SPECIAL HOUSE OF COMMONS COMMITTEE ON CHILD CARE ENTITLED: "SHARING THE RESPONSIBILITY"

**Hon. Mira Spivak**, pursuant to notice of Thursday, April 9, 1987, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the Final Report of the Special Committee of the House of Commons on Child Care, entitled: "Sharing the Responsibility"; and
>
> That the Committee present its report no later than September 30, 1987.

She said: Honourable senators, the Special Committee of the House of Commons on Child Care has recently tabled its report entitled "Sharing the Responsibility". At the same time, the Minister of National Health and Welfare and the relevant ministers of the provinces are in a process of negotiation with the hope of coming forth with a national policy on child care. The Standing Senate Committee on Social Affairs, Science and Technology considers it important that the Senate also participate in this debate, through the proper channel, by having the committee study this report, particularly since the committee is at present examining child benefits. That is the reason for this motion.

● (1620)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Is the chairman of the committee aware of this motion?

**Hon. Arthur Tremblay:** Yes.

**Senator Frith:** Is the mover of the motion aware of any opposition to the motion? I ask that because, if there is no opposition, there is no reason to debate the motion.

**Senator Spivak:** This motion was passed by the committee. I omitted to mention that.

**Senator Frith:** Has there been any indication that other honourable senators wish to debate the motion at this time?

**Senator Spivak:** The committee has not yet looked at the report.

**Senator Frith:** I meant in the Senate.

**Senator Spivak:** I have no idea.

**Senator Frith:** I have not been told that anyone else wishes to debate this motion. I think we should support the motion.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, May 6, 1987**

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

Prayers.

## BUSINESS OF THE SENATE

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, there is a rumour that the government will propose that the Senate adjourn at the end of today's sitting until Tuesday next. Can the acting Deputy Leader of the Government tell us whether the government proposes to adjourn today until Tuesday next, or whether the Senate will be sitting tomorrow?

**Hon. Orville H. Phillips:** Honourable senators, there was consideration given to adjourning today until Tuesday next. It is true that we do not have a heavy legislative agenda; however, we do have a very heavy committee schedule for tomorrow. I believe there are eight committees scheduled to meet tomorrow, including a meeting of the Standing Committee on Internal Economy, Budgets and Administration at 9.30 a.m. That committee will be considering various committee budgets at that meeting and hopes to present those budgets to the Senate when it sits tomorrow. It is hoped that we will debate those budgets when they are presented tomorrow.

**Senator Frith:** So we will be sitting tomorrow?

**Senator Phillips:** Yes.

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# QUESTION PERIOD

[*English*]

## THE CONSTITUTION

### FIRST MINISTERS' ACCORD—FEDERAL SPENDING POWER—POSITION OF PREMIER OF MANITOBA

**Hon. Gildas L. Molgat:** Honourable senators, my question is to the Leader of the Government in the Senate in his capacity as Minister of State for Federal-Provincial Relations.

There are stories coming out of Winnipeg now indicating that the premier of that province is having second thoughts about the discussions held last week and, in particular, indicating that he has some serious reservations on at least one of the items, the one regarding the federal spending power.

This is not a surprise to me or, I suspect, to any person who comes from one of the less wealthy provinces, because in the final analysis the federal spending power is a protection for the less wealthy provinces. An erosion of the federal spending power ends up being a gain for the two large central provinces, so Premier Pawley is outlining a very serious concern for the province of Manitoba.

I wonder if the minister could indicate if he has had any discussions with Premier Pawley since last week. If not, could the minister indicate whether there have been any discussions with the Prime Minister's Office in this regard, and whether the minister will be following this matter up? Secondly, are any of the other provinces raising the same points?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I saw yesterday, during a hurried exchange I had with a journalist, some comments attributed to Premier Pawley on the question of federal spending power. In the course of his remarks, Premier Pawley reiterated his well-known view, and the view of all of us, that any serious erosion of or interference with the federal spending power would be unacceptable. But, as I recall it, he went on to express his confidence that when the First Ministers came to discuss the constitutional text, agreement would be reached on this as well as on all of the other elements contained in the Meech Lake agreement. It would be unfair and inaccurate to characterize Premier Pawley's statement as indicating that he is having second thoughts about his assent to the Meech Lake accord.

With regard to the second part of the question, I had the pleasure of appearing with Premier Pawley on a CBC radio program on the weekend, in the course of which we discussed this and other elements of the Meech Lake accord. I should also note that Prime Minister Mulroney left a few minutes ago for western Canada. In the course of his tour, I know that he will be meeting Premier Pawley, and I am sure that they will be discussing the follow-up to and implementation of the Meech Lake agreement.

**Senator Argue:** Is that serious?

### FIRST MINISTERS' ACCORD—SENATE REFORM—RECOMMENDATIONS FOR APPOINTMENT

**Hon. Gildas L. Molgat:** I have a question which is supplementary because it deals with Premier Pawley, the province of Manitoba and the constitutional accord. Yesterday, in the process of questioning and in an answer to Senator Frith, the Minister of State for Federal-Provincial Relations indicated the procedure. I quote from *Hansard*, where Senator Frith states as follows:

> . . . In other words, the word "only" is intended there.

That meant that the federal government would select only from the lists submitted by provinces for senators. Senator Murray replied:

> Certainly this will be the process for Senate appointments.

In other words, the federal government has agreed that henceforth it will appoint senators only from lists submitted by provincial governments.

My question yesterday was: If a provincial government submits only one name, what would the federal government do? I have a further question today. Because of the position taken by the Province of Manitoba that they are in favour of abolishing the Senate, what would happen—and, God forbid, at the moment all senators from Manitoba are healthy in here, and I do not expect any vacancies—should there be a vacancy and the Province of Manitoba were to refuse to submit a name; in other words, if Manitoba simply said, "We will not submit a name."? What, then, would be the position of the federal government?

**Senator Denis:** If and when.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not know what alternative interpretation could be put on the Meech Lake accord except that the Prime Minister has committed himself, and we will commit the Government of Canada to recommend to Her Excellency the appointment of senators whose names are on a list, as submitted by provinces. There has to be good faith on both sides here. Premier Pawley signed—

**Senator Frith:** Do not count on it!

**Senator Murray:** —that accord, or agreed to it. I assume, therefore, that he, if he is in office at the time, will, indeed, submit a list of nominees to the Prime Minister of Canada.

As a matter of fact, in the course of the radio interview to which I referred, I told him that I thought it would take heroic virtue on his part to submit a list of Tory names, but that I was looking forward with great interest to seeing the list of New Democratic Party senators that he would submit.

**Senator Argue:** There won't be any, surely?

**Senator Murray:** What would happen if only one name were submitted? I expect that between now and the time that the First Ministers meet some agreement will be arrived at as to a minimum number of names that would be on a provincial list.

## FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY OR AS HAVING DISTINCT IDENTITY—DISTRIBUTION OF POWERS

**Hon. Daniel A. Lang:** Honourable senators, dealing again with the Meech Lake accord, I should like to address my question to the Leader of the Government. My concern arises out of an article published in the *Globe and Mail* of yesterday which quotes freely from an interview with Mr. Rémillard, the Quebec Minister of Intergovernmental Affairs. In that article he is quoted as having stated that the accord means the recognition that Quebec is entitled to special powers not available to other provinces.

Respecting the accord—and I anticipate a reply from the Leader of the Government regarding this—he went on to say:

> These are words that have been weighed, analyzed and studied,—

I presume that the words contained in the accord, having been weighed, analyzed and studied, are now about as firm as they will ever be when the resolution is signed or the accord is re-signed formally at the end of this month.

My question is confined to Quebec's "distinct society." Honourable senators will note that in paragraph (1)(a) there is the recognition of the existence of French-speaking Canada, "centred in but not limited to" Quebec. There is also the recognition of the existence of an English-speaking Canada, "concentrated outside Quebec but also present in Quebec." I should like to know what significance the Leader of the Government attaches to that differentiation between the French-speaking populace and the English-speaking populace. Does it imply that, in fact, English-speaking Canadians are to be "concentrated" outside Quebec, whereas English-speaking Canadians in Quebec are going to be confined to the *status quo*, that is, they are only "present" and they are not unlimited as are French-speaking Canadians outside Quebec?

Honourable senators, that is a fairly convoluted question. I am bringing to your attention my reading of this complicated but most important provision.

My next question refers to paragraph (1)(b) in which Quebec is recognized as a "distinct society." I underline the word "society". However, paragraph (3) states that the Quebec legislature and government is to promote a distinct "identity," referred to in paragraph (1)(b). Well, there is no "identity" referred to in (1)(b); it reads "society". Can that possibly be an error of draftsmanship, or is there some sort of Cartesian meaning hidden behind those words?

• (1410)

**Senator Murray:** He retired a couple of years ago!

**Senator Lang:** I don't think so.

My third question deals with the same section. Note that in subsection (2) Parliament and the provincial legislatures are committed to preserving characteristics in paragraph (1)(a)—that is, English-speaking people outside Quebec and French-speaking inside—but the legislature and—and I emphasize this—the Government of Quebec are dedicated to preserving the distinct identity. Does that mean that Parliament and the provincial legislatures are the only forums in which these matters are to be dealt with? Would not the federal executive or the provincial executives have the same powers as the Quebec parliament and its legislature? Why is the government included in this section dealing with Quebec but not included in the section that deals with Parliament and the provincial legislatures? To amplify that question, does that preclude the executive of the Government of Canada from passing orders in council that would be interpreted to detract from the distinct identity of Quebec?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable

senators, first, with regard to the comment attributed to Mr. Rémillard to the effect that the words had been carefully weighed, studied, and so forth, that is a fact. As I indicated yesterday, very considerable discussions were held over a period of almost ten months between representatives of the Government of Quebec, representatives of the other provincial governments and the federal government, on a bilateral basis with provincial governments, including Quebec. Those discussions centred on the five conditions that have been put forward by Quebec. Of course, the attorneys general, the ministers of intergovernmental affairs and the premiers and their legal advisers discussed in some detail various formulations and the significance of various formulations for their governments, legislatures and provinces, for the federal government and for the country as a whole. Mr. Rémillard, then, is perfectly correct in saying that those words were carefully weighed and studied.

As I also said yesterday, Mr. Rémillard is also perfectly right in saying that the recognition of Quebec as a distinct society will, of course, enable Quebec to exercise more rule, more power, more authority to preserve and protect its distinctiveness. It does not, however, alter the distribution of powers between the federal government and the provinces, and does not purport to do so.

With regard to the three questions that Senator Lang asked, he was good enough to let me know earlier today that he intended to raise them. Let me try in a general way to address them.

First, the fundamental characteristic that we propose to recognize in the Constitution—the fundamental characteristic of what I refer to in two words as "linguistic duality"—in no way implies that anglophone Canada cannot develop and flourish within Quebec or that francophone Canada cannot develop and flourish in the rest of the country. There are no constitutional impediments to such a possibility.

Indeed, I draw the attention of the Senate to the fact that this commitment works in both directions. All legislatures and parliaments are committed to preserving both linguistic manifestations of Canada, and I referred to this fact yesterday. All First Ministers examined these precise provisions carefully and agreed that they were consonant with a generous vision of Canada.

Furthermore, while the recognition clause describes Canadian reality, it does not obviate the mobility rights of section 6 of the Charter, if that is behind the concern expressed by the honourable senator.

With regard to the question of "distinct society" and "distinct identity," there is no discrepancy between those two phrases. It is a recognition of Quebec's distinct society that gives that province its distinct identity; and I might say here that the literary problem—if I may refer to it in that way—raised by the honourable senator does not occur in the French version of the Meech Lake accord, and he might like to consult that for added reassurance.

[Senator Murray.]

Third, the reply which I will offer to him on his assertion that there is a serious discrepancy between the commitment of legislatures on the one hand and the government and the Legislature of Quebec on the other is that, first, the executive branch is part of the legislative branch in our system; but, in any case, we state that there is no need for symmetry in all of our constitutional arrangements. If there were, various sections of the Constitution Act of 1867 that applied to only one province would apply to all provinces. Forced uniformity is not the Canadian way, and we see no serious discrepancy in the clauses alluded to by the honourable senator; nor do we see a need for symmetry in all of our constitutional arrangements.

**Senator Lang:** Honourable senators, may I ask the Leader of the Government a supplementary question arising out of his statement that this clause does not affect the distribution of powers as between the federal and provincial authorities? If that is the case, why, under section (2), are Parliament and the provincial legislatures limited to exercising their "respective powers"? That obviously would be under section 91 or 92. But the Quebec legislature and its government is not so delimited to its powers. Why would not that delimitation applying to the federal and provincial legislatures not apply also to the Government of Quebec and its legislature?

**Senator Murray:** Honourable senators, the ultimate answer to that question will come when we see the constitutional text; but I believe that it is implicit in that section that there is no attempt to alter or affect the distribution of powers by any of those clauses.

## FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—WORDING OF EARLIER LIBERAL PARTY RESOLUTION

**Hon. John M. Godfrey:** Honourable senators, I would like to make one comment on Senator Lang's question, which, in my opinion, is really directed towards drafting and should be considered between now and the final drafting of the instrument.

Yesterday Senator Murray said:

> I would remind my friends opposite that a "distinct society" is the very phrase their party used at its convention last fall. Surely they did not use it without some idea of what they meant.

Later I said:

> Honourable senators, the Leader of the Government in the Senate made reference to the fact that at the Liberal convention last fall there was a resolution which included the words "distinct society". He has overlooked the fact that well before the convention began that proposed resolution had been amended to delete the words "distinct society". Obviously, he was not aware of that.

I have since obtained the text of the resolution that was actually passed at the Liberal convention. I might add that a resolution was submitted a couple of weeks to a month before the convention containing the words "distinct society". But several weeks before, at an enlarged executive meeting of the

Liberal Party of Canada, the proposed resolution was amended and the actual resolution submitted and passed by the convention, which was to appear in the preamble of the Constitution, reads as follows:

> The recognition of:
>
> i) the commitment of Canadians to maintain and reinforce across Canada the linguistic duality of the Canadian federation,
>
> ii) the distinctive character of Quebec as the principal but not the exclusive source of the French language and culture in Canada,—

• (1420)

**Senator Flynn:** It is the same thing.

**Senator Godfrey:** It was not intended to be the same thing. The drafting was deliberately changed so that the two would not be the same. Anyway, the words "distinct society" were not used.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I thank my honourable friend for that statement. I agree with Senator Flynn that it is the same thing, but, for added certainty, I would like to place on record the statement of the Right Honourable the Leader of the Opposition, Mr. John Turner, from an interview he gave to the *Le Devoir* on June 13, 1986. Here is the relevant quotation from Mr. Turner:

[*Translation*]

> I have no problem with adding to the preamble to the Constitution the recognition of Quebec's unique and distinct society within our Confederation and of Quebec's position as the main but not exclusive concentration of francophones.

[*English*]

And I should add, as I think that Mr. Turner would want to have it added, the next paragraph because they go together.

[*Translation*]

> We must recognize our country's linguistic duality and its multicultural aspect, even if multiculturalism is already recognized in Section 27 of our Constitution.

[*English*]

**Senator Godfrey:** Honourable senators, I was merely referring to the statement by the Leader of the Government with regard to the resolution passed by the Liberal convention, not what Mr. Turner said last year.

**Senator Flynn:** They are the words.

## FIRST MINISTERS' ACCORD—SUGGESTED PRE-STUDY

**Hon. H.A. Olson:** Honourable senators, I wonder if the Leader of the Government and Minister of State for Federal-Provincial Relations would give favourable consideration to initiating something in the nature of a pre-study of the Meech Lake accord—perhaps it could be done in Committee of the Whole—so that we may clear up some of these problems on which we spent nearly two hours yesterday trying to get some definition of the government's intentions with respect to what was in the communiqué and, indeed, in the accord itself. It seems to me that such a forum would provide a great opportunity to the minister who is the lead minister of the government dealing with these proposed constitutional amendments.

I understand that what is happening now is that the drafting section of the Department of Justice and others are trying to put in the form of a bill or, at least, in legal language what is intended to be in the Meech Lake accord so that it can be presented to Parliament. There are some problems: one is the definition of the words "distinct society"; another is determining the meaning of "Senate reform" in the context of the communiqué; and there are a number of other matters. It seems to me that it would be highly useful, while this process is going on, for us to have such an exercise led by the minister, who is a member of this house, and his officials.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the lead minister in these matters is the Prime Minister of Canada. I am his Minister of State for Federal-Provincial Relations.

**Senator Olson:** The 2 i/c, then.

**Senator Murray:** In any case, I think the appropriate time for the kind of committee study proposed by the honourable senator would be when we have constitutional resolutions to bring forward. As the honourable senator will recall, this process was followed in 1982 when there was a joint parliamentary committee. We may have something of that kind or perhaps separate committees in each chamber at the time the constitutional resolutions are before us. The Meech Lake accord is a statement of principle. If honourable senators are looking for an opportunity to debate, vote upon and express their views on that statement of principle, I suppose we might arrange a day or days to do so through the usual channels.

**Senator Olson:** Do I take it, then, that the Leader of the Government intends to initiate some action that will lead to a day or days, as he put it, being set aside so that we can ask these questions? What we really need to know at this stage is what the federal government intended those things that are contained in the accord to mean. It seems to me that the government's intention is as important as how the courts might interpret what comes later.

**Senator Murray:** Honourable senators, Senator Olson was asking for a committee study, either in Committee of the Whole or elsewhere, and I have replied that the appropriate time to do that will be—

**Senator MacEachen:** Committee of the Whole sounds ideal.

**Senator Murray:** —when we have constitutional resolutions before us.

**Senator Frith:** The table's all set up. Right this way, your table's waiting!

**Senator Murray:** What we have here is a statement of principles agreed to by the First Ministers at Meech Lake, and

what I have undertaken to do is take up—or see that it is taken up through the usual channels—the suggestion that there might be a debate or an opportunity for honourable senators to express themselves as to these principles.

FIRST MINISTERS' ACCORD—REPORTED REACTION OF PREMIER OF QUEBEC

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the Premier of Quebec has been reported as saying that the Meech Lake accord is something that Quebec should sign very quickly because it is a wonderful deal for Quebec.

**Senator Flynn:** Did Parizeau say that?

**Senator Frith:** Was Parizeau at this meeting?

**Senator Flynn:** I thought he said the people of Quebec would lose by it.

**Senator Frith:** I didn't realize Parizeau was at the meeting. In any event, to get back to the Premier of Quebec—and my question is not about Mr. Parizeau—the Premier of Quebec is reported to be delighted with the deal.

**An Hon. Senator:** Why not?

**Senator Frith:** Yes, why not, indeed? Prime Minister Mulroney and Senator Murray, however, are reported as having said:

[*Translation*]

Quebec has gained no powers it did not already have.

[*English*]

In other words, Quebec did not get a single thing they did not already have.

Speaking of the partnership between the Prime Minister and Senator Murray, I want to know which one of them is prepared to accept the blame and the shame for having pulled a fast one and put something over on that poor, innocent Premier of Quebec who actually went away thinking that he had got something out of the deal.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I think I answered the question yesterday and again today. In the course of the CTV "Question Period" interview on the weekend, I had said—and I repeated it yesterday and I repeat it today—that the Meech Lake accord and the recognition of Quebec as a distinct society had not altered, and does not purport to alter, the distribution of powers in any way.

Premier Bourassa is said to be delighted with the accord. I sincerely hope that the honourable senator does not see any inconsistency between that fact and the fact that the federal government is also delighted with the accord and, according to their declarations, so, too, are the premiers of the other nine provinces.

**Senator Frith:** Of course, as has happened before in our questioning on this subject, I think the Leader of the Government has missed the point. It is not simply a matter of his being happy with the accord, as is the federal government, but from the reports it is obvious that he believes that he got a great deal more out of the deal than he had when he went in.

**Senator Flynn:** You were against it yesterday.

**Senator Frith:** Now that is very relevant.

**Senator Murray:** Let me make it quite clear: I believe that Premier Bourassa is right.

**Senator Frith:** In other words, that he did get a great deal out of it; that he got a lot more powers out of it?

**Senator Murray:** That Quebec got a great deal out of it, yes.

**Senator Frith:** That Quebec got a lot more powers than it had when it went in, because that is what Premier Bourassa says.

• (1430)

**Senator Murray:** The honourable senator perhaps quoted him, and perhaps misquoted him. I can enumerate—but I do not think there is any need to—the ways in which Quebec has gained a great deal more power than it had before the Meech Lake meeting. I am thinking of such areas as immigration, appointments to the Senate, appointments to the Supreme Court of Canada, and in recouping the veto that it lost in 1981.

**Senator Frith:** Why, then, are the leader and the Prime Minister saying that Quebec did not get any more powers than it already had?

**Senator Murray:** The honourable senator is not so obtuse; this must be about the fourth or fifth time that I have said that I was talking about "le partage des pouvoirs," the distribution of powers alluded to in an earlier question by Senator Lang.

FIRST MINISTERS' ACCORD—EFFECT ON TERRITORIES' ASPIRATIONS FOR PROVINCIAL STATUS

**Hon. Paul Lucier:** Honourable senators, I have a question for the Leader of the Government in the Senate. In replying to a question I asked yesterday, the leader stated:

> Frankly, the creation of new provinces and the extension of provinces into territories are matters on which every province should be able to say yes or no, because matters such as these do have a major impact on fiscal relations, including equalization. These are not matters to be taken lightly. They would affect the numerical operation of the amending formula.
>
> I frankly believe that it would have been extremely difficult, if not impossible, to have proceeded to create new provinces with the agreement of only seven provinces having 50 per cent of the population—

My question to the leader is: If it was difficult, if not impossible, as you stated yesterday, to have proceeded, with the agreement of only seven provinces, to according provincial status to the Yukon Territory, are you not conceding that you have now removed any hope of the Yukon Territory's becoming a province by now requiring the agreement of ten provinces? I fail to see how getting ten people to agree to some-

thing would be easier than getting seven people to agree to something. I should like an explanation.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I apologize if I was not as clear as I should have been. I was talking about the political reality that a federal government—which has a veto on these matters—would have had to face. I put it to my honourable friend that if we were seeking agreement to create a new province, and in the event it turned out that three of the western provinces were opposed to the creation of that new province, I think it would have been, political realities being what they are, difficult, if not impossible, for the federal government to have proceeded in those circumstances.

For the creation of a new province, with all that that implies, I think that unanimity, or something close to unanimity, would have been needed, and I believe the proposed constitutional amendment in that respect reflects the political reality of Canada.

**Senator Lucier:** Honourable senators, I can understand it when the minister says "difficult," but when he says "impossible" it becomes clear that the power of the federal government in this regard has been given away. The federal government speaks for the Yukon Territory and the Northwest Territories in this regard. It seems to me that we have now put ourselves in the situation where the federal government has given away every opportunity to defend the two territories. We are sort of under colonial government up there, and we feel that we have been abandoned by the federal government, the government that speaks for us.

**Senator Murray:** Honourable senators, the federal government could not have created a new province in the Yukon Territory or in the Northwest Territories on its own. At the very least, the amending formula, which I presume my friend supported in 1982, would have made that impossible. The point I was trying to make is that the political reality is such that it would be quite inadvisable to proceed with minimum support.

In 1949 the federal government brought Newfoundland into Confederation, but Newfoundland was not a part of Canada. The Yukon Territory and the Northwest Territories are part of Canada. Even in 1949, as my honourable friend may recall, there were various provincial premiers who, to put it crudely, kicked up quite a fuss about the action taken then.

**Senator Frith:** They were not even asked.

**Senator Murray:** Yes, and they kicked up quite a fuss because they were not even asked.

**Senator Lucier:** I should like to remind the minister that Alberta, Saskatchewan and other areas of Canada were made provinces of Canada without the agreement of the existing provinces. So, as I said yesterday, we have changed the rules in the middle of the game.

## FIRST MINISTERS' CONFERENCES—PARTICIPATION BY TERRITORIES

**Hon. Paul Lucier:** Again quoting the leader's reply to a question I asked yesterday, he said:

> Honourable senators, the governments of which my friend speaks are not now provincial governments and they are not involved in the process of amending the Constitution. That is the fact. There were, as there should have been, eleven First Ministers around the table making those decisions last week at Meech Lake. That will also be the case when the First Ministers meet in a few weeks' time. There is no provision for participation by other than the federal government and provinces in this amending process.

My question is: Is the leader, who is also the Minister of State for Federal-Provincial Relations, prepared to petition the ten premiers regarding territorial participation in future talks?

I know that there is currently no provision for that, but I also know that if all the good faith we are asked to believe in right now is there, then there is no reason for any premier to refuse to have the territories, represented by their elected representatives, participate in those meetings.

We have been told in the north that we have to believe in the good faith of the premiers. If that is the case, let us start. We will accept the good faith of the premiers if the leader petitions them and tells us who refuses to allow us to participate in those future talks.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** No, honourable senators. The federal government and the provinces, the Prime Minister and the premiers agreed as long ago as last summer, following a letter which the Prime Minister wrote to the premiers in July, that this first round of constitutional reform would be a so-called "Quebec round," that it would be limited to the objective of getting Quebec patriated, so to speak, that the discussions would be limited to the five conditions posed by Quebec, and that other constitutional matters would be put off to a second round.

In those circumstances, we will not be inviting the territorial governments or others to participate in the First Ministers' Conference to be held in the coming weeks.

**Senator Lucier:** Honourable senators, I would like to end this by saying: If you are not going to invite us to the meetings, please do not discuss subjects that affect us.

## FIRST MINISTERS' ACCORD—USE OF TERM "PATRIATION" BY GOVERNMENT LEADER—REQUEST FOR CLARIFICATION OF MEANING OF ACCORD

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I wonder if the Leader of the Government would care to revise the use of the word "patriation" which he just used with respect to Quebec? Quebec is a part of Canada and a part of the Constitution of Canada. I think it is totally inappropriate to use the word "patriate" with respect to Quebec.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am sorry if the honourable senator finds that description offensive, as he seems to find so much else in the accord. The fact of the matter is, yes, Quebec is bound by the Constitution in the strict legal sense, but I think that it is myopic in the extreme to be content with that situation and to suggest that an enormous effort was not needed to end the isolation of Quebec, with all the risks that that posed at the emotional, psychological and political level, for the future of our country.

**Senator MacEachen:** Honourable senators, I applaud the honourable senator for his dedication to ensuring that Quebec adhere to the Constitution, if that is all that is involved. To import into the conversation the intense emotion which he has shown is to contrast himself with the serenity which the Premier of Quebec has shown and expressed by saying that he was prepared to wait for a year or several years. He was quite serene. He exhibited none of the emotional tensions which the Leader of the Government seems to have developed. I am not commenting on the effort to have Quebec adhere to the Constitution, which we all accept and applaud, but I highlight the use of the deplorable expression "patriate" with respect to the province of Quebec used by the Leader of the Government. I hope that he does not use it any more.

● (1440)

**Senator Flynn:** I used it, and I will use it again!

**Senator Frith:** Well, that is different.

**Senator MacEachen:** Well, go ahead.

**Senator Murray:** I have used it—

**Senator Frith:** That is more expected.

**Senator Murray:** —on numerous occasions, and I shall.

The honourable senator says that adherence of Quebec to the Constitution is all that was accomplished, as if it was a trivial matter. It is not a trivial matter. If we had failed at Meech Lake—

**Senator MacEachen:** You are building straw men because you cannot defend the substance of what you are doing.

**Senator Murray:** I am sorry that the honourable senator attacks and opposes the substance of what we have done, because what we have done is get Quebec on board the Constitution once again and we have made our country whole again.

**Senator Frith:** That is good, and we applaud that. Now let's talk—

**Hon. Senators:** Hear, hear!

**Senator Frith:** —about the price you paid for it, which is what we are talking about.

**Senator Flynn:** We have not paid the price.

**Senator Murray:** We have succeeded in making a much more balanced federation—

[Senator MacEachen.]

**Senator Frith:** A bad deal; a good deal for Quebec, but you paid too much to attain a good objective.

**Senator Murray:** That is fine. Now the Deputy Leader of the Opposition is on the record as saying a good deal for Quebec, but a bad deal for Canada.

**Senator Frith:** Too high a price for Canada.

**Senator Murray:** He says "too high a price for Canada," now. Well, we will leave these matters on the record.

**Senator Frith:** That is my idea. Of course they are on the record!

**Senator Murray:** This points out the necessity for an early debate on these principles.

**Senator Frith:** If you had negotiated better, you could have got just as good a deal and not paid such a price.

**Senator Flynn:** Okay; it is on record.

**Senator MacEachen:** I want to draw again—

**Senator Frith:** Bad negotiation. Of course I am saying it for the record.

**Senator Muir:** Get up and say it.

**Senator Frith:** I got it! I am saying it for the record. It will be on the record.

**Senator MacEachen:** I want to draw to the attention of the honourable members of the Senate another misleading statement made by the Leader of the Government in his last utterance, namely, that I have expressed opposition to this agreement.

**Senator Flynn:** Yes.

**Senator MacEachen:** I dare the Leader of the Government to find a scintilla of a word that would support that contention. What I asked yesterday, and will continue to ask, is for clarification as to the meaning of this agreement—a pursuit which was engaged in by several senators today. To suggest that a request for information and clarification is opposition is dishonest and misleading. We will have an opportunity to declare ourselves when the text comes before the Senate. That is the moment to say whether we are for or against—

**Senator Perrault:** Hear, hear!

**Senator MacEachen:** —because even the Leader of the Government cannot tell us today what the text will be like. How in the name of heavens can we decide whether we are for or against it?

**An Hon. Senator:** Hear, hear!

**Senator MacEachen:** I repeat what I said yesterday—

**Senator Murray:** Before the principle.

**Senator MacEachen:** —we are pleased that progress has been made, but we certainly cannot decide any more than the Leader of the Government can. Nor can Premier Pawley decide his position until he sees a final text, which the Leader of the Government cannot produce today.

**Senator Flynn:** Your deputy leader said something else.

**Senator MacEachen:** Well, I am talking—

**Senator Frith:** You bet, yes—and I will get on my feet! On the basis of the information we have been able to get, I do not back down on it. I agree with the Leader of the Opposition—

**Senator Murray:** No, you do not.

**Senator Frith:** —that the explanations—

**Senator Flynn:** No, you do not!

**Senator Frith:** —that we have been given so far—

**An Hon. Senator:** It is a bad day for Canada.

**Senator Frith:** —minimal though they have been, in my opinion indicate what I said, that the price was high. We will see—

**Senator Flynn:** You said too high.

**Senator Frith:** Yes, I did, and I will say it now again.

**Senator Flynn:** Yes.

**Senator Frith:** On the basis of what we have heard, let us hope—as the Leader of the Opposition said yesterday—that these concerns that the price was too high will be allayed when we see the text.

**Senator Flynn:** Well, that is not what the Leader of the Opposition said.

**Senator Frith:** We hope that our concerns will be allayed when we see the text.

**Senator Flynn:** You are in contradiction to your leader.

**Senator Frith:** No, I am not.

**Senator Flynn:** You certainly are.

**Senator Frith:** Only in your opinion. But there is nothing new—

**Senator Flynn:** Ask your leader if he endorses you.

**Senator Frith:** —in the fact that I am in contradiction to what you are saying, Senator Flynn.

**Senator Flynn:** Ask him to endorse it.

**Senator Frith:** Anyway, it is quite clear on the basis of the explanations that we have been able to get that in my opinion we should be worried about the price that was paid.

**Senator Flynn:** I agree that you said that.

## FIRST MINISTERS' ACCORD—SUPREME COURT OF CANADA—RECOMMENDATIONS FOR APPOINTMENT

**Hon. Jack Austin:** Honourable senators, I have a question for the Leader of the Government in the Senate that should not evoke such a strong emotional response from either side. I want to ask the Leader of the Government, with respect to the list that will exist containing names of candidates proposed by the provinces for appointment to the Supreme Court of Canada, will that list be a public list? Will we know from time to time what names will be placed on that list, and will that list be subject to review by an officer or officers of the Canadian Bar Association? And will it be available even when one is not present in the Senate?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I rather doubt that those lists will be made public. Whether the Canadian Bar Association or the Canadian bar could be involved in some formal way—as I have reason to believe that they are now involved in an informal way in these considerations—is something that would have to be determined later. We have not yet worked out all of the modalities.

**Senator Austin:** I appreciate the government leader's answer. One can see some difficulties both with a confidential list and with a list that is public. Will names be placed on the list—whether public or private—with the consent of the candidates, or will it be a list of possible appointments? Should persons practising law prepare themselves for the eventuality that they might be appointed to the Supreme Court of Canada?

These are small issues to raise when we have such large questions of the day, but the integrity of the bar and the integrity of the bench require a careful and even minute examination of these questions.

**Senator Murray:** I quite appreciate that fact. It would be up to the provincial governments submitting the lists to ask for the consent of those people whom it might nominate. There would be no point in a province submitting a list of names to the federal government, all of whom or some of whom were unwilling to serve.

**Senator Argue:** Honourable senators, if there are no other questions on the Constitution, important as that is—

**Senator Molgat:** I have a further one on the Constitution.

**Senator Argue:** Very well.

## FIRST MINISTERS' ACCORD—PRIME MINISTER'S MEETINGS WITH WESTERN PREMIERS

**Hon. Gildas L. Molgat:** Honourable senators, earlier this afternoon the Honourable Minister of State for Federal-Provincial Relations, in reply to my questions regarding the reservations expressed by Premier Pawley, indicated that the Prime Minister would be in the west and would have further discussions with Premier Pawley. Since then I have seen some indications of the Prime Minister's travels in the west. I find that he is going to Alberta and Saskatchewan. Will he also be meeting with Premiers Getty and Devine for further discussions?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, when I said that the Prime Minister will be meeting Premier Pawley, I wanted to inform the Senate that that meeting had been scheduled for some time. This is not a special meeting that has been called to have further discussions about the Meech Lake accord—let me make that clear. Naturally, I would expect that the meeting would not end without

some reference to or discussion of the follow-up to and implementation of the Meech Lake accord.

I am sorry; I do not have the Prime Minister's itinerary in front of me. The question is: Will he be meeting with Premier Devine and Premier Getty? In Saskatchewan, the Prime Minister is going to North Battleford and—

**Senator Argue:** Moose Jaw.

**Senator Murray:** —Moose Jaw. I do not know if he is going to Regina, and I do not know whether he will be meeting Premier Devine, and likewise in Alberta. I simply cannot say at the moment.

● (1450)

## AGRICULTURE

### DEFICIENCY PAYMENTS TO WESTERN GRAIN FARMERS—DELAY IN PAYMENT OF SECOND INSTALMENT

**Hon. Hazen Argue:** Honourable senators, I have a very important question which is not about the Constitution.

For a period of six weeks, my good wife Jean, President of Farm Women's Action, and I travelled around the three prairie provinces meeting farmers, business people and others in coffee shops, at their places of business, on main streets, and so on. The economic conditions in those regions are far worse than almost anybody can possibly imagine. There is desperation and despondency. There is a severe exodus of farmers from the land. It has been reported to me that some farmers, especially in the northern areas, will be unable to buy fuel to do their seeding until they receive the second deficiency payment.

My question is: When, definitively, is the second instalment of the deficiency payment that was announced many months ago going to be in the post offices so that farmers can have the use of this money, inadequate as it is, to meet the general but very important problem of meeting current expenses with regard to seeding? Surely it should have been speeded up. Why is it not in the mail?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I take it the honourable senator is referring to the balance that remains to be paid under the special Canada Grains Program. My information is that there is some $590 million yet to be sent to western farmers under this program. The best information I have at the moment is that that will be done within the next month or so—"later this spring" is what I was told.

**Senator Argue:** I am saddened by that statement. I cannot, for the life of me, understand why the machinery of government is so slow and so inept. I cannot help but feel that the Prime Minister and the Minister of Agriculture have decided that the payments should be late so that, in the farmers' minds, it will be related to another crop year instead of to the year in which it was promised. How can this government fail to bring about an early payment before seeding? It is a mechanical matter. We gave authority for these payments at the end of March because we were told that it was important that cheques be made out in April.

My question is: Why is this payment not being made when the act introduced by the Right Honourable Otto Lang regarding the Western Grain Stabilization payment—which was improved by amendments I recommended and which became the very basis for the payments being made—paid out over $700 million two weeks after the announcement was made? The announcement was made on a Monday and two weeks later the cheques were in the mail. That was something the government could not avoid doing, because it is the law of the country and the government had to pay it. The Western Grain Stabilization people had to pay it.

In that instance the figure was $700 million, and in this instance it is $580 million.

Would the minister take another run at his colleagues and ask what is causing the delay? Are there no public servants around to do the work? Are the computers all down?

Honourable senators, some people would not dare to say it, but I will, and that is, if this situation were concentrated in central Canada, payments would have been out long ago. That is not just my opinion. That is another regional beef we have. We think that we have been overlooked. The money is there; it has been committed; so why don't the farmers receive it?

**Senator Murray:** Of course, as the honourable senator knows, the payments apply to farmers all over the country.

The answer to his question is that I will try to obtain more precise information from my colleagues as to when farmers can expect the balance of this payment.

### FARM CREDIT CRISIS—DISCUSSIONS BETWEEN GOVERNMENT AND BANKS

**Hon. Hazen Argue:** Honourable senators, I have great respect for the Leader of the Government in the Senate. He is an able person and, along with the Prime Minister, has great influence in the constitutional debate. As a matter of fact, I sometimes suspect that the Prime Minister went along with the Leader of the Government in the Senate to look after the situation after it was presented by our colleague in this chamber. However, that is no excuse for the Prime Minister doing something that raises many questions. For the life of me, I cannot understand why the press paid about zero attention to what went on in the Senate yesterday during Question Period. I thought, from any standpoint, that it was a good Question Period. Surely, comments in this chamber by the Minister of State for Federal-Provincial Relations should carry some weight with the media, since I am sure they carry weight in the Senate and with the government.

However, honourable senators, I have another question to put to the minister to which I do not suppose he can give us a more precise answer than he did to my previous question. Nevertheless, I will take a run at this question.

The pressure for foreclosures in western Canada is coming principally, not exclusively, from the banks. That pressure is enormous. It is in place whether there is a weak moratorium,

as there has been in Saskatchewan or Manitoba where the provincial government, I judge, is trying to strengthen its moratorium; or whether there is no moratorium at all, as is the case in Alberta where it is open season on the farmers.

Generally, in the prairies, the banks are accumulating a very large inventory of land in their own names. The land is being advertised on the market. It is either not being sold or it is being sold at very low prices. This whole situation is resulting in the destruction of the equity that everybody has in farm land, including the banks. They have been so "smart" in what they have been doing that they are destroying their own security, that is, the value of farm land. They have pressured the farmers. They have foreclosed on the land. They have accumulated inventory which they have dumped on the market. They are putting themselves in a bind, because, if the equity goes down, they calculate that they will have to foreclose on more farmers. That is the situation which exists in western Canada.

Honourable senators, I could ask the Leader of the Government if the government is going to put a moratorium on bank foreclosures, but the answer is no so I will not pose that question. The reduction or the lifting of the moratorium on farm credit foreclosures wasted 18 months, without getting at the crux of the problem.

My question is this: Is any discussion going on today between the Government of Canada and the chartered banks of Canada in relation to this situation so that some change in policy may be brought about which would mean banks reducing their pressure for foreclosures and bringing about perhaps some "solution"—I hate to use that word—to the current situation, where the banks own the land and more farmers are being pressured to sign off and to leave their farms?

The rural way of life and the economic viability of three prairie provinces is in jeopardy today. I ask the Leader of the Government if there is any ongoing discussion between ministers and the banks to try to bring about a resolution of this very serious question.

● (1500)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, there was a great deal of information given and a great deal of information sought in that question. I think it deserves a considered, prepared reply, which I shall obtain.

**Senator Argue:** I appreciate that answer. I would ask the minister to examine the substance of the question I have asked. I would ask him to do what he can, in his own good judgment, with his colleagues to see that new initiatives are taken with regard to this matter. The situation is very serious, indeed.

I read the *House of Commons Debates*, the record of that two-day marathon debate, and I know that a lot of good attention and good thought was put into those speeches. Still, I do not think the gravity of the situation is fully realized, and I tell the minister and, through him, the government that coming forward with at least as much financial support as last year won't do the job. The pressure from the prairies is going to increase. We from the prairies are going to demand the same kind of attention and recognition that some of the industrial barons have been receiving from this government in recent months.

## SUGAR-BEET INDUSTRY—GOVERNMENT ACTION

**Hon. Gildas L. Molgat:** Honourable senators, I have a question on another subject for the Leader of the Government in the Senate. This question has previously been asked by Senator Guay on behalf of Manitoba, by Senator Fairbairn on behalf of Alberta, and by myself, in the past, on behalf of Manitoba. It concerns the sugar-beet industry in my province.

Honourable senators, today is the 6th of May. There is, at the very most, only a week left in which farmers can make a decision to plant beets. We have asked the minister many times for a decision and as of yesterday none was made. Can he give us any information today?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I can only say that a decision on that matter is imminent.

**Senator Molgat:** Honourable senators, I thank the minister for his statement, but "imminent" is really not much help to those farmers who have to make a decision. Either they proceed to plant beets or they will be too late this year, and it may then be difficult to plant other crops. The discussion has been going on between the federal and provincial governments for some months now. Can there not be a resolution to this question? Can the federal government not decide to stay with the policy that it had developed in the past and proceed?

**Senator Murray:** Honourable senators, I could probably not go so far as to say that by "imminent" I mean that the decision will be made within hours rather than days, but I would certainly say that it would be made within days rather than weeks.

**Senator Molgat:** Does the minister realize that by this kind of delay the government is, in effect, closing down that industry? The failure to make a decision will mean that that industry will not proceed in Manitoba. It will mean not only that the farmers who have been involved in this industry for a number of years will not plant, it will also mean that the plant in the city of Winnipeg, which employs some 100 workers, will close because it has no other work. If there are no beets, there is no plant.

**Senator Murray:** I hope that we are on the same wavelength and talking about the same subject. My recollection is that there was a serious problem on this matter as between the Government of Canada and the Government of Manitoba. I have every hope, expectation and assurance that the matter will be satisfactorily resolved very shortly. I believe I have said that a decision on the matter is imminent.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. Orville H. Phillips:** Honourable senators, I have some delayed answers to questions. I ask that they be printed as part of today's proceedings.

## HUMAN RIGHTS

U.N. COMMISSION MEETING, GENEVA—CANADIAN REPRESENTATION—REQUEST FOR REPORT ON PROCEEDINGS

**Hon. Orville H. Philips:** Honourable senators, I have a delayed answer in response to a question asked in the Senate on March 11 last by the Honourable Senator Grafstein regarding Human Rights—U.N. Commission Meeting in Geneva—Canadian Representation—Request for Report on Proceedings.

(*The answer follows:*)

The genesis of the proposal to include parliamentary observers in the delegation to the 43rd Session of the U.N. Commission on Human Rights (CHR) lay in the government's desire for closer dialogue on human rights issues with Canadians and particularly with the new House of Commons Standing Committee on Human Rights. This was enunciated in the government's response to the report of the Special Joint Committee on Foreign Relations.

Notwithstanding serious budgetary constraints within the department, the Secretary of State for External Affairs decided that an invitation should be extended to the senior representative of each party in the new House of Commons Standing Committee on Human rights. Members were invited to observe the CHR for a one-week period. The objective was to sensitize the MPs to international human rights machinery of which the CHR is an integral part. In light of Canada's current status as an observer at the 43 member commission the government also felt it best to limit the number of observers to three. To do otherwise would have stretched resources unduly, thereby impinging on the quality of service extended to the MPs, as well as reducing the government's effectiveness at the session itself.

The 43rd Session of the CHR met from February 2, to March 13, 1987. A report on the deliberations is now being prepared and will be forwarded shortly.

## CANADA-UNITED STATES RELATIONS

ACID RAIN—DECLARATION BY U.S. ADMINISTRATION

**Hon. Orville H. Phillips:** Honourable senators, I have a delayed answer to a question asked by Senator Frith on March 19 dealing with a declaration by the U. S. administration on acid rain.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Would you please read it?

**Senator Phillips:** Certainly.

[Senator Murray.]

The 2.5 billion dollars announced by President Reagan, to be matched by industry in the U.S., will be used to stimulate development and deployment of innovative technologies for the reduction of emissions.

The extent to which emissions will be reduced will depend on the projects funded.

Canada will be represented on the panel established to advise the U.S. Secretary of Energy on funding and selection of innovative control technology projects.

Projects will be selected, as fully as practicable, using the criteria recommended by the special envoys. Criteria outlined in the envoys' report require a near-term reduction of emissions.

**Senator Frith:** Could you read that sentence again, please?

**Senator Phillips:** Certainly.

Criteria outlined in the envoys' report require a near-term reduction of emissions. This 2.5 billion dollars commitment has been made to Canada by the President of the United States.

In both Houses of Congress, the growing bi-partisan and pan-partisan support for action on acid rain indicates that such funds will be approved.

## BRITISH COLUMBIA

QUEEN CHARLOTTE ISLANDS—SUGGESTED MORATORIUM ON LYELL ISLAND LOGGING ACTIVITY

**Hon. Orville H. Phillips:** Honourable senators, I have a delayed answer in response to a question asked in the Senate on March 19 last by the Honourable Senator Spivak regarding British Columbia—Queen Charlotte Islands—Suggested Moratorium on Lyell Island Logging Activity.

(*The answer follows:*)

On March 19, 1987, the Government of British Columbia declared a six-week moratorium on the issuance of new logging permits for Lyell Island. The decision was taken as a result of a detailed proposal forwarded to the province by the federal Minister of the Environment. This six-week period is being used by B.C. and the federal government to advance agreement on elements of the negotiations for a national park.

On March 30th, progress was made in negotiations between officials of the two governments concerning the establishment of a national park in the South Moresby area of the Queen Charlottes. These preliminary negotiations laid important groundwork for a meeting of the federal Minister of the Environment with his provincial counterpart on April 8, 1987.

Negotiations are continuing.

## TRANSPORT

CANADIAN AIRPORTS—FIREFIGHTING FACILITIES—GOVERNMENT ACTION

**Hon. Orville H. Phillips:** Honourable senators, I have a delayed answer in response to a question asked in the Senate on March 26 last by the Honourable Senator Lucier regarding Transport—Canadian Airports—Firefighting Facilities—Government Action.

(*The answer follows:*)

Safety is Transport Canada's highest priority. Fire protection standards at Canadian international airports are based on the recommended practices of the International Civil Aviation Organization (ICAO), which have been accepted by international airports throughout the world. In addition, Canada is one of the few countries in the world that applies these same high standards at domestic airports across the country. The average number of firefighters at Canadian airports is 25 per cent higher than the United States average. Twice as much per passenger is spent on firefighting and rescue services at Canadian airports as in the U.S. If the criteria for provision of fire protection services currently used in Australia were applied in Canada, then only forty-one airports would qualify for firefighter service as compared to the more than 100 airports currently receiving this service.

The primary role of Crash Fire Rescue (CFR) is basically to prevent, control or extinguish fire involving or adjacent to an aircraft for the purpose of protecting the aircraft fuselage and providing an escape area for its occupants. Once the primary task is done, the CFR crew can assist in the evacuation of occupants from the aircraft, although this is a responsibility of the air crew.

CFR services are only part of the overall response to an aircraft accident. Although the CFR response is critical to saving lives after an accident has occurred, support personnel are necessary to mount an effective response to a major accident in order to provide the evacuation of passengers and medical treatment to the injured.

Each support team has specific assigned roles and is comprised of airport-based personnel and externally based emergency services. During the evacuation, the prime function of CFR services continues to be preventing, controlling and extinguishing fire situations.

The important role played by, for example, airline flight crews, ground crews, airport firefighters, other airport workers, fire and police services in adjacent communities, ambulance services and medical staff in responding to an airport emergency, cannot be overstated. Mobilization of this extensive support network is necessary to mount an effective response to a major accident. Canadian airport personnel devote a great deal of time and effort to the development and testing of emergency plans at airports in order to ensure a full and effective response should an accident occur.

In recent years, the older equipment has been replaced with far more reliable and modern equipment and fire trucks that can be operated to capacity by one person. This gives more flexibility in deploying the full firefighting team. There are now 74 new crash vehicles on order to meet replacement needs and additional new requirements at airports. There will be increases and decreases in staff and equipment at airports from time to time as changes occur in airline services and as new technology and equipment become available.

The government's current initiative is an effort to reduce overtime costs at airports while maintaining adequate levels of safety. The department is attempting to become more efficient in personnel resource management by reducing overtime costs caused by unanticipated absences of firefighters.

In response to the concern raised regarding public safety as it relates to Crash Firefighting and Rescue Services (CFR) at the Regina Airport, please note the following departmental policy on the provision of CFR protection at airports:

- The existing CFR hours of operation are essentially based on regularly-scheduled airline movements, Canadian Transport Commission (CTC) class 1, 2, 8 and 9-2 service, and are published accordingly in the Aeronautical Information Publications—Canada Flight Supplement. All airline movements operating within published hours of operation are provided with CFR protection. Air carriers operating outside the published hours of operation, schedule or charter traffic may be provided CFR protection upon request on a cost-recovery basis.

- The Regina airport presently provides CFR coverage 18 hours daily (0600 to 2400 local hours) based on scheduled airline movements. Subsequently, airline operators choosing to operate outside the published hours of operation are doing so at their own discretion, with the option of requesting the service.

With reference to the comment that Vancouver International Airport was equipped with "one firefighter and one truck", this airport is resourced with four crash rescue vehicles and a total complement of thirty-three personnel, consisting of four crews of eight firefighters each plus the Fire Chief.

## ABORIGINAL PEOPLES

POST-SECONDARY EDUCATION—COURSES ON RESERVES—LEVEL OF FUNDING—GOVERNMENT SUPPORT OF OUTREACH PROGRAMS

**Hon. Orville H. Phillips:** Honourable senators, I have a delayed answer in response to a question asked in the Senate on March 31 last by the Honourable Senator Fairbairn regarding Aboriginal Peoples—Post-Secondary Education—Courses on Reserves—Level of Funding—Government Support of Outreach Programs.

(*The answer follows:*)

The Department of Indian Affairs and Northern Development supports special post-secondary programs for Indians. These special programs are set up by bands and delivered off-campus by provincial or Indian post-secondary institutions. The department has been paying the tuition fees for the Indian students enrolled in these programs. However, because the programs are delivered off-campus, the tuition fees are several times higher than regular provincial tuition.

The department is now in the process of reviewing matters relating to Indian post-secondary institutions and special programs. This review is aimed at better defining the policy and funding parameters of these programs.

## INDUSTRY

FREE-TRADE AGREEMENTS INCLUDING TARGETED SUBSIDIES

**Hon. Orville H. Phillips:** Honourable senators, I have a delayed answer in response to a question asked in the Senate on April 1 last by the Honourable Senator van Roggen regarding Industry—Free-Trade Agreements Including Targeted Subsidies.

(*The answer follows:*)

The government has made it clear that subsidies and related matters are under discussion in the Canada-U.S. trade negotiations. As the Minister for International Trade stated in the House of Commons on March 16, 1987, this question is important because under existing trade laws, we do not know what kind of subsidies we can use in regional development plans without bringing on U.S. trade actions. The object will be to establish clear rules so that we will know what programs can be used in regional development without triggering countervail action. Until the negotiations have been completed it would be premature to speculate on the form such rules may take.

With regard to the treatment of subsidies under other existing free trade agreements, there is no uniformity of approach. Export subsidies are prohibited under EFTA (European Free Trade Association established by the 1960 Treaty of Stockholm) and are subject to phased elimination under the Australia-New Zealand Closer Economic Relations agreement. Export subsidies are not treated separately in other free trade area agreements. The U.S.-Israel agreement requires that Israel phase out export subsidies. Other subsidies are disallowed under EFTA if their main purpose is to frustrate benefits expected on the removal of trade barriers. The U.K.-Ireland, Australia-New Zealand and U.S.-Israel agreements provide for countervail in the event of subsidies that distort trade. Although there may be recognition of the trade distorting impact of subsidies, these agreements do not appear to impose significant constraints on domestic policy formulation and implementation.



## EMPLOYMENT

ST. BONIFACE, MANITOBA—CLOSING OF HOG DIVISION OF CANADA PACKERS PLANT—SUGGESTED INTEREST-FREE LOAN FROM GOVERNMENT

**Hon. Orville H. Phillips:** Honourable senators, I have a delayed answer in response to a question asked in the Senate on February 4 last by the Honourable Senator Guay regarding Employment—St. Boniface, Manitoba—Closing of Hog Division of Canada Packers Plant—Suggested Interest-Free Loan From Government.

(*The answer follows:*)

On February 5, 1987, a delayed answer provided information on an agreement between the company, the union, the Government of Manitoba and the Canada Employment and Immigration Commission to form adjustment committees to address the needs of the workers. These committees are already meeting with success.

About 100 of the laid-off workers have found other jobs or have accepted retirement. All remaining employees have had counselling interviews to determine their work or training needs. A course in job finding techniques assisted 165 workers and another 55 workers have chosen to take skill training. In addition, about 300 Winnipeg employers have been invited to meet the Canada Packers workers to discuss employment possibilities. Finally, a $300,000 training trust fund has been set up, funded by the company and the federal government, to further assist the workers.

With regard to the laid-off workers' rights to Unemployment Insurance Benefits as a result of the exemption provisions of the UI regulations, the payment of severance pay by Canada Packers will have little or no effect in delaying the payment of UI benefits to those workers affected by the plant closure in Winnipeg.

The vacation pay received by the unionized workers will, however, have to be taken into account as the present UI legislation does not permit any exemptions of these amounts. However, the amounts of vacation pay are generally smaller than severance payments and would, therefore, not have a major impact.

The government is committed to ensuring that all available resources are mobilized to help the workers and assist them in finding new employment opportunities.

## EXTERNAL AFFAIRS

OFFICIAL VISIT TO EAST BLOC COUNTRIES—SENATE REPRESENTATION

**Hon. Orville H. Phillips:** Honourable senators, I have a delayed answer in response to a question asked in the Senate on April 9 last by the Honourable Senator Corbin regarding External Affairs—Official Visit to East Bloc Countries—Senate Representation.

(*The answer follows:*)

The office of the Secretary of State for External Affairs contacted the whips of the three parties to receive their nominations of Parliamentarians to accompany the Right Honourable Joe Clark on the visit. If Honourable Senators are interested in participating in future delegations of this sort, it is suggested that they contact their respective party whips.

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## FOOD AND DRUGS ACT

BILL TO AMEND—THIRD READING

**Hon. Orville H. Phillips** moved the third reading of Bill S-6, to amend the Food and Drugs Act.

Motion agreed to and bill read third time and passed.

## SPECIAL COMMITTEE ON SUBJECT MATTER OF BILL C-22

COMMITTEE AUTHORIZED TO PERMIT COVERAGE OF COMMITTEE HEARINGS BY ELECTRONIC MEDIA

On the Order:

Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator Cottreau:

That the Senate do empower the Special Committee of the Senate on the subject-matter of Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto, to permit coverage by the electronic media of its public proceedings, with the least possible disruption of its hearings.—(*Honourable Senator Murray, P.C.*).

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I will take only a few minutes of your time on this matter. With regard to the televising of the deliberations of one of our committees, this is an unusual step. My concern is for the dignity of the Senate, for its reputation and that of the committee and of those honourable senators who serve on that committee. It is my contention that whether the televising or the broadcasting of committee deliberations takes place in this building or in a building in some other city of Canada where the committee is holding its meeting, it is the committee chairman and the members of that committee who are in control. I suggest that they have the right—indeed, I suggest they have the duty—to lay down the ground rules for the journalists and broadcasters who may seek to televise the deliberations of the committee.

● (1510)

Yesterday I referred to our experience in 1985 when I was chairman of the Standing Senate Committee on Banking, Trade and Commerce. Following yesterday's discussion, I took the opportunity to refresh my memory of the matter. What happened was that the Canadian Broadcasting Corporation wrote to me on November 5, 1985, seeking permission to televise the proceedings of the committee, and, following a telephone conversation with me, they wrote again on November 6, 1985. I reported to the committee, and, with the approval of the committee, reported to the Senate on November 6 and again on November 7.

I was in a position to assure the Senate—whose permission I sought to permit the televising of the proceedings of the committee—that we had assurances from the broadcasters as to the conditions they would respect. Those conditions were negotiated, on behalf of the committee, by our colleague, Senator Finlay MacDonald, and, for the broadcasters, by the then President of the Parliamentary Press Gallery, Mr. John Burke. Some days later I received a memorandum signed by both Senator MacDonald and Mr. Burke outlining the conditions that were to be respected.

I am not at all suggesting or insisting that the detailed conditions set out and respected at that time should apply in every particular to the present case. I do suggest most strongly to the chairman of the committee that he take care on this matter that he and his committee are in charge and that it is up to them to set the conditions under which the committee's proceedings may be broadcast or televised. I will send him my file—

**An Hon. Senator:** Hear, hear!

**Senator Murray:** —and I will trust in his good judgment to exact from those who wish to broadcast or televise the proceedings of the committee a commitment that they will abide by appropriate conditions. We will leave it at that. With that understanding, I may say that I have no objection to this motion passing.

**Hon. M. Lorne Bonnell:** Honourable senators, I thank the Leader of the Government for his thoughtfulness. I, too, did some research yesterday. I have a copy of those files and letters. The dates of the letters and the files are exactly as he has stated, and he has made no errors in his statement. I support him 100 per cent. He need not bother to send me copies as I have my own. I have also a copy of the text of his statement made in the Senate and of the statements made by other honourable senators. In addition, Mr. Newman from the CBC Press Gallery came to see me this morning, and I believe he also spoke to the Leader of the Government about it.

As has been stated, there will be no problem in following a procedure in Ottawa similar to that which was followed in 1985. But there may be more difficulty when the committee visits the provinces. However, the committee will have control. We will tell those operating the cameras where they may or may not be located. It will be up to the chairman and the committee to control the situation, and, if necessary, we have the power to ask to have the cameras removed. The same will apply to anyone who may cause a disturbance in committee. We will certainly use that discretion and will try to uphold both the dignity and the respect due to this and all committees of this house. I thank the Leader of the Government.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

CONSIDERATION IN COMMITTEE OF THE WHOLE—ORDER STANDS

On the Order:

> The Senate again in Committee of the Whole on the order of reference dated 10th February, 1987, respecting the agreement on fisheries and boundaries between Canada and France.

**Hon. Orville H. Phillips:** Stand!

**Hon. Duff Roblin:** What's the matter? Can't you find any more fish?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Are you making an offer? We will accept it.

**Senator Roblin:** If you are looking for flounders, we don't have any on this side!

**Senator Frith:** Where does it say that?

Order stands.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTH REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the Fifth Report of the Standing Joint Committee on Regulations and other Statutory Instruments (Indian Act) which was presented in the Senate on Thursday, March 19, 1987.

**Hon. Nathan Nurgitz:** Honourable senators, I felt that I should deal with this matter today, since it has been on the order paper since March 19. It is not a very complicated matter and is one with which I am sure honourable senators will agree. I regret that I am unable to report the status of this matter in the other place, but perhaps I should explain the situation.

This is the committee's fifth report. It deals with by-laws made under Indian band councils pursuant to the powers delegated to them under the Indian Act. Those by-laws cover a wide range of local government matters on reserves, from zoning restrictions to the sale of intoxicants, and many local, what lawyers might consider to be municipal type, by-laws, but passed under the authority of the federal government pursuant to the Indian Act, which is a federal statute. These by-laws are all considered to be statutory instruments under the Statutory Instruments Act, and, therefore, they come within the joint committee's mandate.

The committee examined these by-laws on a regular basis from 1982 to 1985. They found that many of the by-laws that were reviewed could not come within the criteria which our committee applies to other statutory instruments or regulations passed by the federal government. In many instances they do not conform with proper notice provisions—and there are many other shortfalls—that we would ordinarily require. The joint committee has 12 or 13 criteria which must be adhered to.

[The Hon. the Speaker.]

Having said that, they are by-laws that are respected. They are passed by band councils democratically elected; they are respected by those communities which the councils attempt to govern and, in large measure, they conform to proper notice provisions. So here we are, in this great big establishment, reviewing those band council by-laws and saying that they do not conform. As honourable senators can well imagine, criticism of the joint committee has not a great deal of effect on some northern Manitoba or Saskatchewan band councils which are "doing very well, thank you" without our interference.

**Hon. Royce Frith (Deputy Leader of the Opposition):** "The joint committee of what?", I can hear them saying.

**Senator Nurgitz:** Exactly. From time to time I forget the name of the committee. Consequently, the committee decided that it would not henceforth review Indian band council by-laws on an individual basis. I believe it is important to draw this fact to the special attention of both houses and to ask that both houses concur in the committee's decision to limit in this way the manner in which it will discharge its responsibilities pursuant to section 26 of the Statutory Instruments Act. The committee believes that its approach respects the fact that the legislative decisions—the band council decisions—are by democratically elected representatives, and it recommends that the Statutory Instruments Act be amended so as to exclude these by-laws from the application of the act.

● (1520)

The committee does not wish this recommendation to be construed as an endorsement of the manner in which some band councils have exercised their delegated legislative powers. To ensure that these by-laws, which regulate to a significant degree the lives of those who live on reserves, are fair, reasonable and authorized by law, the committee has recommended a number of improvements in the control mechanisms which are now in place under the Indian Act, and these are set out in the report. The by-laws remain an exercise of delegated power and must be subject to an adequate regulatory control process, which the committee does not believe to be presently the case.

Finally, in the course of its examination of this matter, the committee discovered that some 100 by-laws made under section 85.1 of the Indian Act have not been published in the Canada *Gazette*, as required by the Statutory Instruments Act, nor have they been legally exempted from this requirement. Section 85.1 authorizes band councils to enact by-laws dealing with intoxicants and, in particular, prohibiting their possession or sale. Section 11(2) of the Statutory Instruments Act enacts a public interest rule requiring publication as a prerequisite to any prosecution. The result is that anyone convicted of a breach of any of these by-laws has been unlawfully charged and convicted. The committee has been advised that a significant number of persons have been con-

victed and fined pursuant to these by-laws. The committee has recommended that appropriate remedial measures be taken to relieve those affected by these illegal convictions.

While our committee will not be scrutinizing band council by-laws on an individual basis, the report gives the assurance to this house and the other place that the committee will continue to monitor the exercise of powers delegated to band councils by the Parliament of Canada, as well as the implementation of the report's recommendations. Prior to proceeding on this basis, the Department of Indian Affairs and, indeed, the minister have agreed to drop this measure. That covers the fifth report of the Standing Joint Committee on Regulations and Other Statutory Instruments.

I move that the report be now adopted.

Motion agreed to and report adopted.

## CANADA-UNITED STATES FREE TRADE NEGOTIATIONS

DEBATE ADJOURNED

**Hon. Douglas D. Everett** rose, pursuant to notice of Thursday, November 27, 1986:

> That he will call the attention of the Senate to the free trade negotiations with the United States.

He said: Honourable senators, my inquiry has been placed on the order paper with the idea of perhaps having a debate in this house on the question of the free trade initiative of the present government. Under the present situation, Canada has some very serious trade problems. I am sure that senators are aware that 30 per cent of our gross domestic product is in exports totalling some $130 billion per year. Three million Canadian jobs are related to exports. That is one-quarter of the total work force. In the 1970s and 1980s, for the most part, we had and have the smallest improvement in productivity of any major nation. We had one of the greatest increases in costs. We came to rely to a large extent on the export of natural resources, if you exclude the Auto Pact, and now we find ourselves in a situation where the demand for natural resources has weakened and competition has increased exponentially due to the fact that many Third World nations want to earn foreign exchange and are thus uneconomically subsidizing the export of their resources.

The present technological revolution demands a much larger market than the one we serve today of 25 million people. At the same time, running with all these threads has been a very large increase worldwide in protectionism. In a study by the C.D. Howe Institute, that body stated that the *status quo* on trade was no goal for Canada if we wished to improve living standards. Certainly closing the Canadian market further is not an option. That is a brief overview of the Canadian position.

What then is the position of the United States? They, too, are subject to increased global protectionism and competition. They say they want a level playing field, especially with Japan, the EEC and the Third World. In 1986 the United States suffered an imbalance in its merchandise account of $170 billion. It has not improved in the first three months of this year. The major cause, of course, was the U.S. exchange rate. That is, the very expensive U.S. dollar in relation to other currencies. That situation has now corrected itself, and I have no doubt at all in my mind that over a period of time the imbalance will tend to correct itself. But as yet there is no sign of that, and policy makers in the United States are looking at the present situation, not to the future.

The United States has employed a series of policies which are called "contingency protection". We know them better as non-tariff barriers. They include anti-dumping tariffs, countervailing duties against subsidies, emergency relief from seriously injurious imports, relief on imports deemed prejudicial to national security, and the famous buy-American policy, which, incidentally, is estimated to total $700 billion per year by the time you take into account the controlled buying of the federal government, state governments and municipal governments. There is also in Congress an omnibus trade bill, and even an amendment to that bill by Senator, I believe his name is Gephardt—

**Senator Roblin:** He is a Representative.

**Senator Everett:** You are right, he is in the House of Representatives. I believe that that amendment says that if any country is running a chronic surplus with the United States, they, the United States, can virtually take countervail action against them. The target, though, for the United States is really the rest of the world. The problem is that Canada has been caught in the American initiative.

Why should we not then just rely on GATT and on multilateral trade agreements in order to solve this problem? Certainly the Kennedy Round and the Tokyo Round reduced tariff barriers. Take, for example, Canada-United States trade in 1987. Eighty per cent of Canadian goods go to the United States duty free. Another 10 per cent have duties of 5 per cent or less. That still leaves some very high trade barriers, and it does not address the problem of contingency protection. I might say parenthetically that Canada relies more on tariff barriers while the United States, Japan and the EEC rely on non-tariff barriers. So that while Canada enjoys 80 per cent zero tariffs exporting into the United States, it is duty free in respect of 65 per cent of imports from the U.S.

● (1530)

Trading blocs are really isolating us. For example, in 1970, 9 per cent of our merchandise exports went to the United Kingdom. In 1985, as a result of the United Kingdom's being part of the Common Market, they dropped to 2 per cent. We are the only industrial nation outside of Australia that does not have an assured market of more than 100 million people. We could rely on the GATT process, but it is slow, it takes a lot of time and it does not cover many non-tariff barriers. It seems to me that it points to the fact that the bilateral approach is the best approach. It does not prevent us from continuing our work with GATT on multilateral arrangements, but we can, through it, avoid U.S. contingency protections and non-tariff barriers. Under Article XXIV of the GATT rules, we are permitted to

form a free trade zone provided 80 per cent of the goods are traded free of tariffs and restrictions, and, in fact, we do not even have to include services under the agreement.

Perhaps we should pause for a moment and look at a definition of terms. There are sectoral agreements, that is, a free trade agreement relating to a particular industry. An example of that, of course, is the Auto Pact. There are customs unions which require a common external tariff and free movement of labour, capital and goods between the members. An example of that is the European Economic Community or the Common Market. Then there is a free trade zone, and that requires free movement of goods between the partners. However, each partner can have its own separate external tariffs in respect of other countries. It is interesting to note that while a free trade zone does not require a free capital market, nonetheless, such a market now exists between Canada and the U.S. to a very large extent.

What is proposed, then, is a free trade zone. I believe that if it is implemented it will be of benefit to Canada. First of all, it will give us more secure access to the U.S. market; a reduction in vulnerability to U.S. trade policies and a lower hurdle for our exports. Almost every study shows that our GNP would increase by 3 to 8 per cent in a free trade agreement with the United States. This would mean a major increase in our output. There would be productivity increases and, therefore, increased incomes. There is no study of repute that shows there would be a decrease in employment. Consumer prices, however, would decrease due to lower tariffs and every region of the country would benefit. It would cause a complete restructuring of Canadian industry, especially in the manufacturing field.

Canadian tariffs at present increase the cost of inputs used in manufacturing. A free trade zone will reduce our inefficiencies and, of course, will create economies of scale. It will improve our ability to compete with the rest of the world. If we can compete successfully with the U.S. then we have a chance with the rest of the world. By virtue of having a free trade zone, we still would have an external tariff that would protect us from unusually low-cost imports from the Third World.

There is a greater benefit in a free trade zone, in my judgment, to Canada than there is to the United States, and that is because the size of the American market tends to set market prices. The result of that is that their tariffs flow to their treasury and are paid for by our exporters, whereas our tariffs become increased costs to Canadian consumers.

It also seems to me that a free trade zone would improve the economic balance in Canada. The Canada West Foundation in 1983 looked at the difference between economic rents among the various regions of Canada and they found that tariffs had the following effect: The west had a net loss of $417 million and the Atlantic provinces had a net loss of $138 million caused by higher prices due to tariffs. On the other hand, Quebec benefited to the tune of $60 million and Ontario to the tune of $494 million by virtue of higher incomes due to the protections afforded their manufacturers. A free trade zone will act to increase manufacturing outside of the central provinces. Thereby, subsidies to the maritimes could be reduced and we could reduce the west's reliance on resource income.

It is interesting to note as well that if there were provincial and state agreements arising out of this free trade zone, which is very likely, this could have the effect of reducing internal trade barriers in both Canada and the United States. A survey of business executives by Coopers & Lybrand has found that 55 per cent expect little disturbance to their business while 85 per cent say that their sales to the U.S. would increase.

Why would the U.S. support a free trade arrangement with Canada? Actually, the Canadian market is a growing one for the U.S. Between 1982 and 1985 U.S. exports to Canada increased by 40 per cent. On the other hand, U.S. exports to Japan were 8 per cent and to the EEC they reduced by 4.5 per cent. It is estimated that in a free trade zone there would be a 10 per cent increase in the Canadian market available to Americans. In addition, a free trade agreement would tend to protect American trade and investment in Canada. The arrangement could be open-ended so that others could join, and, as far as the U.S. is concerned, it would send a signal that they have an open attitude to trade arrangements, trade agreements and the reduction of protectionism.

I believe that there is support for a trade agreement in the United States. Certainly it is there in the major business community; it is there in the administration. Now important members of Congress are coming forward to support the idea. I believe that if an agreement is reached the public will support the idea, because they have a goodwill towards Canada and they would like to see a trading agreement with this country.

● (1540)

It is very instructive to look at the Auto Pact agreement. As honourable senators know, it is a sectoral free trade agreement. It accounts for 50 per cent of our manufacturing exports and has been in operation successfully for 25 years. Let us have a look at the situation that obtained 25 years ago. Canada at that time was vulnerable to the high technology that was coming forth and required increased volume for efficiency. At that time we were producing over 200 vehicle models for the domestic sales industry. The high cost meant that our Canadian prices were 15 to 20 per cent above the United States prices, and that the gap was likely to widen further. That industry existed by virtue of protection, and protection only.

Now let us look at the contrast 25 years later. There has been a complete restructuring based on a limited range of products; there is considerably improved productivity; actually, the adjusted Canadian prices are now lower than those in the United States. The auto industry provided 33,000 jobs in Canada 25 years ago; today, that industry provides 125,000 jobs. It accounts for 50 per cent of Ontario's total exports. At the time of the Auto Pact, there was strong opposition from all sides, the automobile companies, the workers and the politicians. Today the first thing they say is, "Don't touch it."

The critics now argue that this is not a good example of what would happen under free trade despite the fact that it is a free trade agreement. They say that it is "managed" free trade because it has safeguards for investment and for Canadian content, but those safeguards have largely been exceeded. If it is "managed trade," the free trade agreement we are talking about, and that we are negotiating, is also a form of managed trade. We have seen the success that the Auto Pact has accomplished. I believe we can see the same success in respect of the free trade agreement.

The United States is approaching the free trade agreement under what they call the "fast track" procedure. All it requires is a simple majority of both Houses of Congress as opposed to a formal treaty, which would require a vote of two-thirds of each house. The fast track approach has been approved by Congress through its committees. By October, 1987, the President must notify Congress of an intent to enter into a free trade agreement. If he does, the signing takes place 90 days later, on January 2, 1988. Then, the agreement that is signed is immediately introduced into Congress in the form of a draft bill, at which time it is referred to the appropriate committees, I believe the Ways and Means Committee of the house and the Finance Committee of the Senate. Those committees have 45 legislative days to report the bill back to their respective houses.

There is a considerable difference of opinion amongst people as to whether or not they have the right at that time to amend the bill. I suppose it is possible that they will have that right, but it is unclear as to whether they will or will not do so. I think that is probably unlikely. Each house must vote on the bill 15 days after the reporting date, and there will be no amendment allowed at that time. If the bill is passed by a simple majority of both houses, it immediately overrides all previous federal and state legislation. The only drawback that I can see is that it can be undone by a simple majority. However, once the free trade arrangement is in operation, I think that is highly unlikely.

Our objectives in the free trade agreement were outlined by the Prime Minister. He said that he wanted a gradual elimination of tariffs, a new regime for trade remedy laws, and an ending of U.S. agricultural subsidies. He also said that the agreement should safeguard political sovereignty, social programs, regional disparity initiatives, cultural identity, agricultural marketing systems, and the Canadian auto industry.

Nobody can tell if we enter into such an agreement whether there will be a disruption. Certainly there will be a shift in employment, although that is, perhaps, not as serious as we like to think it is, because it is a fact that 50 per cent of all Canadians change their jobs during the course of a year. However, there must be and will be considerable adjustment assistance programs, both to industries that are displaced and to workers to aid in their relocation.

The Prime Minister made a brilliant move in one regard when he chose Simon Reisman as the chief negotiator. I know of nobody who is better able to handle this job, and handle it in the best interests of Canada. I had a great deal to do with Simon Reisman when I was chairman of the Senate Committee on National Finance. He is tough, he is smart, he is one hell of a negotiator! I congratulate the present government on having the brains to retain a man of his considerable ability.

As honourable senators expect, there are concerns expressed about entering into a free trade agreement. I suppose the main concern is that we are going to put our sovereignty in jeopardy, that somehow a free trade zone will lead to economic integration with the inevitable result of that being political integration. There is no evidence for this in other free trade zones. The European Free Trade Agreement, the agreement between Ireland and Great Britain and the one between Australia and New Zealand show no loss of political sovereignty by the weaker members. Their own policies regarding investment, labour, natural resources and external trade have stayed intact. It seems to me that economic progress is the greater assurance of independence.

**Senator Roblin:** Hear, hear!

**Senator Everett:** I think there may be a certain loss of independence as a result of entering into such an agreement, but when we trade in an interdependent world we have to give up some part of our independence. But it begs the question to say that that loss of independence goes to political integration or loss of sovereignty. In my judgment, it does not.

We should be nationalistic; that is good. But let us not confuse nationalism with anti-Americanism. That is what many people are doing in respect of this agreement.

There is the argument that U.S. subsidiaries will move home and there will be no further investment from the U.S. because "there will be no tariffs, so why have a subsidiary here?". As one member of the old Waffle Movement group said when he was talking about this, "All the subsidiaries will go home." What a dichotomy he found himself in! He spent his life complaining about foreign ownership and now is scared that they will go home. You cannot come down on both sides of that question.

• (1550)

This idea that the subsidiaries of the Americans will pull out is based on the assumption that they are here solely to surmount the barriers that exist. Take away those barriers, they will not have to be here. I then say to you: Why did they stay after the GATT reductions? If the greatest percentage of their exports to us come in duty free, why have they not been pulling out? The fact of the matter is that they probably, if anything, have been increasing their investment, certainly not reducing it. Oddly enough, this could create a situation in which non-U.S. investment will increase in Canada, because Canada, by virtue of its lower labour costs, will give foreign producers who locate in Canada a greater opportunity to export to the U.S. market. In fact, there will be rules of origin that will require goods that are produced elsewhere to have value added in Canada before they can go into the United States under the duty-free rules. I expect that what will happen is an increase in investment by foreigners who are not Americans.

People suggest social programs will be hurt by a free trade agreement. Really, many are likely not up for negotiation. The U.S. has similar programs. They have health care and unemployment insurance. Those who are critical say, "Well, that does not matter. What really will happen is that because our health care, for example, is supported by public expenditures, those expenditures will have to be reduced so that we can lower our taxes in order that our companies, firms and industries can be more competitive with the United States." I am informed that health care cost, although private in the United States, amounts to 10 per cent of gross domestic product, whereas in Canada it amounts to 8.5 per cent of gross domestic product, even though it is public. In any event, that is not something to worry about because after-tax incomes adjust accordingly. Whether the expenditure is made through the government or made out of private funds, there is an adjustment of the final net income coming back.

Finally, Sweden, which probably has a more comprehensive social welfare system than Canada, has been a member of the European Free Trade Association and it has not seen any diminution in its social policies.

We then come to the idea that our cultural identity will be lost. I do not know of any situation in which a meaningful culture has been developed in a bankrupt country. Most culture arises out of wealth—at least that has been the historical situation. If a free trade agreement were to bring us greater wealth, it would also be a greater protection to our culture. It is true that we are influenced by U.S. culture to a great extent. What amazes me is that there is not the realization that every other nation in the world is influenced by U.S. culture. I was in Singapore and Malaysia not long ago. When you turn on the television you see U.S. programs. From there I went to London, and it looked to me as though half of the programs on television were U.S.; half of the plays in the West End were American musicals. What we are looking at is the culture of the dominant nation in the world. Roman culture permeated the world; British culture, at the height of the empire, permeated the world. Let us not get overly worried about this fact.

The common market goal has been political integration, yet they still have maintained throughout the common market their distinctive cultural differences.

We have to have some confidence in our culture. I listened to Mr. Parizeau of Quebec the other day. He said, "We are not worried about our culture. We have been protecting it against the Anglos for years." He was not the least bit concerned about their ability to retain their culture. I get the feeling, as I do in the sovereignty issue, that a lot of it comes down not to the question of protecting Canadian culture but to an anti-American attitude. It is not attractive, and it does not do this nation much good.

Beyond that, a lot of what we call "cultural protection" in this country is economic. I think that the Americans have a case here. For example, the CRTC—or its predecessors in any event—was created to see that the ownership of television stations was distributed widely across the country. Somebody could correct me if I am wrong, but that was my impression of why we had these bodies. What have they done? They have made multi-millionaires of a small group of people who have concentrated their ownership by virtue of a government licence. We should not protect those people.



**Senator Steuart:** Hear, hear!

**Senator Everett:** The Americans allow Mr. Thomson to go down and invest in their newspapers. The last time I heard about it he had bought another six or eight, or something. He buys them in bunches, like bananas! He does not buy them one at a time; he buys them in bunches. Yet, we say that we cannot have an American owning a Canadian newspaper. The Americans have a case here when they talk about not confusing economics with culture. Yes, Canadian culture should be protected and there should be rules, but let us be careful that they are not rules whose only effect is the making particular Canadians wealthy.

People say, "We will not be able to deal with regional disparities." Well, to start off with, a free trade agreement would lessen regional disparities. There will certainly be considerably more manufacturing in the west and in the Atlantic region and less concentration of it in the central provinces. The U.S. is concerned that our regional disparity grants are, in fact, subsidies, but they also have a regional development problem that they approach from a different direction, but, nonetheless, they pour a lot of money into it, as we do. I believe that there can be a satisfactory negotiation of that issue because they are really on the same side as we are.

• (1600)

Other people will say that we will give the United States unlimited access to our resources. In a sense, they already have a fair amount of access. They are our main market. We sell a lot of resources to them because we want to sell it to them. However, I point out that under a free trade agreement there would be no obligation—and I cannot see an obligation under this agreement—that would require us to sell our resources to the United States if we chose not to do so or to give them the right to demand that we let them buy our resources.

Then there is the national treatment argument. In this respect, unfortunately, the Prime Minister, without perhaps knowing what he was saying, said that he would seek "national treatment" with the United States. As honourable senators know, what we mean by national treatment is that we will treat the other country in our country the way we treat our domestic industry. It is not very difficult to create a real horror story when you talk about that if every initiative we use in this country has to be given to someone coming in with an investment from the United States. You can create a situation which would make any rational person vote against a free trade agreement.

The fact of the matter is that in every free trade agreement, every common market agreement and every customs union that you examine, there is a degree of national treatment that is carefully controlled, because, of course, if it were global, as the Prime Minister mistakenly indicated—and I think he has

since withdrawn from that—it would create a disastrous situation. Our negotiations are in order to determine those avenues in which we would accord national treatment to each other.

It is true that the provinces will have to agree to this, but there is no doubt in my mind that, under the Constitution, the federal government has the full right to enter into this treaty. It does not need the consent of the provinces to do so. However, in practical terms, there are certain areas that are going to be affected and the provinces would have to go along in those particular areas of their jurisdiction. In that regard, I have been very pleased to see the way that they have been consulted. There is now every indication that in a reasonable free trade agreement they would cooperate.

I should like to conclude by telling you what I think will happen with the agreement. I think there will be a removal of tariffs. It will be gradual, especially on the Canadian side, but all will be removed within ten to twelve years.

On the cultural side of things, I think we will give in in those areas that provide nothing but economic protection. By way of example, I think of printing, business magazines and satellite broadcasts to cable companies. Other areas will be resisted firmly. I think the Americans, if they are given something reasonable in economic terms, will go along with the idea that we do have a cultural identity to preserve, that we are concerned about it and that its preservation goes to the very heart of an agreement.

I think there will be a common set of rules to deal with non-tariff barriers, that is, things like countervail and anti-dumping. I do not think they will be removed; I think there will still be a countervail, but I think there will be a clear set of rules, and when they are breached it will be easy for people to say, "Yes, the countervail or the anti-dumping should apply." I think there will be an impartial dispute mechanism, and Canada, I understand, is trying very hard to see that its decisions will be binding. I think the result of any decisions of that organization will be taken in redress, not retaliation.

I think, also, we will negotiate access to the buy-American market by giving access to our government market.

Agriculture always creates a difficult situation in these agreements. In fact, the Standing Senate Committee on Foreign Affairs in its brilliant report recommended that we exclude agriculture from the agreement. I do not think we will, but I think there will be a standoff on subsidy and marketing practices. Both sides are deeply involved in the movement of agricultural products. They have a lot to lose and they have a lot to gain.

I think we will maintain our marketing agencies, but I understand that what they are doing, which may be an answer to a very intractable problem, is working on an agreement which would really become a model for global trade talks in the handling of the agricultural problem.

Under the Auto Pact, there is a lot of rhetoric to the effect that we must not give up the Auto Pact and that we must not allow anything to happen to it. I think we should face one fact: The Auto Pact has a one-year termination clause. On one year's notice it can be ended. We are not talking about giving up something that has 20 years to run. We cannot avoid negotiating on that. The safeguards under the Auto Pact are really considerably exceeded in most cases due to the fact that our exchange rate with the United States is advantageous and our relative wages are lower. As the agreement phases out tariffs, of course, the Auto Pact will, in effect, become unnecessary. It is my belief that the agreement in respect of the Auto Pact will be that it shall continue while the tariffs are being limited over a period of ten to twelve years. There will be, perhaps, an agreement on the duty remission scheme which Canada is employing to attract non-U.S. and non-Canadian investment in the auto industry.

I understand that the United States wants national treatment in respect of investment. I also understand that they are willing to see Investment Canada continue, provided that it does not interfere with sales of Canadian companies between two U.S. owners.

In the area of services, apparently they are working on a framework and a statement of principles which will be agreed upon. After the agreement, negotiations will continue in respect of those very difficult areas, but within the ambit of the framework. I also understand the same applies to intellectual property.

What this indicates is that an agreement is being hammered out; that the Americans want it; that we are negotiating, without giving the shop away; and that we can have the advantages of a free trade agreement as against the disadvantages of continuing to isolate ourselves in a small domestic market and a multinational trade operation that is shrinking year by year.

What we can do is reorganize our industry to take advantage of a market of 250 million plus. I think that would give us the opportunity to trade and compete with nations other than America on a much better basis. It seems to me that a free trade agreement with the United States is just plain, good business. We can make a deal. We should do it, and we should have it wrapped up within the fast track time frame.

• (1610)

**Hon. Senators:** Hear, hear!

**Hon. Philippe Deane Gigantès:** Honourable senators, I thank Senator Everett for his exhaustive review of the case for a free trade agreement with the United States. I would like to adjourn this debate.

On motion of Senator Gigantès, debate adjourned.

## FARM FINANCE

### AGRICULTURE AND FORESTRY COMMITTEE AUTHORIZED TO CONDUCT STUDY

**Hon. Daniel Hays**, pursuant to notice of Tuesday, May 5, 1987, moved:

> That the Standing Senate Committee on Agriculture and Forestry be authorized to examine and report upon farm finance to assess the gravity of the current problems

facing the Canadian agricultural industry, to consider the degree to which existing government policy and programs have been successful in meeting their objectives, and to make recommendations on how to better meet the needs of the Canadian agricultural industry; and

That the Committee present its report no later than 31st January, 1988.

He said: Honourable senators, in support of the motion I would like to say that in recent years the farm financial situation has become increasingly gloomy as commodity prices have dropped, equity has eroded and a growing number of Canada's young and most productive farmers face serious financial difficulty.

Agriculture in Canada has come to be characterized by heavy capital investment and low and unstable returns. The industry is subject to the vagaries of weather, diseases and pests, and to the uncertainties of domestic and international forces. This results in wide fluctuations in agricultural commodity prices impacting directly on the financial position of farmers from year to year. The Canadian Federation of Agriculture has determined that over the past decade receipts from farm operations on a year-by-year basis increased by as much as $2.7 billion and fell by as much as $.5 billion. From 1976 to 1985 the year-over-year change in realized net income fell by as much as 18.8 per cent and rose by as much as 29.8 per cent. In such an environment, financial management is a difficult proposition at best.

Because of the major economic importance of agriculture to certain provinces and to the country as a whole, Canadian farmers have been encouraged by government to increase production and have been assisted to this end by government, in part through credit programs required to finance expansion and increase productivity. Government has also attempted to influence the financial situation of farmers through moratoriums on foreclosure, farm debt review boards, and legislation like Saskatchewan's Farmland Security Act and Manitoba's Family Farm Protection Act.

It is generally accepted that farmers require assistance. While they are often compared to small businessmen, unlike a small business there is no direct link between credit availability for a farming operation and the markets. It is the case with most commodities that farmers have very little control over volumes sold or price. The question is: What kind of assistance is most appropriate?

The committee is aware that the House of Commons Committee on Agriculture is presently conducting a study of farm input costs, including credit. The Standing Senate Committee on Agriculture and Forestry would like to take a close look at this particular input cost. There is a need to determine how well the various government sponsored credit granting institutions and government assistance programs available to farmers actually serve the agricultural industry. The committee would also like to determine how government credit programs could be made to better serve the farmer in a fashion that is economically and fiscally responsible and that will not influence or bias in an undesirable way regions or commodities.

To accomplish this, the financial situation of agriculture in Canada must be defined. Who is in difficulty now? What is the difficulty and what are the causes of the difficulty? To this end, the committee hopes to hear representations from federal and provincial governments, public and private financial institutions, farmers and farm organizations. An examination of credit systems used by other countries would also be important to such a study.

Honourable senators, such a study is timely. Doug McRorie, the vice-president of agriculture for the Royal Bank of Canada, said recently that private financial institutions are being adversely affected by the moratoriums and debt reviews. Should the federal government force the reduction of the value of debt by the banks, Mr. McRorie sees the possibility of banks simply getting out of farm lending altogether. Although it is unlikely that this should ever come to pass, the existence of such an adversarial atmosphere is not healthy for the agricultural industry. It is time we tried to get to the root of the problem. The Economic Council of Canada has an agricultural study under way that may go some way towards accomplishing this, but, again, their intention is to cover a much broader area of agricultural concerns.

The Senate committee believes that it can make its own contribution to reaching this goal by providing a public forum for open discussion on farm credit. Honourable senators, this is a very difficult problem that I feel needs attention. It is exacting a high economic and social cost from rural Canadians at this time, and I seek senators' support for this motion. As chairman of the committee, I would be happy to answer any questions. If it were at all possible to pass this motion today, it would certainly expedite our work in terms of getting budgets passed and in bringing the matter back to the Senate for a determination of exactly what powers the committee should have.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, May 7, 1987**

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

Prayers.

[*Translation*]

## PATENT ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-22, to amend the Patent Act and to provide for certain matters in relation thereto.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Phillips, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

## PRESCRIPTION DRUG PRICES

EFFECT OF PROPOSED PATENT ACT AMENDMENT—PRESENTATION OF PETITION

**Hon. M. Lorne Bonnell:** Honourable senators, I have received a petition from the Murray River Senior Citizens' Club relating to Bill C-22. I ask that it be received and printed in the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*Text of Petition follows:*)

TO THE HONOURABLE THE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy,

HUMBLY SHEWETH

WHEREAS, the proposed changes in Bill C-22 will affect directly all Canadians who are not protected by private or governmental medicare programs, and

WHEREAS the federal government's proposals will raise the cost, already high, of the provincial health-care programs, and

WHEREAS the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase of drug cost and prices and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and

WHEREAS the proposed changes are another example of the Canadian government's concession to the Free Trade negotiations with the United States, at the expense of everyday Canadians.

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

And as in duty bound your Petitioners will ever pray.

Date: April 14 ,1987

(Signed):

Chester Whiteway, Murray River, P.E.I.
Daniel N. Horton, Murray River, P.E.I.
Erma Butler, Murray River, P.E.I.
Elizabeth MacLean, Murray River, P.E.I.
Sadie MacLean, Murray River, P.E.I.
Hazel Graham, Murray River, P.E.I.
Elsie Leed, Murray River, P.E.I.
Alice MacLeod, Murray River, P.E.I.
Deane Blue, Murray River, P.E.I.
Bertha Bruce, Murray River, P.E.I.
Lilian Livingstone, Murray River, P.E.I.
Abena Hume, Murray River, P.E.I.
Jennie M. Blue, Little Sands, P.E.I.
George M. Blue, Little Sands, P.E.I.
Doris Young, Murray River
Frank Young, Murray River
Carleton Hume, Little Sands
Hastings MacLeod, Murray River, P.E.I.
Monty Livingstone, Little Sands, P.E.I.
Loretta Young, Murray River
Marion Whiteway, Murray River

## REVISED STATUTES OF CANADA, 1985

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON DRAFT PRESENTED AND PRINTED AS AN APPENDIX

**Hon. Joan Neiman:** Honourable senators, I have the honour to present the sixth report of the Standing Senate Committee

on Legal and Constitutional Affairs respecting the draft Revised Statutes of Canada, 1985.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

(*For text of report see Appendix "A", p. 985.*)

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

On motion of Senator Neiman, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

### THIRTEENTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report.

Thursday, May 7, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

### THIRTEENTH REPORT

On March 26, 1987, the Senate adopted the Twelfth Report of this Committee stating that notwithstanding the *Procedural Guidelines for the Financial Operation of Senate Committees*, for any committee budget for the financial year 1987-88 submitted to and approved by the Internal Economy Committee, the Main Committee be authorized to release no more than 3/12 of those approved funds until the end of June 1987.

Because the total amount of the funds of the Special Committee of the Senate on Terrorism and Public Safety are required before the end of June 1987, your Committee recommends the approval of the budget presented to it by the Chairman of the said Special Committee for its proposed expenditures with respect to its examination of matters relating to terrorism as a real or potential threat for Canada and to Canadians, as authorized by the Senate on October 8, 1986 and November 27, 1986. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $55,000.00 |
| Transportation and Communications | 15,830.00 |
| All Other Expenditures | 6,000.00 |
| | $77,430.00 |

[Senator Neiman.]

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*e*), I move that the report be adopted now.

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

**Hon. Senators:** Agreed.

**Senator Frith:** Honourable senators, the thirteenth report deals with the funds for the Special Committee of the Senate on Terrorism and Public Safety, required before the end of June, 1987. By the terms of the report, the committee recommends the approval of the budget presented to it by the chairman of the said special committee for its proposed expenditures with respect to its examination of matters relating to terrorism as a real or potential threat for Canada and to Canadians, as authorized by the Senate on October 8, 1986, and November 27, 1986. The said budget total is $77,430, made up of $55,000 for professional and other services; $15,830 for transportation and communication; and all other expenditures $6,600.

We have had a provision for yearly budgets whereby only three twelfths of the budget is advanced to the end of June. This, however, being a special committee that has undertaken to report by June, obviously the full twelve twelfths or 100 per cent will be available.

Motion agreed to and report adopted.

### FOURTEENTH REPORT OF COMMITTEE PRESENTED

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 7, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

### FOURTEENTH REPORT

On March 26, 1987, the Senate adopted the Twelfth Report of this Committee stating that notwithstanding the *Procedural Guidelines for the Financial Operation of Senate Committees*, for any committee budget for the financial year 1987-88 submitted to and approved by the Internal Economy Committee, the Main Committee be authorized to release no more than 3/12 of those approved funds until the end of June 1987.

Because the total amount of the funds of the Special Committee of the Senate on the Subject-Matter of Bill C-22, An Act to Amend the Patent Act and to provide for certain matters in relation thereto, are required before the end of June 1987, your Committee recommends the

approval of the budget presented to it by the Chairman of the said Special Committee for its proposed expenditures with respect to its examination of the subject-matter of the said bill, as authorized by the Senate on April 2, 1987 and April 14, 1987. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 58,336.00 |
| Transportation and Communications | 252,001.00 |
| All Other Expenditures | 5,000.00 |
| | $315,337.00 |

Respectfully submitted,

GUY CHARBONNEAU
*Chairman*

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(*e*), that the report be adopted now.

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

**Hon. Orville H. Phillips:** Honourable senators, we are prepared to give the honourable senator leave on the understanding that there will be further discussion on this matter on Tuesday. I believe some senators wish to speak to this matter and would like to hear the explanation given by the deputy chairman of the committee. After having the benefit of his explanation, they will prepare their remarks.

**Senator Frith:** Honourable senators, on the question of leave, I point out that the difficulty in adjourning consideration and adoption of the report until next week is that the chairman of the committee, Senator Bonnell, advises that in order to meet the deadline that he has accepted, namely, June 16, 1987, for the report on Bill C-22, commonly known as the "Pharmaceutical Bill," he has set up a schedule that requires approval of the funds today.

To that end, the Standing Committee on Internal Economy, Budgets and Administration considered the matter quite fully today. As a matter of fact, the chairman of this special committee took a place at the front of the committee room and answered questions. We spent most of our time on this particular budget, including asking questions that were raised by Senator Phillips.

**Senator Phillips:** I have not raised a question yet.

**Senator Frith:** I have outlined the position we are in. On the question of leave which is before us, I am sure that if honourable senators want to hear the explanation of the chairman of the committee, he would be prepared to give it. In order for the committee to do its work and to meet the deadline which, I believe, the government wants it to meet, the committee requires approval of this budget today.

However, if leave is not granted, I would suggest that the matter be adjourned until tomorrow. I would simply turn my application for leave into a notice of motion for tomorrow.

**Hon. M. Lorne Bonnell:** Honourable senators, perhaps I could have a few moments of honourable senators' time to explain the urgency of this matter.

We have, in the other place, a government led by the Right Honourable the Prime Minister, Brian Mulroney, who is trying, along with his government, to get legislation through the House of Commons and to have these amendments to the Patent Act passed. They thought it was so urgent that they imposed closure on the parliamentarians in the other place to rush that bill through.

I thought that we, as senators, being more liberal than those in the other place, would try to do justice to this legislation, that we would not wait for its passage in the House of Commons but would conduct a pre-study, with the full support of the Leader of the Government in the Senate as a member of the cabinet. A motion was passed with the consent of all honourable senators to begin a pre-study, to activate that work, and to get the work done quickly so that we could try to support the actions of the government of this country. A committee was struck and some very hard working senators from both sides of the house have been working diligently, sometimes until 11.30 at night, listening to ministers and other witnesses concerning this bill, realizing that over 200 organizations or individuals across the country want to be heard and realizing that many of them have said that they did not have a proper opportunity to be heard in the other place—

**Senator Perrault:** Shame!

**Senator Bonnell:** —realizing that several provincial governments wished to be heard—

**Hon. Jacques Flynn:** Honourable senators, I rise on a point of order. This discussion is on leave. Senator Frith said that Senator Bonnell wanted this budget passed today and that it could not wait for another day. The only question is whether that is proper.

**Senator Bonnell:** Honourable senators, my point of order is apparently on leave. The reason why I want leave is to show that we in this house are trying to support the government of the country in getting this legislation passed before the end of June.

**Some Hon. Senators:** Hear, hear!

**Senator Bonnell:** It has gone so far that I, as a member of that committee—as its chairman, a non-biased chairman—

**Senator Flynn:** That's obvious!

**Some Hon. Senators:** Hear, hear!

**Senator Bonnell:** —have told my clerk to put notices in the paper, and this without sending any bills to the Senate, at my expense, if necessary—

**Senator Steuart:** That's dedication!

**Senator Bonnell:** —to support the government, and so that the people of Canada will know that they will be heard.

**Senator Flynn:** You are speaking on leave now.

**Senator Bonnell:** I know; I am trying to support the request for leave. I am trying to say why we want to go forward. I need leave to tell honourable senators.

If the budget is not approved today it means this, that I cannot have my committee clerk put notices in the paper to tell the people of St. John's, Newfoundland, of Halifax, Nova Scotia, of Fredericton, New Brunswick, of Charlottetown, Prince Edward Island, the cradle of Confederation, that we are going to meet in those places. While all other honourable senators will take off that great week in celebration of Queen Victoria's birthday, we will be working.

The newspapers need at least four days' notice to place an ad. If we wait until next week for the approval of these funds, I will have to wait four more days to give notice to the newspapers, and, as a result, we will come back in September or October with a report, and the government will not be able to pass this bill before June 30.

Therefore, I ask the senators opposite to give their full cooperation to the Prime Minister and to the Minister of Consumer and Corporate Affairs to try to get this legislation before the people, before the Parliament of this country, and to try to give it Royal Assent with all speed. In order to do that we need their support today—not tomorrow, not yesterday, but now.

**Some Hon. Senators:** Hear, hear!

**Senator Phillips:** Honourable senators, speaking on the point concerning leave, I was impressed by the concern shown by Senator Bonnell that every individual and every group who wants to appear before Parliament should have that right.

• (1410)

**Some Hon. Senators:** Hear, hear!

**Senator Phillips:** Honourable senators, I recall that in connection with something as basic as the Constitution the honourable senator was one of those who voted that only a few selected groups would be heard. I notice that he has had something of a change of attitude—

**Senator Steuart:** He has matured.

**Senator Phillips:** Yes, perhaps he has matured. A couple of items should be mentioned. First, the Senate has a budget which contains a specific amount for committees. We have now gone one month into the fiscal year, and if we allow this very large budget—a budget that will total about $500,000 by the time all of the bills are in—we will have exceeded the total budget for committees by almost $500,000. That does not allow anything for Senator Argue's Committee on Agriculture and Forestry to conduct its special study.

**Senator Argue:** Hear, hear!

**Senator Phillips:** I am concerned that this group is taking the whole budget. I do not think it is desirable or even reasonable for him to ask that.

The honourable senator says that he cannot place an ad in the Charlottetown *Guardian* without giving them four days' notice. I will place the ad in far less than four days. I would point out to the honourable senator that a good many times he telephones the Charlottetown *Guardian* and advises them that one of his patients has died; and he does not give them four days' notice about that. That goes in right away. I do not believe that excuse at all. Don't give me it; I am not accepting it.

**Senator Bonnell:** On a point of order, I would like honourable senators to know that I do not advertise when my patients die; and if any of my patients have died, they have died from natural causes.

**Senator Frith:** Or toothache.

**Senator Bonnell:** The undertaker advises them as a news item.

**Senator Flynn:** Honourable senators, on this question of leave, I have some objections to bring to the Senate with regard to the substance of the motion. In my opinion there should be some kind of accommodation. The Leader of the Government suggested that the chairman be allowed to explain the reason why he is asking for this budget of $315,000 for this committee. But we could then adjourn until Tuesday with an agreement that the vote shall be taken at the latest on Tuesday afternoon. It would be an order of the Senate. That would give those who are not in accord with the motion an opportunity to express their concerns.

**Senator Guay:** You are delaying the bill.

**Senator Flynn:** We are not delaying the bill by having a vote on Monday. If I know the honourable senator from Winnipeg—

**Senator Guay:** From St. Boniface.

**Senator Flynn:** I am sorry. I will swim across the river and meet you there. The honourable senator will vote the way his leader tells him on Monday; so there is no problem with that. I am saying that, in any event, the Senate will be able to take a decision on this report on Tuesday; and if the chairman has confidence in his leader, and in particular in the deputy leader, according to the way he expressed himself today, he should have no problem as to what will happen on Tuesday. But at least those who are not entirely in agreement with what is proposed in this report regarding the program of the committee will have an opportunity to express themselves.

On the question of leave, we now have the bill before us, so I would suggest to the chairman that the situation is a little different. I would like to speak on that, and if we are precluded from doing so, I do not believe it would be fair to those of us who are not in agreement, or to the Senate itself. With the proposal that Senator Bonnell may be able to explain his motion, and with the understanding that the question will be put on Tuesday at 6 p.m. at the latest, I believe we will reach a reasonable compromise and there should be no problem with that. And there should be no problem with the advertising, as he has said.

**Senator Frith:** Honourable senators, I agree with Senator Flynn that the question of leave does not have to be explained, but I think that it is wise that we are taking the time to at least

exchange views as to why leave should or should not be given. I, of course, have no problem with next Tuesday if the chairman has no problem, nor do I have a problem with tomorrow if the chairman says that he must have the budget by the weekend. I would have no problem with changing my motion to a motion of one day's notice in order to deal with the matter tomorrow. If the chairman is happy with tomorrow or Tuesday, then what I am about to say may be unnecessary. However, it will not take me long to say it. I do not understand exactly why, if we proceed later today, all honourable senators who wish to speak to the matter will not have a chance to speak to it.

**Senator Flynn:** We have just received the report.

**Senator Frith:** I know, but it is not a long report.

**Senator Flynn:** It is a weighty one.

**Senator Frith:** The chairman is present to give explanations. It is not a matter of having to carry out research or to hear witnesses. I understand Senator Phillips' view, and Senator Simard has expressed some very serious reservations, both expressed in the committee. I am not in any way quarreling with their right to express their concerns, but what I do not understand is why we cannot deal with them today. I have not heard any good reason why we should wait until next Tuesday in order to deal with the matter.

**Senator Guay:** They are delaying!

**Senator Flynn:** The problem is that we always adjourn on Thursday and come back on Tuesday. We have always had this arrangement and that is the reason.

**Senator Frith:** But why can't you give leave for today?

**Senator Flynn:** I have just received the report. I would rather have time to consider its implications before speaking. I was not at the committee meeting.

**Senator Frith:** But, honourable senators, it is only two paragraphs long. We have the chairman here to explain it. He will not be able to explain it any better Tuesday than he can today, and I do not know what kind of research is going to be necessary in the meantime.

**Senator Olson:** You know that you are trying to frustrate the arrangement that has already been made.

**Hon. Finlay MacDonald:** Honourable senators, why would we not ask for more information, considering that the reasons given for the urgency are totally fraudulent?

**Some Hon. Senators:** Oh, oh!

**Senator MacDonald:** I do not know how Senator Bonnell—

**Senator Bonnell:** Point of order.

**Senator MacDonald:** —can make a case that he is assisting the Government of Canada—

**Senator Bonnell:** Point of order.

**Senator MacDonald:** When I am finished.

**An Hon. Senator:** It is a point of order!

**Senator Bonnell:** Honourable senators, I rise on a point of order. I do not think that I should be charged by an honourable senator with being fraudulent. I do not think that statement is very proper, and I do not think that my friend meant it. I ask that he retract it.

**Senator MacDonald:** I have no problem in composing myself and withdrawing that word until I can think of another one.

**Senator Bonnell:** Thank you.

**Senator MacDonald:** This house knows that Bill C-22 was the clear responsibility of the Standing Senate Committee on Banking, Trade and Commerce. We tried to get this bill into pre-study weeks ago. For some inexplicable reasons, we were denied the traditional permission to pre-study it weeks ago.

**Senator Frith:** And you now want to delay it further!

**Senator MacDonald:** So, the opposition decided that it would set up a new committee, travel the length and breadth of the country, drain the entire budget—profligate money—

**Senator Steuart:** Give people the facts.

**Senator MacDonald:** —when we had discussed this matter in the Banking Committee. We had ways in which witnesses who had been denied an opportunity to be heard could present their views. All these witnesses would have been heard at a fraction of the cost of this special committee. But, please, Senator Bonnell, do not tell this house without at least breaking up that you are serving the government of the country when you stress the urgency of the meetings of this committee. The Banking Committee would have finished with this matter by now if you had allowed us to.

• (1420)

**Senator Frith:** That is because you would not have done what he is going to do.

**Senator Argue:** How do you know what he would have done?

[*Translation*]

**Hon. Jean-Maurice Simard:** Since Senator Frith mentioned my name in debate, and since I was present at the meeting of the Committee on Internal Economy, Budgets and Administration this morning, and considering the explanations given a moment ago by Senator Bonnell which were very similar to those given this morning, I think we could wait until Tuesday.

Senator Bonnell told us he had committed his personal credit for up to $40,000. I think his potential creditors could probably wait until Tuesday. If they have taken his word so far, I fail to see why they would not continue to do so and give the newspapers the go-ahead. The Senate will probably not be abolished before Tuesday. The Liberal majority in the Senate will still be there, and we know it will win in case of a vote.

Considering the foregoing, I think we can definitely wait until Tuesday. I made that request this morning. And meanwhile, I hope our staff will provide the documents containing the complete budget for each committee so they can be compared with the Supplementary Estimates that have yet to

be approved. As mentioned by Senator Phillips, the new figure will be nearly 50 per cent more than what we approved a month or so ago, although it is only May. I don't want to belabour the point, but I know that Senator Bonnell is serious and that he wants to help Prime Minister Mulroney, like all decent Canadians, and would prefer to wait until Tuesday so we will have the information requested. Personally, I think $100,000 would have been enough. Others may have differing views, but I will certainly not agree to an immediate debate. Tuesday, once we have the information, we can show Canadians what I see as a partisan strategy. The same results can be obtained if the committee sits in Ottawa. We were told we could invite about 40 experts for the sum of $20,000. However, in this budget, $250,000 out of $315,000 has been earmarked for travel expenses for 200 individuals or group representatives. What they want to organize is a Liberal demonstration, a Liberal show. If the Liberal Party wants to do what the Conservative Party does when it thinks it is right, if it wants to order a poll or criticize the situation, it could do what the Conservative Party did before the 1984 election and pay for the inquiries and the road shows they want out of their own pockets.

First of all, I think the cost is far too high and second, we don't have the information at this time.

[*English*]

**Senator Frith:** Honourable senators, I really cannot see that there is anything that can be said on Tuesday that cannot be said today. There is no explanation that can be given Tuesday that cannot be given today. However, this is a government bill, and if the government wants to delay consideration of it further, I think we should let the government delay it further. We have tried our best.

The chairman of the committee has said that he may not be able to meet the deadline that he has accepted if the matter is delayed further, and that is up to the chairman of the committee and the members of the committee to decide. If the government does not want to deal with this now, then we can leave it for Tuesday, or perhaps even Thursday, of next week.

Leave has not been granted. My motion, therefore, is that this report be taken into consideration at the next sitting.

**Senator Bonnell:** Honourable senators, I should like to say a few words about the motion that the report be taken into consideration at the next sitting.

Honourable senators, the money that I have spent on behalf of the Government of Canada I can recover through hard work and labour.

I am not worried about the motion not being passed today, next week or next month; what I am worried about, honourable senators, is the the fact that funds are necessary to place advertisements in newspapers notifying the people of Prince Edward Island, Senator Phillips' home province, that the committee will not meet in Charlottetown on May 19. We have told 125,000 islanders that the committee would meet at a certain place, on a certain date and at a certain time. Rather than telephone all islanders to inform them that that meeting will not take place, I think it better to place an advertisement in the local newspaper to that effect.

[Senator Simard.]

I have tried to assist this government to the best of my ability and have received no thanks at all from the government members. I will now ask the members of the committee to withdraw the request that the committee travel to Charlottetown, because there are no funds available to place those advertisements in the newspapers. We will now have to wait until Tuesday.

Let me tell honourable senators what the committee members had in mind. Let me also tell honourable senators that these are not my ideas; I am only putting forth what the members of the committee have suggested. If I am not correct in what I say, I ask any member of the committee to stand and correct me.

As chairman of the committee, I was asked to make preparations for an appearance of the committee in Charlottetown on May 19. The proposed schedule was that we would leave Charlottetown on the afternoon of May 19, travel to St. John's, Newfoundland, hold a meeting there, then travel on to Fredericton and Halifax to hold meetings in those cities. It was proposed that we hold those meetings on May 19, May 20, May 21 and May 22, because there was a feeling that the Senate would not be sitting that week.

In order to let people know that that was the plan, I thought it necessary to place an advertisement in local newspapers so that anyone who wished to appear before the committee would know where it was meeting, so that anyone who wished to simply listen to the deliberations of the committee would know where the committee was meeting, and to inform anyone who wanted to report on the meeting where the meeting was being held.

The committee members then suggested that the following week the committee travel to British Columbia, then to Alberta, and then up to the Northwest Territories and then to the Yukon. They also proposed that during the week of June 1 the committee hold meetings in the central provinces. They made those suggestions so the committee could table a report in the Senate by June 16. That amounts to a tremendous task. That means 20 meetings of the committee would be held across the country in a three-week period. However, the committee was prepared to do that.

If honourable senators were not about to support the committee, I would have thought they would have said so. If honourable senators were not about to support the committee in its attempts to hold meetings across the country, I would have thought they would have said, "Don't travel."

The Senate recommended that the committee travel to the United States, but the members of the committee decided that that was not necessary, so it has not requested funds to travel there. The committee thinks it can present a report without the requirement of holding hearings in the United States. We have tried to cut the budget as best we could.

Honourable senators, let me tell you that if the Senate does not want to approve this report today, that is all right with me.

This is a committee of the Senate making the request, this is a committee of the Senate trying to do a job so that it can report back to the Senate so honourable senators will have time to consider the report and the legislation can be given Royal Assent in a timely fashion.

Some honourable senators think that we are working too hard now.

**Senator Roblin:** Oh, oh!

**Senator Flynn:** You are extremely amusing.

**Senator Bonnell:** Honourable senators, I see that my good friend Senator Roblin laughs at that.

• (1430)

**Senator Frith:** Well, you give them a holiday; give them a little more time!

**Senator Bonnell:** I would tell Senator Roblin that I never saw him come to any of the meetings yet, but if he had come there and stayed until 11.30 every night to hear those witnesses—and if he had asked questions—

**Some Hon. Senators:** Hear, hear!

**Senator Argue:** And up at seven in the morning.

**Senator Bonnell:** —I would be quite sure that there would be no laughs on his face after that.

**Senator Roblin:** I will laugh at you any day of the week. You are a funny fellow!

**Senator Bonnell:** I know that you can laugh at me any time you like—and I have always appreciated your laughs, your words and your comments—but I can assure you that your colleagues on your side of the house are working hard, as are those on our side of the house.

Honourable senators, you decide what you want to do, but do not expect our committee to do the impossible. When you find that we cannot get back to you on June 16, you will know whose fault it was. Thank you very much.

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Langlois, that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

**Senator Frith:** Honourable senators, so that the record is clear, I did not really move that the debate be adjourned until tomorrow because I did not get leave to introduce it today. What the record should show is that I gave notice—because I could not get leave—of the motion for the next sitting.

**The Hon. the Speaker:** Honourable senators, I think I did say that the report would be placed on the Orders of the Day for consideration at the next sitting of the Senate.

**Senator Frith:** Yes, but Your Honour asked if it was agreed, and I am saying that it was not a motion that it be put on the Orders of the Day. It was not something that needed agreement. I just changed it into a notice of motion for the next sitting, that is all. It is a small difference, but it does not require it to be put to the chamber—that is all.

Motion agreed to.

## THE CONSTITUTION

### MEECH LAKE COMMUNIQUÉ—AGENDA FOR SENATE REFORM—NOTICE OF MOTION

**Hon. Duff Roblin:** Honourable senators, I give notice that on Tuesday next, May 12, 1987, I will move:

> That it is timely for the Senate of Canada to take into consideration the agenda set out in the Meech Lake communiqué on the subject of Senate Reform, including the following:
>
> -the functions and role of the Senate;
>
> -the powers of the Senate;
>
> -the method of selection of Senators; and
>
> -the distribution of Senate seats.

## ADJOURNMENT

**Hon. Orville H. Phillips:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, May 12, 1987, at two o'clock in the afternoon.

Motion agreed to.

## FOREIGN AFFAIRS

### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. George van Roggen:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Foreign Affairs have power to sit at 4 o'clock in the afternoon on Tuesday, May 12 and 26 and June 2 and 9, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## QUESTION PERIOD

[*English*]

### THE CONSTITUTION

FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—INTERNATIONAL RAMIFICATIONS

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, on Tuesday I raised with the Leader of the Government in the Senate the question as to whether the expression "distinct society," which is used in the proposed constitutional changes, would provide any additional prerogative to Quebec in the international field greater than or different from that currently possessed by Quebec or by any other province. The result of my questioning was not entirely conclusive.

Today I want to pursue the matter by asking about a more specific aspect of that question. Is it the view of the Government of Canada that it would be possible for the Province of Quebec to oppose in the courts, for example, the entering by Canada into a trading arrangement with the United States and to use the "distinct society" concept as an argument?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I suppose that any province that tried to oppose a decision by the Government of Canada to enter into a treaty with another country would avail itself of any section of the Constitution that was at hand. Whether it would be possible or whether a government of Quebec and its legal advisers would decide to invoke that particular section I do not know.

**Senator MacEachen:** The Leader of the Government was quite explicit on Tuesday in saying that the Government of Quebec would have greater manoeuvrability and would certainly be able to go to the courts and have its case strengthened in the field of languages by the use of the expression "distinct society".

The Government of Canada must have a view on this, and I am asking about it. Is it the intention or thought of the Government of Canada that Quebec could use the expression "distinct society" legitimately to block a trade agreement by arguing that certain provisions of the trade agreement would imperil the existence of the "distinct society" in Quebec? Would the Leader of the Government disagree with that view? I understand that Premier Bourassa has already made this point. I want to know what the view of the Government of Canada is. Is it the intention that this expression, which is to be brought into Parliament by the Government of Canada, will confer that prerogative on the Government of Quebec?

**Senator Murray:** Honourable senators, many weeks ago in response to questions I made the point that the Government of Canada alone can sign treaties on behalf of Canada.

**Senator Frith:** At present.

**Senator Murray:** The Government of Canada alone can sign treaties on behalf of Canada.

**Senator Frith:** Under the present Constitution.

**Senator Murray:** My opinion has not changed, and the proposed constitutional amendment will certainly not change that.

**Senator MacEachen:** It would be helpful if the Leader of the Government could be more explicit and state to us that in the view of the government the expression "distinct society" does not confer any opportunity or status on the part of Quebec to block the trading agreement.

● (1440)

**Senator Murray:** Honourable senators, my view on that matter and, indeed, the position of the government on that matter is as I expressed it some weeks ago.

**Senator MacEachen:** Honourable senators, that is quite inadequate, because some weeks ago we did not have this particular Meech Lake agreement. Several weeks ago the minister said that, indeed, the Government of Canada has full authority in trade and that no province could assert any authority in trade and, therefore, could not block or attempt to block an arrangement with the United States. We accept that. But now we have a development involving a constitutional change with the expression "distinct society". It is a new development, and I want to know whether the new development, with the expression "distinct society", in any way alters the view which the minister gave several weeks ago.

**Senator Murray:** I am glad to have the opportunity to reply in the negative.

**Senator MacEachen:** I think that is very helpful because it will certainly assist the deliberations if it is made clear to all concerned that the use of the expression "distinct society" would not be a viable way of attempting to thwart the jurisdiction of the federal government in the trade field.

I am told that it is reported that Premier Bourassa has already stated that this could be done, and that if he didn't like it, he would use it. Surely these misunderstandings should not be allowed to develop at this stage. I am delighted that the minister has said that in his view and in the view of the government the "distinct society" expression does not confer on any province, in this case Quebec, any authority in the trade field that would have an implication for a trading arrangement with the United States.

**Senator Murray:** Honourable senators, the federal government alone exercises the right to sign treaties and to declare war or peace. That will continue to be the case. The proposed constitutional amendment does not change that situation.

FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—DISTRIBUTION OF POWERS

**Hon. John B. Stewart:** Honourable senators, I have a question relevant to the discussion that has just taken place.

Yesterday the minister told the Senate that the division of legislative powers between the Parliament of Canada and the legislature of Quebec would in no way be changed by the constitutional amendments which are to give effect to the Meech Lake accord.

Does this mean that those amendments will include a provision stating that the general rule that the Constitution of Canada is to be interpreted in a manner consistent with the recognition that Quebec constitutes within Canada a distinct society is not to be applied when the courts are interpreting sections 91 and 92 of the Constitution Act, 1867?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am sorry, but I do not quite grasp the meaning or the significance of the question. I will try to give it further thought, but the proposed constitutional amendment in the form in which it is set out in the Meech Lake communiqué surely speaks for itself.

**Senator Stewart:** Honourable senators, it does not speak clearly to me, and I am asking for information.

We know that there is a distribution of powers in the Constitution Act, 1867, and the very important subsection in section 92 refers to property and civil rights in the province. This might be a consideration when the capacity of the Government of Canada to act in accordance with any treaty into which it had entered came to be discussed. Therefore the question I am now asking is relevant to the one Senator MacEachen just asked.

We know that there is this division of power which has been the subject of extensive judicial consideration. We are now told that we are to have in the Constitution a provision which will require that the Constitution of Canada shall be interpreted in a manner consistent with the recognition that Quebec constitutes within Canada a distinct society.

Yesterday we were told repeatedly by the minister that the new constitutional provisions will not alter the distribution of powers between Parliament and the legislatures, as set forth in sections 91 and 92.

My question is this: When the courts come to consider specific cases involving that distribution of powers, will they or will they not be bound by the new provision that the Constitution of Canada is to be interpreted in a manner consistent with the recognition that Quebec constitutes within Canada a distinct society? To go back to my original formulation: Does the minister's statement that there is to be no change in the distribution of powers mean that there will be a provision stating that the general rule with regard to interpreting the Constitution—and sections 91 and 92 as part of the Constitution—consistent with the recognition that Quebec constitutes within Canada a distinct society is not to be applied with regard to sections 91 and 92? Can we have a clear answer on that?

**Senator Murray:** Honourable senators, the proposal is that the Constitution will provide in that interpretative clause that the Constitution is to be interpreted in a manner consistent with "distinct society," and also what I have summarized in my language as being "linguistic duality." The Constitution shall be interpreted. It is not intended to exempt any particular section of the Constitution from that interpretative clause.

We do not purport to change the distribution of powers, and the courts do not change the distribution of powers. There is a process for changing the distribution of powers.

**Senator Stewart:** Honourable senators, we all understand the process by which constitutional amendments might be made to sections 91 and 92. However, none of us is so naive as to think that the words put down in 1867 have been interpreted as some of the authors of that document intended. There has been judicial interpretation.

Judicial interpretation is so important that in the Meech Lake accord there is to be an instruction as to the general rule to be followed in the interpretation of the Constitution. We have now been told by the Leader of the Government in the Senate that that rule is to be applied to the interpretation of sections 91 and 92. Consequently, there can be a new interpretation of those sections, an interpretation quite different from that which has hitherto prevailed; is that correct?

**Senator Murray:** As I understand it, the honourable senator is suggesting that we should exempt those sections from the interpretative clause. That is not the proposal.

**Senator Stewart:** I am not making any such suggestion, honourable senators. I simply want to know whether the honourable senator was being candid with us yesterday when he told us that the Meech Lake accord would not alter and does not purport to alter the distribution of powers in any way.

He has now told us that some of us may have been misled by that statement, because the distribution of powers is to be interpreted according to a new principle, a principle quite different from that which has hitherto prevailed.

**Senator Murray:** I remind the honourable senator that it applies also to the provision having to do with what I have referred to as "linguistic duality." So, yes, the Constitution is to be interpreted in that way. I do not understand how or why the honourable senator or any honourable senator would be misled by my statements of yesterday and the day before. I think they were very clear.

• (1450)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, let us put it in another context, because I really think the Leader of the Government is not quite understanding the question. Yesterday, when I pointed out that the reports were that the Prime Minister and the Leader of the Government had been assuring English Canada that Quebec did not get a single power that it did not already have before Meech Lake, that it had nothing added after Meech Lake—

**Senator Murray:** Where did you see that?

**Senator Frith:** I quoted it yesterday.

**Senator Murray:** No, you did not; I beg your pardon, but what you quoted was part of a headline from a newspaper. I explained yesterday what I had said and what we had all said about this matter, that the proposed recognition of Quebec as a distinct society did not in any way alter the distribution of powers. We do not alter the distribution of powers nor do we

purport to change the distribution of powers by this recognition.

**Senator Frith:** Exactly; that is precisely the point that Senator Stewart is making. The Leader of the Government said just a moment ago that there is a way in which the distribution of powers can be changed, and that is by constitutional amendment. Of course, that is correct. What we have here is a constitutional amendment. So it may very well be that the Leader of the Government and his associates do not intend to change the distribution of powers. The point of Senator Stewart's question is that if the Constitution of Canada is going to say:

> The Constitution of Canada shall be interpreted in a manner consistent with
>
> *a*) the recognition that the existence of French-speaking Canada . . .
>
> *b*) the recognition that Quebec constitutes within Canada a distinct society.

and if, as he has just told us, that applies to all provisions of the Constitution, then it applies to sections 91 and 92, which are the sections that deal with the distribution of legislative powers.

The point of the question is that after the amendments, whatever they may be, are put into effect, the courts will have to interpret the distribution of powers in accordance with a new rule of interpretation that is added to the Constitution and which is intended to be added to the Constitution.

**Senator MacEachen:** It is a new ball game.

**Senator Frith:** There may be other sections in the Constitution which state that it "shall be interpreted as follows," but not as far as I know. From the courses I have taken in constitutional law, the Interpretation Act and various rules of interpretation apply, but there is no provision in the Constitution which says that it "shall be interpreted in accordance with the following."

Senator Stewart is saying that if that applies to sections 91 and 92, then it does affect the distribution of powers because it is going to provide a new interpretative rule. If it does not apply to sections 91 and 92, he is asking whether the actual text will state that it does not apply. The Leader of the Government said yesterday that it does not apply to the distribution of powers, and that is why he said that if Quebec thinks it got any more powers that relate to the distribution of legislative powers than it had before, it is wrong, because it got nothing more. Senator Stewart is asking whether the text will state that or whether it will be left as it is, in which case I say—and I do not like to say I know more about any subject than the government leader, but I may have studied a little more constitutional law than he has—that that is a new rule of interpretation. If it applies to sections 91 and 92, it affects the distribution of powers.

**Senator Murray:** Honourable senators, it does not affect the distribution of powers. I wish the honourable senator would be more careful in quoting me. He quoted me as saying that it did not apply to the distribution of powers. I stated from the beginning that it does not alter the distribution of powers. The courts, of course, will interpret the distribution of powers, as they always have. They do not change the distribution of powers as between the federal Parliament and the provinces.

**Senator Frith:** You can't be serious!

[Senator Murray.]

## FIRST MINISTERS' ACCORD—INCLUSION OF INTERPRETATIVE SECTION IN RESULTING LEGISLATION—IDENTIFICATION OF AND INSTRUCTIONS TO DRAFTSMEN

**Hon. Ian Sinclair:** Honourable senators, could the Leader of the Government advise us whether the new act arising out of the Meech Lake accord will have a general interpretative section?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, that has not yet been determined.

**Senator Sinclair:** I noticed, honourable senators, that the communiqué states that the Prime Minister and the ten premiers agreed to ask officials to transform into a constitutional text the principles in the accord. Who are those officials?

**Senator Murray:** Honourable senators, the advisers to the federal government in the Department of Justice, the Privy Council and the federal-provincial relations secretariat.

**Senator Sinclair:** Honourable senators, when legislative draftsmen are given a job to do, somebody has to give them instructions. Who is giving those instructions with regard to putting into constitutional, legal terminology the accord?

**Senator Murray:** Honourable senators, the instructions are there in the Meech Lake accord. If there is difficulty or if there are questions raised by the officials, they will be discussed with the Prime Minister.

**Senator Sinclair:** Honourable senators, that takes me back to my first question, which is: Is there going to be a general interpretative clause or section to bring into effect the accord? That is a principle that must have been discussed. It is quite unusual to state in a constitutional document that we are going to interpret any provision in a certain way, and that is how I read this section of the accord. Am I wrong?

**Senator Murray:** Honourable senators, I hope it is clear that in the drafting of constitutional texts, the officials of the various governments will be working together. Second, it is true that the answer to the question put by the honourable senator has not yet been determined.

## FUTURE AMENDMENT OF AMENDMENT PROVISIONS—UNANIMITY REQUIREMENT

**Hon. John B. Stewart:** Honourable senators, I have a rather different question which relates to the process by which an amendment might be made in the future to the amendment provisions in the Constitution. In other words, it has to do with the amendment of the amendment arrangements. Let me lay the ground for my question in this way.

Part V of the Constitution Act, 1982 provides for the amendment of the Constitution of Canada in two different ways. Under section 38, what we might call the general amending formula, what is required is a resolution by two thirds of the provinces with at least 50 per cent of the population of all the provinces. Then, under section 41 amendments with regard to certain specified matters require the agreement of all of the provincial legislative assemblies. Under the Meech Lake accord amendments relating to the matters specified in section 42, which amendments at present can be made only under subsection 38(1), will require the consent of all of the provinces. In other words, matters under section 42 are to be dealt with in the future in the same way as matters under section 41. Hereafter, for example, an amendment in relation to the method of selecting senators will require not the agreement of two thirds of the provincial legislatures but agreement of all of the provincial legislatures.

Honourable senators, it is possible that at some time in the future, sooner or later, after experience with this new amendment rule, the Government of Canada, the Government of Nova Scotia or the Government of Alberta will decide that the unanimity requirement for amendments relating to the matters under section 42 is unsatisfactory and that it is unworkable. That government may then wish to initiate an amendment to change the process by which amendments relative to such matters can be made. My question is this: Will the Meech Lake provisions require provincial unanimity for an amendment which would relax the new unanimity requirement for section 42 matters?

I am sure that the minister will have noted that section 41 contains such a provision, that is, a provision requiring provincial unanimity for changes in the process by which the Constitution, relative to the matters specified in that section, to be made. Or, alternatively, will the Meech Lake provisions permit an amendment to the new section 42 under the terms of the general amendment formula set forth in section 38(1)? That is to say, can the requirement for unanimity with regard to section 42 amendments be relaxed by an amendment made with the agreement of only two thirds of the provinces with the appropriate population?

• (1500)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, it is a matter of interpretation; but I must say that I would be inclined to think that, then as now, any change in the amending formula would require unanimous consent.

**Senator Stewart:** That, of course, is not the case now. The situation where unanimity is required with regard to an amendment is dealt with in section 41, where we have amendments requiring unanimous consent, and the last of these amendments is "an amendment to this Part." But there is no provision elsewhere that protects other matters in a comparable way. All other amendments to the Constitution come under section 38.

**Senator Murray:** Which is under Part V.

**Senator Stewart:** Which is under Part V. Section 38 is included in Part V; it is the first section in Part V.

**Senator Murray:** But there would have to be unanimity to change section 38(1).

**Senator Stewart:** That is not correct. Section 38(1) is part of the Constitution and there is provided therein that any part of the Constitution, except section 41, can be changed by the provision set forth there; in other words, by two-thirds agreement. Honourable senators, that is why there is a specific provision with regard to amendments to section 41. The general rule applies, except to section 41.

**Senator Murray:** What my honourable friend is asking is whether it now takes unanimous consent to change the general amending formula, and it does. If, for example, the First Ministers had decided to adopt the Victoria formula suggested by his party in order to do that, as a general amending formula it would have taken the unanimous consent of the Parliament of Canada and the provincial legislatures. Perhaps I have misunderstood the question.

**Senator Frith:** You are right in what you are saying, but I do not think that is his question.

**Senator Stewart:** I know that it is a complicated matter, but it is of very great importance, and, I am sure, of the greatest importance to those premiers who wanted to have the Constitution changed so that unanimity of the provinces would be required with regard to matters under section 42.

If the Meech Lake agreement goes forward, then section 42 matters will require provincial unanimity, just as section 41 matters do now. I then go on to say: Suppose they become dissatisfied with that; suppose that Alberta becomes dissatisfied, let us say, with regard to the Senate and says, "We are being held up by one province"—Nova Scotia, let us say. "We want to start an amendment so that we can get away from the requirement of unanimity with regard to changing the rules for the selection of senators."

My question is—and I am sorry to repeat it: Will they have to get unanimity to abolish the requirement for unanimity, or can that be done under the much slacker requirements of section 38(1)?

**Senator Murray:** Honourable senators, I will again study the question more closely; but, if I understood it correctly, my reply is that unanimity would be required to change that formula in that respect.

**Senator Stewart:** In other words, there will appear in the rewritten section 42, as there is now in section 41, a section which will require unanimity for an amendment to this section.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, it now says in section 42:

> An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with subsection 38(1):

That is the two-thirds provision. We could change that and say "an amendment to the Constitution of Canada in relation to

the following matters may be made only in accordance with section 41." Which is the unanimity requirement. Is that the intention?

**Senator Murray:** Honourable senators will see the draft in due course.

**Senator Frith:** I am not asking for the draft but just the effect.

**Senator Murray:** The effect of it would be to remove those institutions that are now in section 42 into section 41; and to change the unanimity requirement it would require unanimity.

**Senator Stewart:** That is very reassuring for Premier Bourassa, but I am sure it may be somewhat depressing for those premiers who want to see changes with regard to the mode of selection of senators.

FIRST MINISTERS' ACCORD—SUPREME COURT OF CANADA—RECOMMENDATIONS FOR APPOINTMENT—ENTRENCHMENT OF COURT

**Hon. Daniel A. Lang:** Honourable senators, I am following along the same line of questioning in connection with the Meech Lake communiqué, particularly as it applies to the Supreme Court of Canada. I have read the two paragraphs that apply to the Supreme Court of Canada, and I am really quite uncertain as to their significance. The first paragraph says:

> Entrench the Supreme Court and the requirement that at least three of the nine justices appointed be from the civil bar;

Perhaps my knowledge of constitutional law and constitutional evolution is somewhat lacking, but if honourable senators look at section 41 of the Constitution Act of 1982, they will see that the Supreme Court is already entrenched, and because of that fact the appointment of the three justices from the civil bar is already entrenched as being part of the Supreme Court Act. I do not know what this government means by "the composition of the Supreme Court of Canada."

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** It wasn't this government that wrote that.

**Senator Lang:** Well, I think this new government has to interpret it.

**Senator Murray:** Furthermore, I voted against the bill in 1982.

**Senator Lang:** What is the significance of that first paragraph in view of our present constitutional situation? I raise this particularly because on May 5 there was an announcement by the Minister of Justice with regard to Supreme Court procedural changes introduced. Are those amendments to the Supreme Court Act—which involve jurisdiction and matters of procedure—now to be subject to unanimous provincial consent?

**Senator Murray:** Honourable senators, the answer to the second part of the honourable senator's question is no. We are proposing to entrench the court, not the entire Supreme Court Act. With regard to the first part of his question, there is and has been for a few years some disagreement among legal constitutional scholars as to whether the court really is entrenched by virtue of section 41(*d*), where the reference is to the composition of the Supreme Court of Canada. Whether or not that refers to the fact that three of the judges are to be from the civil bar is a matter of disagreement. I cannot name the experts who would disagree with the honourable senator's contention that the court is already entrenched, but I would ask him to take my word that they exist. So, for greater certitude, we propose to entrench the court and the provision regarding the three judges from the civil bar.

[Senator Frith.]

• (1510)

**Senator Lang:** Honourable senators, I have a supplementary question. Would I be correct in assuming that this paragraph in the communiqué that is to be included in an amendment will be there for purposes of clarification and for no other reason?

**Senator Murray:** Honourable senators, we propose to entrench the Supreme Court and the requirement that three of the judges be from the civil bar because there now seems to be a disagreement among eminent constitutional experts as to whether those matters are now entrenched by virtue of section 41(*d*). Someone has just passed me a copy of an article in *Le Devoir* which deals with this matter.

[*Translation*]

Mr. Gérald Beaudoin, Professor of Constitutional Law at the University of Ottawa, wrote in *Le Devoir*, and I quote:

> Most Constitutionalists believed that Section 41 gave Quebec adequate protection at the Supreme Court level by requiring the appointment of three Civil Code specialists. Other highly regarded jurists have claimed the opposite: the protection of three Quebec judges was far from evident.

[*English*]

**Senator Frith:** It is just composition.

**Senator Murray:** Therefore, it was felt that we should take this opportunity to clarify the situation and entrench the court and the requirement that three of its judges be from the civil bar.

**Senator Lang:** Honourable senators, if I may continue this line of questioning, my next question is with regard to the second clause of the communiqué under the heading "Supreme Court of Canada". It reads:

> -provide that, where there is a vacancy on the Supreme Court, the federal government shall appoint a person from a list of candidates proposed by the provinces and who is acceptable to the federal government.

By what sort of mechanism does the federal government propose to solicit names of candidates for this one job from ten provinces?

**Senator Murray:** Honourable senators, as I said yesterday in reply to a question from Senator Austin, we have not quite determined all the modalities, but I would not take it for granted that the federal government would go asking for lists every time there was a vacancy. What might be possible, for example, is to have the provinces submit lists which would be updated annually.

FIRST MINISTERS' ACCORD—SENATE REFORM—RECOMMENDATIONS FOR APPOINTMENT—QUEBEC VACANCY

**Hon. Gildas L. Molgat:** Honourable senators, I would like to address a question to the Minister of State for Federal-Provincial Relations, and it is on the subject that I questioned him about before, which is the new method of appointing senators. I want to make it very clear that if I ask questions about this matter, it is not because I support the government's proposal. In fact, I think the government's proposal of having the provinces make appointments is the worst possible answer to Senate reform. However, that is what the government now proposes to do.

What I would like to know is this: There is presently one vacancy in the Senate from the province of Quebec. Has the government asked the Government of Quebec for a list of names?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** No, honourable senators, not that I am aware of. I may say that with regard to the Senate and, indeed, with regard to this question of the distinct society and all the matters that were covered in the Meech Lake declaration, I had the pleasure today to be present at a lunch at the Canadian Club which was addressed by the Premier of Ontario. I would commend to the attention of all honourable senators, in particular my honourable friends opposite, the excellent speech the Premier of Ontario made in support of the Meech Lake declaration and its significance for the future of our country.

**Senator Frith:** I am beginning to understand why you enjoyed it.

**Senator Argue:** I can understand Ontario loving it.

**Senator Molgat:** So the government has not asked the Province of Quebec for a list of names. In view of the fact that the wording in the communiqué is to the effect that the federal government will select from the list people who are acceptable to the government, the government must have had some criteria of what would be acceptable. I wonder if the minister could tell us the criteria the government has in mind?

**Senator Murray:** To maintain the present high quality of membership in this place.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have a supplementary question which has just occurred to me. The tradition is that the prerogative for appointments to the Senate is exclusively that of the Prime Minister. I know the appointments are made by the Governor General, but certainly the tradition and convention of the Constitution is that the Prime Minister does not have to consult anyone about his recommendations. Is there any significance in the fact that the accord uses the words "Government of Canada" rather than the Prime Minister?

**Senator Murray:** Honourable senators, no, there is not. Once the lists have been submitted in respect to a particular vacancy and the candidate is selected, the person would be appointed by Her Excellency on the basis of what is called an instrument of advice from the Prime Minister.

**Senator Frith:** So the same procedure that is now used where it is essentially the Prime Minister's prerogative will still be used.

**Senator Murray:** Yes. These are not what are called order in council appointments by the government. They are done by an instrument of advice from the Prime Minister to Her Excellency.

## EXTERNAL AFFAIRS

CANADA-UNITED STATES TEST AND EVALUATION PROGRAM AGREEMENT—FORECAST OF PROJECTS

Question No. 9 on the Order Paper—**By Hon. Senator MacEachen, P.C.:**

12th March, 1987—Has the United States Government submitted to Canadian authorities its forecast of projects it wants to implement in Canada in 1987 under the Canada/U.S. Test and Evaluation Program Agreement and, if so, how many test flights of the cruise are contemplated?

*Reply by the Secretary of State for External Affairs:*

The U.S.A. Government has submitted its forecast of test projects for 1987 under the Canada/U.S.A. Test and Evaluation Agreement. The flight tests of the air-launched cruise missile occurred on February 24 and March 1, 1987. No further cruise missile test flights will occur in 1987.

## TRANSPORT

PRINCE EDWARD ISLAND LIGHTHOUSES

Question No. 11 on the Order Paper—**By Hon. Senator Macquarrie:**

26th March, 1987—1. What is the oldest lighthouse structure still in operation in Prince Edward Island?

2. Under what government jurisdiction did the East Point Lighthouse operate in the years 1867-1873?

3. If the projected plans to automate this lighthouse proceed, what provision will be made for tourist access to the lighthouse tower building which was constructed in 1867?

4. In the event of malfunction or non-function of an automated service, what are the provisions for repair and/or correction of such interruptions of service?

5. What fishermen, fishermens' associations or sailing groups have requested automation of the East Point Lighthouse?

6. In the last ten years what is the number of visitors to the lighthouse (per year)?

*Reply by the Minister of Transport:*

1. The oldest lighthouse operational in Prince Edward Island is Prim Point, established in 1846.

2. The Colonial Government.

3. The Province of Prince Edward Island, Department of Tourism, maintains a summer tourist guide and this service will continue. The Canadian Coast Guard is amenable to similar tourism services being provided by provincial authorities or public groups who may wish to do so at other stations.

4. Interruptions in service will continue to be attended to from Charlottetown Coast Guard base as is the present practice.

5. No service groups have requested automation.

6. Approximately 8,000 visitors per year.

The Senate adjourned until Tuesday, May 12, 1987 at 2 p.m.

**APPENDIX "A"**

(*See p. 972*)

**REVISED STATUTES OF CANADA, 1985**

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON STUDY OF DRAFT

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THURSDAY, May 7, 1987

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

## SIXTH REPORT

Your Committee, to which was referred the Draft Revised Statutes of Canada, 1985, has, in obedience to the Orders of Reference of Tuesday, February 3, 1987 and Tuesday, April 14, 1987, examined the said Draft Revised Statutes and now presents the following report.

The 1985 statute revision will be the sixth since 1886, but the first in which, pursuant to the *Statute Revision Act*, S.C. 1974-75-76 c. 20, parliamentary committees are to review the work of the Statute Revision Commission "for the purpose of examination and approval". With respect to this issue of process, your Committee is of the opinion that future revisions should be presented to Parliament in a form that will better assist the committee or committees appointed to review them. The Draft under consideration consists of 17 volumes containing well over 10,000 pages of legislative text, with no indication as to the changes made by the Commission to the laws enacted by Parliament. The manner in which the Draft was presented is inconsistent with your Committee's mandate to examine and approve.

> RECOMMENDATION 1 - In future revisions, changes made should be identified in such a way as to allow parliamentary committees to perform their statutory duty; perhaps in the same form as is used in amending Bills. Further, to facilitate the process in the future, it might be appropriate for the Minister of Justice to take advantage of s. 7 of the Act, which allows drafts of portions of a statute revision to be laid before Parliament "from time to time". This would permit consideration to take place in a more manageable way.

Your Committee has paid special attention to the Acts of Parliament that are not included in the revision. We requested a list of all such statutes, with an explanation of the reason for the omission. That list is appended. We wish to comment on one statute mentioned therein - the *Geneva Conventions Act*, RSC 1970 c. G-3. The rationale given for its deletion is that it has "very little application (wartime)".

In our view this is not acceptable. Pursuant to the three important Geneva Conventions of 1949, Canada has undertaken "in time of peace as in time of war to disseminate" the texts of the Conventions "as widely as possible", and to include them in courses of military and (if possible) civilian instruction "so that the principles thereof may become known to all ... armed forces and to the entire population." Failure to include the Act in the 1985 Revision would, in our view, place Canada in violation of the spirit of this international obligation, since, in a practical sense, the only access many citizens have to federal statutes is to the latest periodic revision. Further, deletion of the Act could be short-sighted, since the clear tendency of international law in this area is for the laws of war to apply to conflicts not having the full scope or intensity of declared war.

> RECOMMENDATION 2 - Your Committee recommends that the *Geneva Conventions Act* be included in the main consolidation of the 1985 Revised Statutes of Canada, to emphasize our country's continued commitment to international humanitarian law of armed conflict.

Your Committee also gave consideration to several aspects of the proposed *Parliament of Canada Act*, Chapter P-1 in the Draft. This Act would consolidate into one several statutes relating to Parliament. While we had some doubts as to the jurisdiction of the Commission to effect such a consolidation having, as it does, a substantive aspect in relation to the long and short

titles of the seven statutes, we are satisfied that this issue will be resolved by the enactment of a Bill to give legal effect to the revision. We remain concerned, however, as to the inclusion of an *Act respecting the use of the expression "Parliament Hill"*, S.C. 1972 c. 11, in the consolidation, since it does not, like the six other statutes, address itself exclusively to the internal affairs of the Houses or the conduct of their officers. We do not feel that we would be justified in recommending that that statute appear as a separate chapter in the revision; but we do feel the matter should be re-examined in the future. Finally, we note that the Commission has agreed to revise some of the terminology used in the French version of the *Parliament of Canada Act* in response to concerns which were raised. We wish to inform the Senate that these concerns have been resolved to our satisfaction.

RECOMMENDATION 3 - That, in the next revision, the Statute Revision Commission should re-examine the issue of the inclusion of an *Act respecting the use of the expression "Parliament Hill"* in the proposed *Parliament of Canada Act.*

Your Committee also gave consideration to certain concerns expressed by counsel to the Standing Joint Committee on Regulations and other Statutory Instruments, and the Senate Chairman of that Committee. They submitted that a substantive change had been made in the revision of the French version of section 28 of the *Transportation of Dangerous Goods Act* (Chapter T-19 in the Draft Report). When made aware of a commitment to the Joint Committee by the responsible Minister to introduce amendments to that Act which would have the effect of deleting a limitation from the *English* version of that section, the Commission agreed that it might be preferable to reinstate the French version as it was originally enacted by Parliament.

RECOMMENDATION 4 - That the original French version of s. 28 of the *Transportation of Dangerous Goods Act* be reinstated in the Draft Report of the Statute Revision Committee. Further, we would urge the Minister of Justice to include, if possible, the appropriate amendment to the English version of s.28 in the bill that will give legislative form to the Draft Report, in order to give effect to the commitment made to the Joint Committee on Regulations and other Statutory Instruments.

Your Committee has been apprized of concerns expressed in the Standing Committee on Justice and Solicitor General of the House of Commons as to the use of gender-based language in the Draft Report. We agree that, insofar as it is possible, statutes should be expressed in gender neutral language.

RECOMMENDATION 5 - That, in future revisions, as well as in the drafting of statutes, regulations and other statutory instruments in general, an effort be made to use gender neutral language.

In conclusion, your Committee has examined the draft Revised Statutes of 1985 and makes the following general recommendation.

RECOMMENDATION 6 - Your Committee expresses its general approval of the Report of the Statute Revision Commission and, subject to the recommendations made above, recommends that the further legislative process contemplated by the *Statute Revision Act* take place.

Respectfully submitted,

**JOAN B. NEIMAN**
*Chairman*

## APPENDIX TO THE REPORT

### Individual Acts not included in the draft Revised Statutes of Canada, 1985, but in force on December 31, 1984

### (Category No. 6 of Schedule "C" to the Explanatory Brief submitted by the Statute Revision Commission to the Parliamentary Committees)

| Chapter of R.S.C. 1970 or subsequent year | |
|---|---|
| A-14 | *Annulment of Marriages (Ontario) Act* |
| | Local/regional. |

| | | |
|---|---|---|
| 74-75-76 c. 75 | *Anti-Inflation Act* | S. 46: expires 31-12-78 unless order in council and parliamentary resolution, of which no sign. |
| A-16 | *Army Benevolent Fund Act* | Very limited application. |
| 80-81-82-83 c. 161 | *Athletic Contests and Events Pools Act* | Repealed by 1985, c. 22, s. 5. |
| B-4 | *Quebec Savings Banks Act* | Local/regional and private (one local Montreal bank). |
| 70-71-72 c. 49 | *Canada Development Corporation Act* | 1985, c. 49, subs. 14(1): to become repealed when CDC continued under Canada Business Corporations Act. |
| 84, c. 29 | *Canada-Nova Scotia Oil and Gas Agreement Act* | Local/regional; see also "Nova Scotia Offshore Retail Sales Tax". |
| 80-81-82-83 c. 57 | *Canadian Home Insulation Program Act* | Par. 3(2)(a): no application after 31-12-87. |
| 80-81-82-83 c. 152 | *Canagrex Act* | Repealed: 1986, Bill C-2, in 2nd reading. |
| 80-81-82-83 c. 108 | *Cooperative Energy Act* | Private; creates 2 non-Crown Corporations. |
| C-32 | *Canada Corporations Act* | No incorporations under Pt. I: Canada Business Corporations Act, s. 262. |
| C-40 | *Customs Act* | Replaced by 1986, c. 1. |
| D-8 | *Divorce Act* | Replaced by 1986, c. 4. |
| E-5 | *Emergency Gold Mining Assistance Act* | Concerned production in 1955 to 1970 (s. 2, 3). |
| 70-71-72 c. 56 | *Employment Support Act* | Concerns foreign tariffs; not applied in recent years and all regulations revoked by SOR/86-447. |
| F-5 | *Farmers' Creditors Arrangement Act* | Concerns pre-1-5-35 debts, and some bankruptcy procedure to be transferred to Bankruptcy Act. |
| 73-74 c. 46 | *Foreign Investment Review Act* | Repealed by 1985, c. 20, s. 46. |
| F-31 | *Fruit, Vegetables and Honey Act* | Very limited application (now also Agricultural Products Standards Act). |
| G-3 | *Geneva Conventions Act* | Very limited application (wartime). |
| G-6 | *Government Annuities Act* | 74-75-76, c. 83, s. 13, 14: no sales of new annuities after 20-12-75; no new employee registrations after 31-3-79. |
| 74-75-76 c. 83 | *Government Annuities Improvement Act* | See above. |
| H-4 | *Health Resources Fund Act* | Subs. 3(4): no payments after 31-12-80. |

| | | |
|---|---|---|
| 80-81-82-83 c. 58 | *Home Insulation (N.S. and P.E.I.) Act* | Par. 3(2)(a): no applications after 31-12-81. |
| H-10 | *Humane Slaughter of Food Animals Act* | Repealed by 1985, c. 17, s. 28. |
| I-10 | *Industrial Research and Development Incentives Act* | No applications after 31-12-76; 76-77, c. 3, subs. 10(2). |
| I-21 | *International Development Association Act* | Repealed by 1985, c. 16, s. 10. |
| L-13 | *Lord's Day Act* | Unconstitutional. |
| 77-78 c. 41 | *Maritime Code Act* | Not in force; probably will never be. |
| M-6 | *Meat and Canned Foods Act* | Repealed by 1985, c. 17, s. 28. |
| M-7 | *Meat Inspection Act* | Repealed by 1985, c. 17, s. 28. |
| M-15 | *Municipal Grants Act* | Current Act is 1980-81-82-83, c. 37, revised as RSC 1985, c. M-13. |
| 84 c. 29 | *Nova Scotia Offshore Retail Sales Tax Act* | Local/regional, see also "Canada-Nova Scotia Oil and Gas Agreement". |
| 73-74 c. 53 | *Oil Export Tax Act* | Taxation ended on 1-4-74: s. 3, see Excise Tax Act, par. 22.2(1)(d). |
| P-16 | *Prairie Farm Assistance Act* | Repealed by 1985, c. 21, s. 1. |
| P-24 | *Canada Prize Act* | Very limited application (wartime). |
| 80-81-82-83 c. 122 | *Public Sector Compensation Restraint Act* | "6 and 5" program; largely spent. |
| P-39 | *Public Works Health Act* | Needs regulations for implementation; no regulations since before 1955. |
| R-3 | *Regional Development Incentives Act* | Facilities must be in production before 1-1-77: subs. 9(3). |
| 2nd Supp. c. 31 | *Temporary Wheat Reserves Act* | 1972-73 last grant year, as confirmed by Canadian Wheat Board. |
| U-1 | *Unemployment Assistance Act* | Terminated in 1966, when Canada Assistance Plan, c. C-1, came into force. |
| 80-81-82-83 c. 119 | *Urea Formaldehyde Insulation Act* | Program to be discontinued soon (M. Rosenberg, General Counsel, Consumer and Corporate Affairs). |
| V-2 | *Veterans' Benefit Act* | Made WW-II veterans Acts applicable to Korean War veterans. |
| V-3 | *Veterans Insurance Act* | Quickly diminishing clientele; WW-II and Korean War. |

| | | | |
|---|---|---|---|
| V-4 | *Veterans' Land Act*<br>Idem. | W-3 | *Marine and Aviation War Risks Act*<br>Very limited application (wartime). |
| V-5 | *Veterans Rehabilitation Act*<br>(Re)establishment grants after WW-II and Korean War. | W-4 | *War Service Grants*<br>Gratuities at end of WW-II and Korean War. |

# THE SENATE

**Tuesday, May 12, 1987**

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

Prayers.

## FORGIVENESS OF CERTAIN OFFICIAL DEVELOPMENT ASSISTANCE DEBTS BILL

FIRST READING

**Hon. Orville H. Phillips,** for Senator Murray, presented Bill S-9, relating to the forgiveness of debts incurred or assumed in respect of certain official development assistance loans made by the Government of Canada to the Governments of Togo and of the Islamic Republic of Mauritania and also to the former East African Community.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Phillips, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the senate.

## CANADA POST CORPORATION

CLOSING OF MURRAY RIVER, PRINCE EDWARD ISLAND, POST OFFICE—PRESENTATION OF PETITIONS

**Hon. M. Lorne Bonnell:** Honourable senators, I have a few petitions concerning the Canada Post Corporation. I ask that they be received and printed in the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*Text of petitions follows:*)

TO THE HONOURABLE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy,

HUMBLY SHEWETH

WHEREAS, the Canada Post Corporation is threatening to effect widespread closures of rural post offices, and

WHEREAS, the Canada Post Corporation is threatening to change the locations of many rural post offices, and

WHEREAS such changes are more likely to take place in areas where the postmaster or postmistress is about to resign, retire or become promoted, and

WHEREAS the Murray River postmaster/postmistress will soon be reaching retirement age.

WHEREFORE, the undersigned, your Petitioners humbly pray and call upon Parliament to reject proposals which will decrease the postal service to our local community and to take strong and immediate action to assure us that our post office, which serves a great need in our community, will not be closed, put out on contract, relocated to another community, replaced with super mailboxes or any other inferior service.

And as in duty bound your Petitioners will ever pray.

Date: April 30, 1987

(Signed):

Aileen Petrie, R.R. 4, Murray River
Ross Petrie, R.R. 4, Murray River
Ivan Buell, R.R. 4, Murray River
Mary Buell, R.R. 4, Murray River
Arlene MacLean, Murray River
Stephen MacLean, R.R. 4, Murray River
Thelma Matheson, R.R. 4, Murray River
Pansy MacLean, R.R. 4, Murray River
Sandra MacLean, R.R. 4, Murray River
Warren MacLean, R.R. 4, Murray River
Edison Hume, R.R. 4, Murray River
Zelda O'Neill, R.R. 4, Murray River
William O'Neill, R.R. 4, Murray River
Victor O'Neill, R.R. 4, Murray River
Stan Sandler, R.R. 4, Murray River
Trudy White, R.R. 4, Murray River
Donald Matheson, R.R. 4, Murray River
Doris Matheson, R.R. 4, Murray River
Gary Kennedy, R.R. 4, Murray River
Donald Miller, R.R. 4, Murray River
Roberta Miller, R.R. 4, Murray River
Velma Livingstone, R.R. 4, Murray River
Lillian Livingstone, R.R. 4, Murray River
Amelia MacDonald, R.R. 4, Murray River
Benjamin MacDonald, R.R. 4, Murray River
Edison Martin, R.R. 4, Murray River
Marie Martin, R.R. 4, Murray River
Lori Martin, R.R. 4, Murray River
Donna Martin, R.R. 4, Murray River
Lloyd MacDonald, R.R. 4, Murray River

Judy MacDonald, R.R. 4, Murray River
Margaret McCormack, R.R. 4, Murray River
Rita McCormack, R.R. 4, Murray River
Carla Gibbs, R.R. 4, Murray River
Rick Gibbs, R.R. 4, Murray River
Hubert Fraser, R.R. 4, Murray River
Joyce Fraser, R.R. 4, Murray River
Catherine Fraser, R.R. 4, Murray River
Minnie Bayne, R.R. 4, Murray River
Dan Fraser, Murray River
Joy Fraser, Murray River
Michele Dunn, Murray River
Charles Dunn, Murray River
Catherine Stewart, R.R. 4, Murray River
Martin Stewart, R.R. 4, Murray River
Sheldon Matheson, Murray River
Cassie Matheson, R.R. 4, Murray River
Lloyd Matheson, R.R. 4, Murray River
Ruth Matheson, R.R. 4, Murray River
Edith Matheson, R.R. 4, Murray River
Donna Blue, Hopefield
Donald Livingstone, Hopefield, P.E.I.
Lillian Livingstone, Hopefield, P.E.I.
Aiden Blue, Hopefield, P.E.I.
Louise Blue, Hopefield, P.E.I.
Pat Binns, Hopefield, P.E.I.
Carol Binns, Hopefield, P.E.I.
Kevin Blue, Hopefield, P.E.I.
Marilyn Blue, Hopefield, P.E.I.
William MacLean, Murray River, P.E.I.
Marion MacPherson, Murray River, P.E.I.
Kathryn Jardine, Murray River
Linda Scott, Murray River
Oliver MacDonald, Murray River
Vaunda MacDonald, Murray River
Beryl Singleton, Murray River
Alvin Singleton, Murray River
Maisie Mackay, Murray River
Zelda J. MacNevin, Murray River
Noel MacNevin, Murray River
William F. MacLeod, Murray River
Kevin Lannigan, Murray River
Geraldine MacKay, Murray River
Joan MacKay, Murray River
John Glover, Murray River
Laura Beck, Murray River
Christine MacKay, Murray River
Gladys B. MacPhee, R.R. 4, Murray River
Leon V. MacPhee, R.R. 4, Murray River
Lester MacLean, R.R. 4, Murray River

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Date: May 12, 1987

(Signed):

Ernest MacLean, R.R. 2, Murray River
Alfred V. Stewart, R.R. 2, Murray River
Alice Stewart, R.R. 2, Murray River
Carol Butler, R.R. 2, Murray River
Aeneas Butler, R.R. 2, Murray River
Rick Butler, R.R. 2, Murray River
Dinah Diamond, R.R. 2, Murray River
Edward Butler, R.R. 2, Murray River
Gail Keen, R.R. 2, Murray River
Deanna Keen, R.R. 2, Murray River
Susanne Keen, R.R. 2, Murray River
Ronald Keen, R.R. 2, Murray River
Edward Johnston, R.R. 2, Murray River
Sharon Young, R.R. 2, Murray River
Garry Young, R.R. 2, Murray River
Marjorie Henderson, R.R. 1, Murray River
Ken Henderson, R.R. 1, Murray River
Blair Nicolle, R.R. 2, Murray River
Jackie Nicolle, R.R. 2, Murray River

Frank Leeco, R.R. 2, Murray River
James Leeco, R.R. 2, Murray River
Ann Leeco, R.R. 2, Murray River
Lilian E. Leeco, R.R. 2, Murray River
Ricky Farrell, R.R. 2, Murray River
John K. Jackson, R.R. 2, Murray River
Louise Jackson, R.R. 2, Murray River
James Gillis, R.R. 2, Murray River
Bessie Gillis, R.R. 2, Murray River
Spencer Gillis, R.R. 2, Murray River
Harold Leeco, R.R. 2, Murray River
Muriel E. Leeco, R.R. 2, Murray River
Juanita J. Leeco, R.R. 2, Murray River
Joseph Jackson, R.R. 2, Murray River
Sterling Higginbotham, R.R. 2, Murray River
Wanda Higginbotham, R.R. 2, Murray River
David London, R.R. 2, Murray River
Georgina London, R.R. 2, Murray River
Peggy MacLeod, R.R. 2, Murray River
Ralph W. MacLeod, R.R. 2, Murray River
Charlene Munroe, R.R. 2, Murray River
Isabelle Leeco, R.R. 2, Murray River
Lester Leeco, R.R. 2, Murray River
Lester Leeco, Jr., R.R. 2, Murray River
Judy Butler, R.R. 2, Murray River
James Irving, R.R. 2, Murray River
Shirley Irving, R.R. 2, Murray River
Everett Irving, R.R. 2, Murray River
Rick Moore, R.R. 2, Murray River
Elwood Beck, R.R. 2, Murray River
Winnie Gillis, R.R. 2, Murray River
Allan Munroe, R.R. 2, Murray River
Mildred MacLean, R.R. 2, Murray River
Barbara MacLean, R.R. 2, Murray River
Myrna MacLean, R.R. 2, Murray River
Dwayne MacLean, R.R. 2, Murray River
Floyd Strickland, R.R. 2, Murray River
Betty Strickland, R.R. 2, Murray River
Angus L. MacLean, R.R. 2, Murray River
Margaret Chappell, P.O. Box 111, Murray River
Cheryl White, R.R. 4, Murray River
Barry White, R.R. 4, Murray River
Clarence White, R.R. 4, Murray River

TO THE HONOURABLE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

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WHEREAS, the Canada Post Corporation is threatening to change the locations of many rural post offices, and

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Date: May 12, 1987

(Signed):

Nancy Perkins, R.R. 4, Little Sands
Donald Perkins, R.R. 4, Little Sands
Lloyd Wheeler, R.R. 4, Little Sands
Gary Wheeler, R.R. 4, Little Sands
Glenn Palmer, R.R. 4, High Bank
Malcolm MacLean, R.R. 4, Little Sands
Janice White, R.R. 4, Wood Islands
Wade Buell, R.R. 4, Wood Islands
Arlene Buell, R.R. 4, Wood Islands
Peggy MacBeth, R.R. 4, Wood Islands
Byron MacLeod, R.R. 4, Wood Islands
Alice MacPhee, R.R. 4, Murray River
John MacPhee, R.R. 4, Murray River
John Meney, R.R. 4, Murray River
Robert Meney, R.R. 4, Murray River
Lorne White, R.R. 4, Murray River
Blayne White, R.R. 4, Murray River
Julie Mussel, R.R. 1, Montague
Lester White, R.R. 4, Wood Islands
Frank Panting, R.R. 4, Murray River
Letitia Panting, R.R. 4, Murray River
Gordon Tuplin, R.R. 4, Little Sands
Brenda Wheeler, R.R. 4, Little Sands
George H. Blue, R.R. 4, Murray River
Phil Stoshnof, R.R. 4, (Little Sands), Murray River
Pia McGill, R.R. 4, (Little Sands), Murray River

Kathy MacLean, R.R. 4, (Little Sands), Murray River
Sherry Collings, R.R. 4, (Dover), Murray River
Sharon Meney, R.R. 4, Little Sands
Dawn Kerr, R.R. 1, Belle River
Ted MacLean, R.R. 4, Little Sands
Roger Bernard, R.R. 4, Little Sands
Devena Bernard, R.R. 4, Little Sands
Allan Collings, R.R. 2, Murray River
Kent Wheeler, R.R. 4, Little Sands
Lisa Ansems, R.R. 4, Little Sands
Betty MacLean, R.R. 4, Little Sands
Malcolm MacLean, R.R. 4, Little Sands
Velma MacLeod, R.R. 4, Little Sands
Bruce A. MacLeod, R.R. 4, Little Sands
Harry Buell, R.R. 4, Little Sands
Neil MacNeill, R.R. 4, Little Sands
Earl MacLean, R.R. 4, High Bank
Arnold MacLean, R.R. 4, High Bank
Raymond L. MacLean, R.R. 4, High Bank
Ralph MacLean, R.R. 4, High Bank
Kathleen MacLean, R.R. 4, High Bank
Kevin MacLean, R.R. 4, High Bank
Wayde Livingstone, R.R. 4, High Bank
Sterling Palmer, R.R. 1, High Bank
Caroline Jardine, Murray River
Nella Livingstone, R.R. 4, High Bank
Deborah Livingstone, R.R. 4, High Bank
Ken McAleer, R.R. 4, High Bank
Gail McAleer, R.R. 4, Murray River
Arthur Palmer, R.R. 1, Murray River
Sandra Palmer, Murray River
Edward Palmer, R.R. 1, Murray River
Vanessa Palmer, R.R. 1, Murray River
Claude Palmer, Murray River
Jane E. Palmer, R.R. 4, Murray River
Linda J. Palmer, R.R. 1, Murray River
Patricia Poirier, R.R. 1, Murray River
Alyre Poirier, Sr., R.R. 4, Murray River
Alyre Poirier, Jr., R.R. 4, Murray River
Annabelle Brehaut, R.R. 1, Murray River
Bill Brehaut, R.R. 1, Murray River
Bertha Bruce, R.R. 1, Murray River
Roland Bruce, R.R. 1, Murray River
Kenneth Livingstone, R.R. 1, Murray River
Theresa Livingstone, R.R. 1, Murray River
Sidney D. Stewart, R.R. 1, Murray River
Flora M. Stewart, R.R. 1, Murray River
Joe McAskill, R.R. 1, Murray River
David McAskill, R.R. 4, Little Sands
Mrs. John H. MacLean, R.R. 4, Little Sands
Billy Ross, R.R. 4, Little Sands
Jessie Ross, R.R. 4, Little Sands
Douglas Compton, Little Sands
Doreen Compton, Little Sands
Franklin MacLeod, Little Sands
Claudia MacLeod, Little Sands
Stephen Compton, Little Sands
Carol Compton, Little Sands
Russell Matheson, Little Sands
Bertha Matheson, Little Sands
Laurie Blue, Little Sands
Bernice Blue, Little Sands
Ronnie Blue, Little Sands
David Blue, Little Sands
Donald MacLennan, Little Sands
John W. Gamble, Little Sands
Lois C. Palmer, Little Sands
Earl Palmer, Little Sands
Montie Livingstone, Little Sands
Dave C. Sanders, Little Sands
Mary Dugas, Little Sands
Carman Dugas, Little Sands
James L. Moore, Little Sands
Abena Hume, Little Sands
Carleton Hume, Little Sands
George M. Blue, Little Sands
Jennie M. Blue, Little Sands

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Date: May 12, 1987

(Signed):

John Brooks, R.R. 1, Murray River
Florence Harris, R.R. 1, Murray River
Josef Papp, R.R. 1, Murray River
Pirosene Papp, R.R. 1, Murray River
Sharon Gordon, R.R. 1, Murray River
Betty Jordon, R.R. 1, Murray River
James Jordan, R.R. 1, Murray River
Archie Gordon, R.R. 1, Murray River
Wayne MacLean, R.R. 1, Murray River
Carolyn MacLean, R.R. 1, Murray River
Kathy D. Herring, R.R. 1, Murray River
Garry W. Herring, R.R. 1, Murray River
Harvey Gordon, R.R. 1, Murray River
Wanda Gordon, R.R. 1, Murray River
Lois Gordon, R.R. 1, Murray River
James Gordon, R.R. 1, Murray River
Maureen J. Gordon, R.R. 1, Murray River
Verna Acorn, R.R. 1, Murray River
James C. Acorn, R.R. 1, Murray River
Irene London, R.R. 1, Murray River
Wm. Bell, R.R. 1, Murray River
Barbara Bell, R.R. 1, Murray River
Clarence Bell, R.R. 1, Murray River
Craig Bell, R.R. 1, Murray River
Jerry Bell, R.R. 1, Murray River
Alice Gosbee, R.R. 1, Murray River
Victor Gosbee, R.R. 1, Murray River
Wheaton Gosbee, R.R. 1, Murray River
Louise Moore, Murray River
Humphrey Moore, Murray River
Hester Glover, Murray River
Blanche Buell, Murray River
Sarah Gordon, Murray River
Ivan Gordon, Murray River
Velvet White, Murray River
Lena White, Murray River
Raymond White, Murray River
Raymond B. White, Murray River
Brian MacDonald, Murray River
Alan White, Murray River
Doreen White, Murray River
Kenny White, Murray River
Hazel Moore, Murray River
Katie Moore, Murray River
Rupert Glover, Murray River
Iva Higgenbotham, Murray River
David Higgenbotham, Murray River
Joe Papp, Abney
Deborah A. Papp, Abney
Jackie Bushee, Abney
Terry White, Abney
Barrie Harris, Murray River
Ruby Ross, Abney
Lester Acorn, Abney
Lester Richards, Abney
Alfred Richards, Abney
Effie Richards, Abney
Alvin Richards, Abney
Elizabeth Richards, Abney
Lorne Richards, Abney
Norman Richards, Abney
Viola Hopkins, Abney
Esther MacFadyen
Ian Nicholson
Jessie MacFadyen
John Wayne MacFadyen
Marion Young
Kenny Young
Leonard Young,
Marie Hopkins
Laura Buell
Barry Buell
Fred L. White, Murray River
Joyce C. White, Abney
Cory White, Abney
Fenton Buell, R.R. 1, Murray River
Emerson Gormley, Murray River
Mike McCormack, Murray River
Leith Beck, Abney
Ethel MacSwain, Abney
Harry Higgenbotham, Abney
Chris Higginbotham, Abney
Millicent Higginbotham, Abney
Sally Buell, Abney
Clayton Buell, Abney
Alan Bell, Murray River

[The Hon. the Speaker.]

Denise Bell, Murray River
Margaret Gordon, Murray River
Kevin Gordon, Murray River
Elsie Moore, Abney
Gerald Moore, Abney

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Date: May 12, 1987

(Signed):

Roy Stokes, Murray River
Gordon Murdock, Murray River
Lorne MacLeod, Murray River
Rickey Miller, Murray River
Ralph Billard, Murray River
John A. Cox, Murray River
Lorna J. Watson, Murray River
Joye MacLeod, Murray River
Lorna MacLean, Murray River
Vincent Belleville, Murray River
Helen Cox, Murray River, P.E.I.
David Dixon, Murray River, P.E.I.
Aurell Johnston, Murray River
Lucy Martin, Murray River
Ruth Moore, Murray River
Elton Moore, Murray River
Brian Rafuse, Murray River
Doris Gormley, Gladstone Rd., Murray River
Mary White, Gladstone Rd., Murray River
Peter T. Scott, Gladstone Rd., Murray River
Margie Dixon, Gladstone Rd., Murray River
Irene Livingstone, Gladstone Rd., Murray River
Doug MacLean, Murray River, P.E.I.
Lottie J. Sanders, Murray River
Alfred Sanders
Joanne Murphy
Kathleen Saunders
Roy H. Buell, Murray River
Evelyn Moore, Murray River
Janie Hume, Murray River
Mabel Alley, Murray River
Catherine Beck, Murray River
Boyd MacLeod, Murray River
Marlene Hayter, Murray River
Marie MacLeod, Murray River
Joyce Matheson, Murray River
Phyllis MacLeod, Murray River
Curtis Munn, Murray River
Peggy Munn, Murray River
William Munn
Geo. Steiger, Murray River
Clarence Moore, Murray River
Hazel Moore, Murray River
Reuben Moore, Murray River
Ruby Moore, Murray River
Norma E. Herring, Murray River
Clifford Herring, Murray River
Susan M. Herring, Murray River
Elmer Glover, Murray River
Elsie Leeco, Murray River
Laurie Moore, Murray River
Chester R. Moore, Murray River
Joy MacLeod, Murray River
Lyndon MacLeod, Murray River
Ella Gordon, Murray River
Jeanette Gordon, Murray River
Linda L. Gordon, Murray River
Glen MacLeod, Murray River
Annie MacLeod, Murray River
Pricilla Moore, Murray River
Haldon Hooper, Murray River
Pearl Hooper, Murray River
Malcolm Livingstone, Murray River
Betty Livingstone, Murray River

Linda Moore, Murray River
Pearley Moore, Murray River
John and Ethel Moore, Murray River
Lucy Nicolle, Murray River
Pansy Williams, Murray River
Charles Williams, Murray River
Susan Hooper, Murray River
Larry Hooper, Murray River
William R. Gordon, Murray River
Edith Davey, Murray River
Winifred Munn, Murray River
Ralph Gordon, Murray River
Kay Gordon, Murray River
Wayde MacKay, Murray River
M. MacDonald, Murray River
Keith MacDonald, Murray River
Kim MacDonald, Murray River
Florence Herring, Murray River
Murdina MacLean, Murray River
Archie Walker, Murray River
Hilda Walker, Murray River
James Rafuse, Murray River
Margaret Clarey, Murray River
John Clarey, Murray River
George Gosbee, Murray River
Helen Gosbee, Murray River
Glen Gosbee, Murray River
Irena Gosbee, Murray River
Florence Higgenbotham, Murray River
Dolina A. Keenan, Murray River
Howard MacKinnon, Murray River
Douglas Gamblin, Murray River
Edwin White, Murray River
Royal White, Murray River
Irving LLewellyn, Murray River
Mary Henderson, Murray River
Conrad Lavorchutte, Murray River
Mary Ferguson, Murray River
John Ferguson, Murray River
Hammond Nicolle, Murray River
Eva Nicolle, Murray River
Charles Dutney, Murray River
Myrna MacPherson, Murray River
Ralph A. MacPherson, Murray River
Sharon MacPherson, Murray River
Tammy MacLeod, Murray River
Steven MacLeod, Murray River

[The Hon. the Speaker.]

Sterling MacKay, Murray River
Maureen MacKay, Murray River, P.E.I.
MacKay & Company,
Suzanne Billard, Murray River
Thomas Fraser, Murray River
Betty MacDonald, Murray River
Roland MacDonald, Murray River
Teresa Jackson, Murray River
William S. Stewart, Murray River
D. McKinnon, Murray River
Linda Lidstone-Reynolds, Murray River

## FINANCIAL INSTITUTIONS AND DEPOSIT INSURANCE SYSTEM

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-42 TABLED AND PRINTED AS APPENDIX

**Hon. Ian Sinclair:** Honourable senators, the Standing Senate Committee on Banking, Trade and Commerce has the honour to table its Thirteenth Report respecting the subject matter of the Bill C-42, An Act respecting financial institutions and the deposit insurance system.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report see appendix, p. 1013.*)

## TERRORISM AND PUBLIC SAFETY

SPECIAL COMMITTEE AUTHORIZED TO EXTEND DATE OF PRESENTATION OF FINAL REPORT

**Hon. William M. Kelly,** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That, notwithstanding the Order of the Senate adopted on Wednesday, 8th October, 1986, the Special Committee of the Senate on Terrorism and Public Safety be empowered to present its final report no later than Tuesday, 30th June, 1987.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, perhaps Senator Kelly could explain briefly why he wants an extension. I am sure there is a good reason for this extension, but I think it should be on the record.

**Senator Kelly:** Honourable senators, we originally committed ourselves to presenting our final report by June 2, 1987. I am confident that we will be in a position to report by mid-June. However, I felt that permission to report by no later

than June 30 would give us the leeway we need in order to complete our drafting. We are well along in that drafting, but we simply cannot meet the deadline of June 2.

Motion agreed to.

## DOME PETROLEUM LIMITED

ENERGY AND NATURAL RESOURCES COMMITTEE AUTHORIZED TO STUDY PROPOSED SALE

**Hon. Earl A. Hastings,** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Energy and Natural Resources be authorized to study and report upon the proposed sale of Dome Petroleum Limited with particular reference to the impact of the sale on Canada, or any matter relating thereto; and

That the Committee submit its report no later than 30th June, 1987.

Motion agreed to.

## FINANCIAL INSTITUTIONS

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-56

**Hon. Ian Sinclair,** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-56, An Act to amend certain Acts relating to financial institutions, in advance of the said Bill coming before the Senate, or any matter relating thereto.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, perhaps the chairman of the committee, Senator Sinclair, would explain the reason for this request. I believe that this bill is the replacement for two bills that were withdrawn, namely, Bills C-8 and C-9. Those two bills had already been referred to the Standing Senate Committee on Banking, Trade and Commerce for pre-study. I think that is a fact, but since we do not wish to have pre-study become a matter of routine, can Senator Sinclair explain why he is asking for this permission?

**Senator Sinclair:** Honourable senators, this bill arises out of the second tranche of the Minister of State (Finance). The minister is bringing forward three bills respecting financial institutions. The subject matter of the first of those bills relates to the report I tabled earlier today. This is the second bill. As honourable senators may know, it has a target date of June 30 to coincide with action to be taken by the Province of Ontario. In part, it deals with Bill C-8 and Bill C-9, but there are additional matters as well. So, I would suggest that it is appropriate to deal with it in the way I have requested.

Motion agreed to.

## TAX REFORM

NOTICE OF MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO CONDUCT STUDY

**Hon. Ian Sinclair:** I give notice that tomorrow, Wednesday, May 13, 1987, I will move:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study and report upon tax reform in Canada, or any matter relating thereto; and

That the Committee submit its report no later than 29th February, 1988.

• (1410)

[*Translation*]

## PATENT ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Michel Cogger** moved the second reading of Bill C-22, to amend the Patent Act and to provide for certain matters in relation thereto.

He said: Honourable senators, it is an honour and a privilege to rise in this chamber this afternoon to support Bill C-22.

In the course of a session, various types of legislation are examined by senators, both in this chamber and in committee.

However, certain bills in particular reflect the government's will and determination to correct anomalies, normalize situations or take steps that are not without attendant political risks. That is indeed the case with Bill C-22.

Legislation that is both necessary and salutary for the country is not necessarily popular. The government recognized the need for amending the Patent Act, as the previous administration had done.

There are a number of anomalies in the legislation as it stands today. This is a situation that must be corrected. The principle of the bill, because at this stage we have to talk about the principle of the proposed legislation, is as straightforward as it is desirable. That principle is to ensure that a Canadian researcher who discovers a new drug sees the result of his efforts, his knowledge and his work, his studies and his research, protected against non-authorized use for a period of time commensurate with the kind of protection he would receive in other jurisdictions. That is the first part of the principle.

The second is to ensure that the protection offered does not result in excessively high prices for the Canadian consumer.

Bill C-22 meets this twofold objective perfectly, while maintaining the delicate balance that must exist between the two apparently contradictory aspects I have just mentioned.

Let us consider for a moment the first component, which is to protect the results of the innovative efforts of the Canadian researcher. I hardly think it should be necessary to try to convince senators of the tremendous importance for a country of providing a satisfactory system for the protection of intellectual property.

The protection of intellectual property is one of the major criteria by which a country is judged. It is judged by the respect it shows, in legislation and otherwise, for the fruits of the labour of its own citizens and those of other countries throughout the world.

Canada cannot afford to have a reputation as a country where one can infringe with impunity the laws that would normally protect the results of research or innovative work. As a signatory to several international conventions, Canada had to correct the following anomaly: The legislation protects all patents with one exception, which is at variance with both national and international standards. I am referring to the protection afforded intellectual property with respect to drugs, the only gap in our present legislation. What brought about the situation is of course history, all because of a system introduced several years ago which made permits compulsory.

It is hard to assess what it has cost Canada in terms of "brain drain", loss of talent and loss of jobs. Think of all the research being done across our borders, research that could have been done here.

This is a factor on which we cannot put a price. We can only guess at the tremendous cost to the country, to all Canadians, in terms of additional medical costs and in terms of setting back our whole Canadian health care system and related services.

With the passage of Bill C-22, Canadian researchers will once again work with the certainty that they will receive due compensation for the fruits of their labours. Manufacturers have already made a commitment to set aside considerable sums of money for research and development here in Canada and to invest annually the equivalent of 10 per cent of total sales.

These funds, most of which will be channelled to universities, hospitals and other centres, will bring a much needed renewal to our vitally important research sector. We all know the unanimous and enthusiastic support Bill C-22 has received in these circles.

Now for the other component. In its concern for acting in the best interests of Canadians and, as I said earlier, maintaining a delicate balance between protecting intellectual property and maintaining prices at reasonable levels for the Canadian consumer, the Government, in the same Bill, proposes to create a drug prices review board with extensive powers, with a mandate to ensure that patent protection will not lead to higher prices for Canadian consumers.

The minister has already announced that the government has asked Dr. Harry Eastman, author of the Eastman report and a nationally recognized authority on all aspects of drug manufacturing, to be the first chairman of this board. It seems to me that should be enough to reassure the most skeptical individual and put to rest the most common objection, which relates to the touchy issue of drug prices.

Honourable senators, considering these two aspects and the very significant creation of a prices review board, it seems to me that Bill C-22 is breaking new ground in the pharmaceutical industry while at the same time establishing from the outset protective measures which reassure me. Hopefully they will reassure honourable senators as well, and the new mode proposed by the Canadian government will not lead to such situations as we might regret later or be unable to correct.

Along with the implementation of the new drug manufacturing system, there will be a monitoring agency which will always defend the best interests of Canadian consumers.

• (1420)

[*English*]

Honourable senators, Bill C-22 is now before us, having been debated in the other place for nearly ninety hours and having been studied in committee in 22 separate meetings at which hundreds of witnesses attended. It was voted upon last Wednesday in the other place. I noted with interest that while the opposition voted against the bill, all of the Quebec members of the opposition, save one, were absent.

**Some Hon. Senators:** Oh, oh!

**Senator Cogger:** That might have something to do with the fact that the adoption of Bill C-22 has been urged in three separate unanimous resolutions of the National Assembly of Quebec. It might also have something to do with the fact that it is supported strongly by the Quebec Chamber of Commerce, by the Montreal Board of Trade and even by the Quebec Association of Senior Citizens.

The special committee created by the Senate has already begun to meet on a pre-study of the bill. By the way, honourable senators will be interested to note that one of the first witnesses to appear before that committee in support of the bill was none other than the Honourable Judy Erola, who is currently President of the Pharmaceutical Manufacturers Association of Canada.

**Senator Frith:** Yes. Why would she support the bill? That's very surprising. Considering the position she holds, that's astonishing!

**Senator Steuart:** She had a change of heart on the way to the bank.

**Senator Cogger:** I suspect that the majority of this house will very soon—like in the next few hours—approve of an unprecedented committee budget. The majority of the committee has, in its wisdom, decided to hold meetings in all capitals of the provinces and the territories. Honourable senators, I do not have long experience in this chamber, but, as a Tory from Quebec, I have had long experience in knowing what it is to be in the minority.

So be it. The budget, I suspect, will be approved. I and other members of our committee will pack our bags and follow our fearless chairman to the four corners of the country, starting quite by coincidence, no doubt, in Charlottetown—

**Senator Bonnell:** That's where the country started!

**Senator Cogger:** —with a view, honourable senators, to giving a voice to all those Canadians who wish to express interest in this legislation, particularly those who did not have

an opportunity to be heard by the committee of the other place. I do not know whether that travelling and those hearings will change many minds. However, we will still endeavour to report to the Senate by June 16 in the hope that after due consideration and due deliberation in this house the Senate will, before the end of the session, transform Bill C-22 into the legislation that the people of Canada need and so largely deserve.

**Senator Frith:** In spite of themselves!

**Hon. Sidney L. Buckwold:** Would the mover of the motion accept a question?

**Senator Cogger:** I would, sir.

**Senator Buckwold:** Honourable senators, in Senator Cogger's opening statement he indicated that one of the major reasons to support this bill and the consequent change in legislation—and I am trying to quote some of his words—is to protect the Canadian researcher who discovers a new drug or develops a new process so that he will be able to reap the benefits of his discovery. There were two major points. That was the first one. My question is: Where in this bill does it indicate that this is restricted to Canadian researchers? So far as I can see as a member of the committee which has looked at this bill, I gather it covers any research done by any researcher representing any drug company in the world. But you have limited yourself to Canadian researchers. Can you explain to me where in the bill it refers to Canadians, and perhaps you can expand a little on why it has not been limited to Canadians? If it had been, it is quite possible that the position of senators on this side would be considerably different from what it is likely to be.

**Senator Cogger:** Honourable senators, Senator Buckwold is quite right. I take his comment quite seriously. I did indeed indicate what the honourable senator said, and by not including the rest of the world I was probably mistaken. I do not wish to suggest that anywhere in the bill the protection offered should be reserved for or allotted only to Canadian researchers. Indeed, that is not the case. The protection offered will benefit all researchers.

The reason I referred to the Canadian researcher was because I believe it should be the concern of honourable senators, first and foremost, without disregarding the protection offered to others, to realize what happens to the Canadian researcher. He is the one who has been forced, because of current legislation, to conduct his research elsewhere. He is the one who has had to seek in other jurisdictions the protection which is normally offered for the benefit of the inventor.

I apologize to the honourable senator if I misled him into thinking that it was ever in my mind that this protection should apply to Canadians only.

**Senator Buckwold:** Honourable senators, I can only say that it appears to be a nonsensical answer. I really cannot follow what the honourable senator is trying to tell me. I wanted to know if there was anything in the bill to indicate that it was restricted to Canadian researchers. The honourable senator answered that. There is nothing! Yet, he based his whole premise on the fact that it is going to help Canadian researchers.

I do not know whether statistics really support what the honourable senator has said. There is a fair amount of research going on in Canada. Again, my question is: Why, if this was the major factor, did this bill not say, "for any invention, discovery, development patented by a Canadian working in the Canadian industry?" We will then have certain changes made in the Patent Act as against the worldwide one. I think the honourable senator's opening remarks were really a smokescreen to cover up the major objective of the bill, which is to help the multinational drug companies which operate around the world.

**Some Hon. Senators:** Hear, hear!

**Senator Cogger:** Honourable senators, I certainly did not try to put up a smokescreen. If I did attempt that, then obviously I was not very successful.

**Senator Frith:** Hear, hear!

**Senator Cogger:** Senator Buckwold is a member of the committee, and at this point he will, like me, enjoy travelling throughout the country—

**Senator Buckwold:** I'm not so sure about that.

**Senator Cogger:** —and no doubt we will have the benefit of masses of information. Certainly, in my desk the number of briefs and the amount of documentation relating to Bill C-22 is already so massive that I was considering going to the whip to seek a bigger office.

**Senator Frith:** Here's another smokescreen!

**Senator Cogger:** The fact of the matter is that, no doubt, we will have an opportunity to get into all of this. I suggest to Senator Buckwold that even the current commitments, in dollar terms, for research and development to be conducted in this country in conjunction with hospitals, research labs and universities per se, should indicate to honourable senators one of the immediate benefits of the passage of Bill C-22.

• (1430)

**Senator Buckwold:** Honourable senators, that will be determined when the committee hears the evidence. I am not quite sure whether we can take as gospel the commitments made by some of the multinational drug companies.

**Hon. Henry D. Hicks:** Honourable senators, I would like to address a question to the mover of the motion. Senator Cogger referred in his remarks, with satisfaction I believe, to the fact that a certain Dr. Eastman had agreed to chair the board referred to in clause 41.18 of the legislation as the Patented Medicine Prices Review Board. Is this the same Dr. Eastman who conducted a substantial study into this whole matter of drug production and research and development in Canada and who completed a report within the last two or three years?

**Senator Cogger:** Honourable senators, it is the same Dr. Harry Eastman, I am told, who was retained by the previous government to conduct the inquiry to which the honourable senator has referred.

**Senator Hicks:** Honourable senators, is the mover of the motion aware of the fact that this same Dr. Eastman recommended a protection period of substantially less than the ten years provided for in subclause 41.11(2) of the legislation before us? Instead of ten years, I believe that Dr. Eastman suggested that a five-year period would give sufficient protection.

**An Hon. Senator:** It is four years.

**Senator Hicks:** It is eight years and ten years here, and I think it may have been four years and five years in the report, but the gist of my remarks is not affected. Did he not suggest that a period which is, in effect, half of that set forth in this legislation would give adequate protection to the inventors of new drugs?

**Senator Cogger:** Honourable senators, I am aware of the discrepancies pointed out by Senator Hicks. I realize that the proposed legislation is not a carbon copy of Dr. Eastman's recommendations. By the way, Dr. Eastman will appear as a witness before the special committee this evening at 7.30, and I invite all honourable senators who wish to question the good doctor to come to that meeting.

**Senator Sinclair:** The Canadiens are playing!

[*Translation*]

**Hon. L. Norbert Thériault:** Honourable senators, I have a question for the mover of second reading of Bill C-22, an Act to amend the Patent Act. I am somewhat surprised that the sponsor of this legislation did not mention facts which indicate that in 1969, after the adoption of the legislative measure which set a four-year limit on generic drug patent protection, there was indeed less research carried out in Canadian laboratories, hospitals and universities. As a result of the 1969 legislation, was there a reduction in research done in Canada?

**Senator Cogger:** Honourable senators, I would suggest that Senator Thériault should not be surprised at some of the omissions which may have been made at this stage. I always thought that second reading was debate on the principle of the bill. Nor did I refer to another provision of the bill which I think is just as important, namely that the bill provides for automatic revision at the end of the four years.

I do not question the facts raised by Senator Thériault. I am simply saying that it is probably at the committee stage when witnesses are heard that light will be shed on the veracity of facts and the way statistics can be interpreted.

[*English*]

**Hon. Efstathios William Barootes:** Honourable senators, may I ask a question of Senator Cogger with respect to his presentation?

**Senator Cogger:** Yes.

**Senator Barootes:** Earlier a question was asked about Dr. Eastman's recommendation of a four-year exclusivity period vis-à-vis the suggestion of seven to ten years in the present bill. Did not Dr. Eastman recommend as compensation for his shorter period a 14 per cent royalty on the generic drug copier in place of the present 4 per cent? I think it was a feature of compensation. Am I correct in that, sir?

[Senator Cogger.]

**Senator Cogger:** Honourable senators, I could not have phrased the question better myself, and the answer is yes.

**Senator Frith:** And thanks for asking!

On motion of Senator Gigantès, debate adjourned.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

### FOURTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the fourteenth report of the Standing Committee on Internal Economy, Budgets and Administration (budget of the Special Committee on the subject matter of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto) presented in the Senate on May 7, 1987.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I move that the report be now adopted.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Jacques Flynn:** Honourable senators—

**Senator Frith:** This had better be good, Jacques. You said that you were going to take the whole weekend to prepare it, so I hope it is good.

**Senator Roblin:** It is always good.

**Senator Flynn:** I hope that you will be able to say so after I have spoken.

**Senator Frith:** Who knows, you might do a good job with a bad case.

**Senator Flynn:** Honourable senators, last week I said I had some reservations about the motion for the adoption of the budget presented by the special committee to which we have referred the pre-study of Bill C-22. The first problem I have with the budget arises from the program of the committee in that this pre-study of the bill is no longer relevant since we now have the bill itself. A pre-study serves two purposes. The first purpose is to prepare ourselves to deal with the bill quickly when it reaches us at a later time. The second purpose is to give us the opportunity to tell the house in advance of a final decision being taken there what changes we think should be made to the bill. Those two aims of a pre-study are, as I suggested, now irrelevant in the case of Bill C-22.

The second problem is that the program presented by the committee will prove to have been useless if the Senate should vote against the principle of the bill. We are now dealing with the bill, and if eventually the Senate decides to stand against the principle of the bill, the travel by the committee will have served no purpose.

● (1440)

The third objection that I have is that, one way or the other, the witnesses who will be heard will be repeating arguments on

both sides of the issue that we have already heard 100 times up to now, especially if you invite groups such as those who are the originators of the petitions that have been presented in this house. They will say simply that the cost of drugs will go up. Honourable senators, this is a question that is debatable, but we already know about it. We also know the argument in favour of the bill, that is that it will encourage research. Perhaps others will say it will not, but all of these arguments are not to be changed simply by virtue of being repeated in various places across Canada. We do not need to spend the kind of money that the committee is seeking in order to find out about both sides of the issue.

The chairman of the committee, for one, has been presenting petitions here. They all repeat the same thing. If he could tell me what else he expects to hear from the witnesses that he will call in Charlottetown, Toronto, Vancouver or elsewhere, I could possibly change my mind, but at this point I do not see that the committee will hear anything else other than what we have already heard up till now.

Perhaps it is a nice PR operation that the committee has in mind in going across the country, hearing a lot of people who will come and present their grievances; grievances, again, that we already know of. Honourable senators, I really do not see what you can achieve by travelling that you could not achieve here in Ottawa, even if you really want to hear something very special and something very different from the general arguments that we have heard up to now. I suggest that the amount sought is a pure waste at this time.

For instance, if the committee were to consider delaying its operations until after the Senate has made up its mind on the principle of the bill, we would probably better realize the uselessness of the exercise that is proposed. We could then deal with the bill in committee as we normally do when we wait until a bill has received second reading. In fact, if the pre-study system had worked properly, a good deal could have been done earlier. We know that the suggestion was made to refer the pre-study to the Standing Senate Committee on Banking, Trade and Commerce, which is the committee to which the bill should normally have been referred. However, that suggestion was rejected; there was delay and further delay, and finally came the proposal for the creation of a special committee. Possibly at that time we could not expect that the bill would finally come from the House when it did. However, I suggest that the situation has now completely changed, and I do not see at this time that we would be rendering any service to the community by spending close to $350,000 just to hear the same arguments on both sides, again and again, instead of dealing with the bill in the normal fashion.

**Hon. Orville H. Phillips:** Honourable senators, if there is going to be no reply from the opposition side—

**Senator Frith:** Not yet. We are waiting for something to reply to.

**Senator Flynn:** Thank you!

**Senator Phillips:** The government supporters began early in the new year requesting that the Standing Senate Committee on Banking, Trade and Commerce undertake a pre-study of Bill C-22. This was not an unusual request. It has been our practice and our procedure for a number of years to conduct a pre-study, and the Banking, Trade and Commerce Committee is the committee that would normally receive a bill such as C-22. However, that request was refused and we were given various excuses, none of which is really worth repeating.

Then, on April 2, the Deputy Leader of the Opposition introduced a motion calling for the establishment of a special committee of eight senators to undertake a pre-study of Bill C-22. Honourable senators, at that time there was no mention of travelling; there was no mention of expenditure in that motion that was adopted by the Senate. Perhaps at this time I should remind honourable senators, in case they have forgotten my words of wisdom, that at that time I suggested that the subject matter would be more appropriately referred to the established committee.

Nevertheless, the special committee was established and had its first meeting on April 14. In case honourable senators have not had the opportunity to read the committee report, I think it is most interesting. The committee met and was offered certain information and staff from the Library of Parliament. The information that was offered was all of the information that had been made available to the House of Commons. There was really no discussion or no interest shown by that committee in looking at the material that was available and within 90 seconds the mover of the motion raised the subject of the committee's travelling. There was no discussion as to whether these excursions would be beneficial either to the members of the committee or to the Senate. Nothing would do but the committee had to travel.

The first question that was asked was: "Are we going to Europe?" Even the printed word of the committee proceedings shows the disappointment that was expressed when the chairman said: "No, we do not have the time." Again, the benefit was not discussed.

Then the Deputy Leader of the Opposition expressed a desire to go to Washington in order to get Senator Kennedy's views. Honourable senators, here is a leading light of the Liberal Party, a party which for years has objected to American investment in Canada, now wanting to go to Washington to canvass Senator Kennedy's opinion on a piece of Canadian legislation. Honourable senators, that excursion has been delayed, and I suggest to my good friend that perhaps a telephone call would be just as effective as the expenditure of travelling to Washington.

Honourable senators, the committee has requested permission to travel from place to place within Canada. I am concerned about the benefits of that travel. The story given to me by opposition senators is that they want to go out and meet the people and hear what the people think about this bill. Honourable senators, I say there is some form of discrimination being practised here, because the committee is intending to go only to capital cities with first class hotels. I say to the

members of that committee: Why can't the people of Restigouche, New Brunswick, have the benefit and the honour of a visit from the Senate committee in the same way as Regina or Victoria? I think there is a great deal of discrimination. The mountain is going to Mohammed, but there are an awful lot of Mohammeds out there and they all should have the same rights. If a resident of Toronto has the right to receive a visit from this distinguished committee, surely a resident of Sudbury has the same right.

● (1450)

**Senator McElman:** Are you suggesting that Restigouche does not have first class accommodation?

**Senator Phillips:** I do not think you will find four-star signs on too many of the hotels in that area. I stayed in a number of the hotels in that area. They are pleasant and adequate, but not the type of hotel the committee chairman would normally stay in.

**Senator McElman:** People travel from the four corners of the world to Restigouche county, as my honourable friend sitting behind you can attest.

**Senator Phillips:** I am sure they do, but CN never got around to building a first class hotel in Restigouche.

Bill C-22 has passed all stages in the House of Commons. It was before a House of Commons committee. Honourable senators, I should like to take a moment to give you a couple of facts about the bill and how it was treated by that committee. The committee held 24 meetings and heard from 100 witnesses. It expended $22,173 of which $15,500 was spent on expenses for witnesses who appeared before the committee.

The special committee of the Senate, consisting of eight senators, has proposed a budget of no less than $315,337. There is a slight difference!

As I pointed out last Thursday, the fiscal year has just begun—only one month has gone by since it started. We have now allocated all committee budgets for the year, and many other important projects will come up during the year. I think it is extravagant to expend this amount of money on one special committee studying the subject matter of one bill, a bill that the House of Commons felt was studied adequately with only an expenditure of $22,000.

One of my friends on this side said the expenditure was "obscene". I won't go quite as far as to say that, honourable senators, but I do suggest that a great many of the items in the budget are unnecessary.

I should like to ask the chairman of the special committee how the budget was arrived at. Was it considered before the whole committee? Or did the chairman and the clerk design the budget and then submit it to the committee? Because I have difficulty believing that all eight senators would be that extravagant.

Let me point out some of the items included in this budget. There is a fee for counsel for 30 days at $800 a day. The Library of Parliament offered the special Senate committee the same counsel that was available to the House of Commons committee. Her services were available free of charge to the Senate. Normally, the chairman of the special committee is a fairly honest and decent chap. On a scale of one to ten, I would give him for honesty a four, perhaps a four point five, and that is rather high for a Grit. One wonders why he has to have two lawyers when he goes out to listen to witnesses when the libel is not likely to come from him but from the witnesses. Why does he need two attorneys?

The committee has a clerk and an assistant clerk. The chairman also wants a research assistant and, lo and behold, something new, an administrative assistant. There are 20 people going to Charlottetown, and not one of them could get an advertisement in the Charlottetown *Guardian*.

Let's have a look at the advertising expenditures: $40,000 to notify people in Canada that the special committee of the Senate is considering the subject matter of Bill C-22. The bill was introduced in the House of Commons. It has been the subject of many television broadcasts. Surely the people of Canada are aware that a special Senate committee is considering the subject matter of Bill C-22.

In addition to that, the committee proposes to spend $23,000 notifying the people in the capital cities that the special committee is travelling to those cities and on what dates. Honourable senators, perhaps the description of "obscene" was not that far off.

I want to raise one other matter, and that relates to staffing of Senate committees. From the Senate's viewpoint, I think this is very important, honourable senators. This week there are 22 committee meetings scheduled. All of those meetings have to be reported. We have a limited number of staff in that regard. It is not simply a matter of going out the door and saying to someone: "Come in, sit at this table and report the proceedings." It takes great skill, training and expertise. Such qualified people are just not available. I think when we start talking about having special committees and special studies, we should bear in mind that it is not only the senators who are involved. All those meetings have to be reported.

I am rather disturbed by the attitude of a number of honourable senators sitting opposite when it comes to expenditures by the Senate. They become almost smart alecky and say, "What's the government going to do about it? The government has to give us the money. There is nothing the government can do."

Honourable senators, it may be true that the government has normally respected the Senate's requests for funds, but in the past the Senate has also shown respect for the government's budget. That is not the case this year.

The other day Senator Bonnell, during his sanctimonious sermon, was talking about helping out the government. Honourable senators, deficit reduction is still an important part of government policy, and one that we should respect. We spent hours last year preparing the budgets, and one month into the fiscal year all of the funds have been allocated.

Honourable senators, I am still of the view that the subject matter of Bill C-22 should have been referred to the Standing

Senate Committee on Banking, Trade and Commerce. I suppose I could make that appeal to the Senate; however, in some 20-odd years I have made too many appeals and I have become accustomed to the fact that they are a waste of time and that certain people will not change their minds as a result of my appeals, but I do hope that the chairman of the Standing Senate Committee on Banking, Trade and Commerce, or the deputy chairman, will rise and tell us what they think it would cost that committee to conduct a pre-study. I am sure there will be a considerable difference between the budget presented by Senator Bonnell and one proposed by that committee.

• (1500)

Honourable senators, I will make a motion shortly to reduce the extravagant budget proposed by this committee. Before making the motion, may I again remind you that the House of Commons spent $22,000, and the Agriculture Committee is proposing a study of agricultural problems for which they are budgeting at $125,000, and the amount of study involved is comparable.

MOTION IN AMENDMENT

**Hon. Orville H. Phillips:** Honourable senators, I ask you to consider the proposal to adopt the report of the Internal Economy Committee, and I move, seconded by the Honourable Senator Nurgitz:

> That the report be not now adopted but that it be amended by striking out the figure $315,337 and substituting the figure $150,000.

**Senator Denis:** Is it $1,500?

**Senator Nurgitz:** No, it is $150,000.

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Sinclair:

> That the fourteenth report of the Standing Committee on Internal Economy, Budgets and Administration be adopted.

In amendment, it is moved by Senator Phillips, seconded by Senator Nurgitz:

> That the report be not now adopted but that it be amended by striking out the figure $315,337 and substituting the figure of $150,000.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

**Hon. Finlay MacDonald:** Honourable senators, Senator Phillips has encouraged some members of the Standing Senate Committee on Banking, Trade and Commerce to comment on any knowledge that we might have as a result of the investigation we made into what it would have cost us to take on this pre-study had it been left with us.

We were aware of the future business of the committee, and I was instructed by the chairman to make some investigations along with our clerk. We did not complete the arithmetic, but it is safe to say, with Senator Sinclair's permission, that we were talking about a figure something less than $100,000.

The other day Senator Bonnell made a point—admittedly, I suspect, tongue in cheek—that he was trying to help the government to get this thing through as quickly as possible. He said:

> —we would not wait for its passage in the House of Commons but would conduct a pre-study, with the full support of the Leader of the Government in the Senate as a member of the cabinet.

He also said:

> I thought that we, as senators, being more liberal than those in the other place, would try to do justice to this legislation—

Further on he says:

> —The reason why I want leave is to show that we in this house are trying to support the government of the country in getting this legislation passed before the end of June.

Senator Frith has indicated that he has not received a question to which he would care to respond. I ask Senator Frith to explain exactly what has been going on. Bill C-22 received first reading November 7, 1986. Since that time the subject matter of nine bills has been referred for pre-study; five bills have already passed the House of Commons; and two, Bill C-37 and Bill C-42—the bills before the Standing Senate Committee on Banking, Trade and Commerce—have been reported on; and nine bills, subsequent to Bill C-22, have been referred for pre-study.

Could Senator Frith now take us through and explain if something else is going on that we do not understand? What has been your opposition to the reference of Bill C-22 for pre-study when that pre-study would have been completed long before now and at a fraction of the cost?

**Hon. M. Lorne Bonnell:** Honourable senators, it is interesting to have an enlightened discussion with one of my colleagues on an important piece of legislation.

**Senator Walker:** You need it!

**Senator Bonnell:** Thank you, Senator Walker. I have always liked your attitude. You always help me along, because you always seem to come forward to keep me stirred up.

**Senator Walker:** It is about time somebody did.

**Senator Bonnell:** I know. Honourable senators, let me tell you that we only recently received this important piece of legislation which, as I just heard from Senator MacDonald—whom I respect highly; he is a good maritimer—was read first in the other place on November 7. If it was so important—and I thought that it was important—why did the government not proceed with the bill? They sent it to us just last Wednesday.

I am so convinced that this bill is important that I have been trying to pre-study the legislation before we got the bill, but the government held it up from November 7, 1986, until last Wednesday.

**An Hon. Senator:** Come on!

**Senator Bonnell:** You said that it was introduced November 7. I did not have that date—I am going by your words. You know that we got the bill only last Wednesday.

Perhaps if the Standing Senate Committee on Banking, Trade and Commerce had studied this bill, they could have done it for $22,000—the same amount as was spent by the House of Commons. But the people of Canada and many groups felt that they did not get a fair hearing. They probably thought that they should be heard by the Senate as a last resort so that it might receive sober second thought. After all, we have a bicameral system in Canada. The House of Commons represents the people by population; we in the Senate represent the regions.

At least three of the provinces want to be heard, but I have not called my clerk today to find out how many more wish to be heard. Let me further say that this is not my request. I did not vote against everybody else in the Senate on the question as to whether the committee should travel. It was a Senate decision to set up a special committee, it was not my decision. It was a Senate decision to refer the subject matter of the bill to this special committee, and it was the committee's decision that I should be chairman. I am speaking only on behalf of my committee. I am trying to the best of my ability to do a good job on behalf of our Canadian people and the regions of our country.

**Some Hon. Senators:** Hear, hear!

**Senator Bonnell:** Senator Flynn, who has a lot of legal experience and knows the law well and has a lot of parliamentary experience—he sat in the cabinet in the government of this country, he sat in the Senate and was Leader of the Opposition in this house as well as being Leader of the Government here—tells us today that a pre-study is "useless." That is the word he used.

If a pre-study is useless, we have been doing a lot of useless things lately, because we have had a lot of pre-studies. Maybe he meant that a pre-study is useless now because the bill is before us.

**An Hon. Senator:** That's right.

• (1510)

**Senator Bonnell:** The reason the Senate referred the bill to the committee which I chair, as I understood it, was because it wanted to proceed with the matter immediately in case the bill was held up even longer in the other place. My understanding was that that course was decided on in order to proceed as quickly as possible.

However, Senator Flynn has said that we should now wait until we have heard the debate and until after we have voted on the principle of the bill. In other words, he wants to hold the bill up even longer before we study it. After hearing the minister in committee, it seemed, to me at least, to be important that we pass this bill as soon as possible. I thought that when the House of Commons imposed closure on the debate, the government must have thought it was important to have speedy passage. Nonetheless, Senator Flynn says that we should wait until the bill itself is sent to committee and that we should not study the subject matter any further.

Honourable senators, it was the Senate which decided that the committee should travel across the country. It was not my decision. The Senate also decided that the committee should go to the United States. However, the committee made the decision not to travel to the United States at this time because of the costs involved and because we wanted to report back as quickly as possible. It was the feeling in committee that unless some urgent reason arose at the last minute, we were not going to travel to the United States. As a result, no estimates were put forward for travelling to the United States or to Europe. The decision to travel was not made by the committee, it was made by the Senate.

Senator Flynn also said that if he knew what I was going to learn by talking to all the people, maybe he would decide to go across the country and hear what they have to say.

**Senator Flynn:** I did not say that.

**Senator Bonnell:** Honourable senators, if I knew what I was going to learn, I would not have to hear the people. I do not know what they are going to tell me. If I knew all of that now, I could tell this chamber what the people think, and I would say that we are only wasting the taxpayers' money by representing them here and by giving them an opportunity to be heard.

**Senator Flynn:** The honourable senator opposite collected signatures on a number of petitions, so he must know what they are saying.

**Senator Bonnell:** I know what some of my people in Prince Edward Island are saying, but it should be remembered that Prince Edward Island is a small province compared to Quebec and Ontario. The people of Prince Edward Island have been leaders in terms of putting this country together, and they are probably the leaders in voicing their opinions in terms of this social program. They were certainly leaders back in 1864.

Honourable senators, I do not believe in delaying this bill any further. I believe the government wants speedy passage of the bill. I am trying my best to do an impartial job as chairman of the committee.

**Senator Flynn:** It is obvious that you are trying.

**Senator Bonnell:** Perhaps Senator Flynn would help me.

**Senator Flynn:** It is a desperate case.

**Senator Bonnell:** I know it is a desperate case when I am asking help from him, but perhaps he is a little more desperate and will try harder. It is hard to get help from someone who has nothing to give you. It is hard to get blood from a stone.

Senator Flynn also says that we should postpone this debate; that we should postpone the budget; and that we should wait until second reading of this bill and then start to hear from the people of Canada. Honourable senators, you should have made that decision before you decided to set up the special committee. That decision should have been made before the decision

to send the committee across Canada. Honourable senators, those were decisions made by the Senate, not by me.

Honourable senators, Senator Phillips has only given me a rating of four point five or five on a scale of one to ten. However, I will give him a nine point five, because Senator Phillips represents his area well and the people speak well of him. I know that he is well regarded and respected in Prince Edward Island.

I also know that if he were speaking from his heart, he would be supporting this motion 100 per cent. However, today he has to act as house leader and he has to voice the opinions of someone else. Honourable senators, we are not hearing the words of Senator Phillips today. Senator Phillips is an Islander and he knows the feelings of the Islanders in Prince Edward Island. He knows that they cannot afford the high price of drugs, or anything else, when they are enduring low wages, harder times and unemployment.

Honourable senators, as far as the motion to cut the budget is concerned, if Senator Phillips is telling me in one breath that I should go to those little places where they have smaller hotels and all those other little places in Canada, yes, I agree with him. It would be lovely to do that. I would love to meet those people and hear their voice.

However, I would point out that we ran an advertisement in the paper informing the public that we wanted to report this bill as soon as possible, and we asked that briefs be submitted by May 18 in order to prepare our report. We did that to try to save money, because we realize that this government has to curtail expenditures, as Senator Phillips said. We did not want to spend extra money going to all of these small villages and towns so we decided to go only to the capital cities. If it is the wish of the Senate that the committee travel to those smaller villages and towns, we can always come back to the Senate and ask for an increase in the budget later on. We can also ask for an extension of time. I certainly know that the members of my committee, although it would require hard work, would be prepared to go out and listen to the Canadian people, because, after all, the people are the power in this country. If we are to represent the regions of this country honestly, as the Senate was set up to do in 1867, then the regions must be heard.

Honourable senators, my good friend Senator Phillips from Prince Edward Island has pointed out that we may have translation services. He has pointed out that we have to record the committee proceedings. That is true; he is telling the truth and that is why I rate him at 9.5. The truth is, however, that this is a bilingual country. Some people in Prince Edward Island speak French and they will want to be heard in their own language. There are also members of our committee whose native tongue is French and they will want to understand in their native tongue. If we as an arm of the Parliament of Canada cannot give the people in this country their rights of bilingualism, then we should stand up as a government and say that there will be no more bilingualism in this country.

**Senator Phillips:** Honourable senators, on a point of order, I do not think that anyone objected to translation. There was no reference to translation. The honourable senator is well aware of that, and if he does not correct his attitude we will have to drop him down to a rating of four.

**Senator Bonnell:** Honourable senators, I may have to be rated at three, but the facts are that this is a bilingual country.

**Senator Flynn:** That is irrelevant.

**Senator Bonnell:** I think it is relevant that we have two languages. I would think that the province from which Senator Flynn comes would think that he has just made an awful remark.

Honourable senators, we have to record the proceedings of the committee. Today Senator Phillips read from the *Minutes of the Proceedings* of the committee. He would not have that privilege if the committee hearing had not been recorded. If we do not record, we would have to have very good memories to remember everything that everyone has said.

Honourable senators, it sounds as though I am asking you for something, but the facts indicate that I am acting as your servant, doing your job for your government to the best of my ability, so I will leave the matter with you.

**Senator MacDonald:** Honourable senators, I would like to have an answer to the question. It is obvious that there is no point in putting the question to Senator Bonnell, because we will have another wearying, red herring discourse.

• (1520)

**Senator Olson:** That's a terrible thing to say.

**Senator MacDonald:** I am asking Senator Frith if he will give us an explanation as to why Bill C-22 was not referred to the appropriate committee for pre-study in November or December. If he did not think that was the appropriate committee, why was this committee, the Bonnell committee, not set up earlier? Why were nine bills referred to committee for pre-study—all of which bills have since been disposed of—subsequent to the first reading of this bill? Can Senator Frith answer that question?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I do not think it is my responsibility here to answer that question.

**Senator Roblin:** But you'll do it, anyway.

**Senator Frith:** I think that Senator Bonnell has answered all of the points raised by senators opposite, such as they were. I must say that I found it a little difficult, taking all of the interventions that were made, to follow exactly their position on this motion, which is a motion to adopt the report of one of our committees approving a budget for a committee set up by the Senate. That is the issue before us. If I were to try to answer why it took Mr. Mazankowski so long to get the bill through the other place, I would say I am sure he may have had a very good reason. But we have before us simply a motion to approve a budget. The issue before us is not whether there should be a committee and it is not whether that committee should travel; the issue is whether this is an appropriate budget.

The budget was examined by the Committee on Internal Economy, Budgets and Administration and by the subcommittee on budgets. Both committees approved this budget—

**Senator Simard:** On division.

**Senator Frith:** Yes, quite so. The committees approved it. My motion is for the adoption of the report of the Committee on Internal Economy, Budgets and Administration. The only point that had to do with me specifically, which was raised by Senator Phillips, was a technical matter. He wanted to know why my original motion to set up this committee did not mention travel. The reason is that the rules prohibit its doing so. Schedule 2:02, referred to in rule 83A, provides:

> A notice of motion to establish a special committee or to authorize a committee to conduct a special study—

which is the case here,

> —shall not refer to special expenses but shall set a date by which the committee is to report to the Senate.

As senators are aware, that is the procedure that was set up. It is at the second stage that the question of travel and expenses is brought up, and that is how it was done here.

Therefore, honourable senators, on the simple motion before us and on the motion in amendment, I ask the Senate to support the study done by the Standing Senate Committee on Internal Economy, Budgets and Administration. All of the other aspects—whether we should set up the committee and whether it should travel—have already been decided. I ask that we support the report of the Committee on Internal Economy, which sets out the figure in the original motion. I ask that we defeat the motion in amendment and pass the motion.

MOTION IN AMENDMENT NEGATIVED

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Sinclair:

> That the Fourteenth Report of the Standing Senate Committee on Internal Economy, Budgets and Administration be adopted.

In amendment, it is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Nurgitz:

> That the Report be not now adopted but that it be amended by striking out the figure $315,337 and substituting the figure of $150,000.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**The Hon. the Speaker** *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker** *pro tempore:* Will those honourable senators who are against the motion please say "nay"?

[Senator Frith.]

**Some Hon. Senators:** Nay.

**The Hon. the Speaker** *pro tempore:* In my opinion, the "nays" have it.

*And two honourable senators having risen.*

**The Hon. the Speaker** *pro tempore:* Call in the senators.

• (1530)

Motion in amendment negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin
Atkins
Balfour
Barootes
Bazin
Bélisle
Bielish
Cochrane
Cogger
David
Doyle
Flynn
Kelly
Lafond
MacDonald (*Halifax*)
Macquarrie,
Marshall
Molson
Muir
Murray
Nurgitz
Phillips
Robertson
Roblin
Rossiter
Sherwood
Simard
Spivak
Tremblay
Walker—30.

NAYS

THE HONOURABLE SENATORS

Adams
Anderson
Bonnell
Bosa
Buckwold
Cools
Corbin
Cottreau
Croll
Davey
Denis
Fairbairn
Frith
Gigantès
Guay
Hastings
Hays
Hicks
Kenny
Langlois
LeBlanc (*Beauséjour*)
Leblanc (*Saurel*)
Lefebvre
Le Moyne
Lewis
Lucier
Marchand
Marsden
McElman
Olson
Petten
Riel
Rizzuto
Rowe
Sinclair
Stanbury
Steuart (*Prince Albert-Duck Lake*)
Stewart (*Antigonish-Guysborough*)
Stollery
Thériault
Turner
van Roggen
Watt—43.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

**The Hon. the Speaker:** Honourable senators, is it your pleasure to adopt the motion?

**Senator Murray:** On division.

Motion agreed to and report adopted, on division.

• (1550)

## POST-SECONDARY EDUCATION

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Seventh Report of the Standing Senate Committee on National Finance (post-secondary education) tabled in the Senate on 25th March, 1987.—(*Honourable Senator Marsden*).

**Hon. Lorna Marsden:** Honourable senators, I would like to return to the question of the report produced by the National Finance Committee entitled: "Federal Policy on Post-Secondary Education". Senator Simard has opened this debate by laying out very well all of the issues. I wish to elaborate this afternoon upon one aspect of the report which, in my opinion, has not been sufficiently widely debated or thought about among the commentators on the report.

As Senator Simard has pointed out, one of the recommendations of the report has been the topic of a great deal of criticism in the press, some of it from leaders of the university community and, in particular, from some, but by no means all, of the presidents of Canadian universities. One of our central recommendations—the transfer of funds to the accountable level of government or the movement of cash and tax points to the government which, by our constitution, sets policy in the area, that is, the provincial governments—has been rejected firmly in the press by Dr. Arnold Naimark, President of the University of Manitoba, Dr. David Johnston of McGill University and Dr. Doug Wright of the University of Waterloo. These are university presidents for whom I have the highest regard. I know that each of them is strongly committed to trying to establish the best university education in Canada. However, on this question and on several other questions, and with all due respect to them, I do not believe they really appreciate either the obstacles to the kind of cost-shared program they advocate or the very balanced nature of our recommendations.

I would like to remind honourable senators that the proposal of this report is widely misunderstood. The report addresses a fiscal obstacle to the main purpose of studying the question: That is, the future of post-secondary education in Canada for all Canadians and, therefore, the future of our society, our culture and our economy.

What these critics advocate is a regime in which the federal government, by tying funding in some manner, would force provincial governments to spend more money on post-secondary education and, in particular, to spend federal funds transferred for those purposes on the universities in their provinces. This series of proposals was examined in the committee in many of its variants and in considerable detail. It was the conclusion of the committee, reflected in the report, that under the division of constitutional powers made in 1867, it would not be possible for the federal government to force this kind of outcome in any satisfactory way, and that a challenge to the Supreme Court of Canada would quite probably not be successful. Of course, in light of the Meech Lake agreement, it may be necessary to examine the final wording of that agreement in order to see how the question under consideration by our committee might be affected now and in the future.

Furthermore, the type of federal intrusion which would be necessary in examining provincial accounts to ensure that they had, in fact, spent those dollars designated for the purpose on post-secondary education is probably, in legal terms, extremely difficult. Certainly, in many senses having to do with the cooperative nature of our federal system, it would not be desirable.

This does not mean that senators are opposed to national goals and standards nor does it mean that senators would not like a national policy with national financing. However, we would urge those leaders in the educational community, and in the press, who truly believe that this can be achieved, to spell out the process and the manner in which it would be achieved, based upon the fiscal, constitutional and political realities of life in Canada at the present time.

Certainly, many members of this Senate committee, I am sure, would welcome a proposal along these lines which would be workable in the foreseeable future. However, I would like to stress the fact that we came with some regret to the conclusion that this was a rather romantic vision, entrancing but very difficult to bring to fruition. While many of those vitally interested in the future of universities are caught up with the vision of a national policy and national educational system, Canadian universities are losing ground relative to where they were in the past, and certainly relative to the world context, which is increasingly the standard for all, and not just a few Canadian universities, and for all, and not just the very best, of our students.

In the work of the Senate committee, and under the guidance of the chairman, Senator Leblanc, we focused our attention on a practical solution, balancing financing in the areas of research and student financing against the movement of EPF funds to that level of government with exclusive constitutional rights to make policy. This afternoon I propose to deal with the recommendations concerning research, which are found in chapter IV, the final chapter of our report. Chapter IV is

entitled: "Research and Excellence", and it is a topic that the committee and, I hope, Canadians in general take seriously.

The phrase "research and development" has taken on the status of a mantra in Canada. "More research and development" is muttered on almost every occasion in a ritualistic fashion. I see that the Deputy Prime Minister, Mr. Mazankowski, gave another rendition this weekend at the Technical University of Nova Scotia. However, very little happens. The key to actually obtaining more research and development and actually bringing it about in Canada, is to institutionalize the practice in various places in Canadian society, of course in the private sector, of course in public business, certainly in government agencies, but mostly in universities, and particularly in the ideas by which Canadians approach their work at all kinds of levels.

We have recommended in our report that in the universities research should be much more significantly supported in three ways: First, by national leadership by the national government in areas of research, to which point I will return later. Second, by putting a great deal of financial backing into the overhead costs of research and new money into centres of research. Third, by improving the quality of faculty by improving the process of promotion in the universities. In so doing we will become a part of a worldwide movement to improve research and development in universities.

I draw your attention to a recent report of a White House Science Council in the U.S., which report was circulated to all senators recently from the Canadian Association of University Teachers. The report of the White House Science Council emphasized, and I am quoting:

> —the essential role research and universities have played in the past in the American economy. The strength of America in trade, health and defence is related directly to past investments in science and technology.

This is recognized in the U.S.; it is recognized in other countries, and it needs to be recognized in Canada.

The reasons lying behind the nature of our recommendations may not be obvious to every Canadian. However, the issue which lies at the heart of the matter of research is what actually goes on in practice inside Canadian universities. What does a university education or employment in a university as an academic mean in daily life? In any Canadian university from the smallest arts and science college to the University of Toronto, which is the fifth largest university in North America, the type of education under discussion is inextricably linked to research in any and every field, from the study of old English drama to physics and astronomy. It is linked to the products of research, the process of research, the methods of research and the ideas of research. Research is fundamental to what goes on, day and night, in every classroom, tutorial and lab at every university.

This aspect is different from the way in which research is conceived of in the popular press, where many people think of it only in terms of the high points; the significant breakthroughs of the kind that win Nobel prizes or very wide readership in the scholarly press. Or they think of research in a series of cartoons with bearded men in lab coats making stinks and bangs, or wild-eyed scholars worrying about the nuances of the meaning of "momentarily" in the pages of the *Globe and Mail*.

[Senator Marsden.]

• (1600)

In characterizing research this way, people are creating two classes of persons: On the one hand, the researcher; on the other, everybody else. That is not a modern idea. In modern society there can be no such division. There is a continuum from those people who do and use research very little to those who do and use research every day in every way. But, nonetheless, every Canadian must have in his or her mind some notion of what research is about.

Research is done in laboratories and is used by industries for economic development, or by scholars for purposes the ends of which they cannot conceive. But that is not what research is about, and that misses the point of the necessity for increased funding of universities. Our society, culture and economy are only possible and only grow because of the actions of individual Canadians working in every type of industry. In this modern age workers must learn how to approach their jobs no matter how mundane or how esoteric in schools, colleges and universities through the process of formal education.

The modern world incorporates and institutionalizes ideas of change, of adjustment, of competing ideas and explanations in daily life. These ideas, these explanations, these solutions to problems are based on information, on knowledge, on a process of reasoning and rationality. That work is not just the work of scientists; it is not just the work of scholars; it is not just the work of leaders in any particular field; but it is especially important in the work of those doing everyday tasks from installing telephones to planting crops, working with young children, with families, working in the justice system, and working in any part of the Canadian society. Every worker in Canada is called upon to combine reason as well as passion in their work.

The way in which they do and carry out their work is based upon information, ideas about change, ideas about how to solve problems, ideas about how to deal with other people, ideas about information data and experimentation. Every worker must judge by what he or she knows, what is needed and how to approach on a day-by-day, task-by-task basis a rapidly changing world. We all do this in daily life, from running our bank accounts to making consumer choices. But in order to have those ideas about how to cope with change, ideas that were not nearly as widespread or known in an earlier period about how to deal with procedures for change which are found in everything in our daily lives, we have to learn the method. That, of course, is exactly what modern education is about. Modern education is based upon those underlying notions of science and the scientific method. The basics of that, of course, are taught in schools— literacy, numeracy, how to approach a problem—but significantly extended in universities and in the minds, we hope, of university-educated people in our society.

So, our future depends upon the extent to which people who are going to be working in every aspect of Canadian society understand what research is all about. The term has to be used in as broad a sense as possible in order to make sense of our recommendations.

There are those who argue that we do not have to do any basic or fundamental research in this country, that it can all be imported from elsewhere. I would suggest—and I believe my colleagues on the Senate committee who have studied this subject would agree—that that is absolutely wrong. The idea is not simply to buy the product and put it into action—we do that already and we will continue to do that—but it is the process that has to be understood.

To illustrate this I should like to tell you about a conversation I had with a distinguished professor of physics and chemistry at the University of Toronto last week, Professor Geraldine Kenney-Wallace who has just made a major breakthrough in laser physics, which is her area of expertise and which she describes to a person such as me, a person who does not understand laser physics, as "making molecules dance."

When I asked about the kind of research going on in her laboratory, she pointed out that at all times there have to be people working on the most fundamental problems and who take those problems through to application in industry, with which she works a great deal. In other words, research cannot be divided easily into those phases. It is not "fundamental" in the universities and "applied" in business; it is both in both places. There are many private sector organizations conducting important fundamental research, but a great deal of that research must be done in universities, and it is only when Canadians understand that problems have to be taken through all of their stages, to application and development, that our economy, our society, our culture can grow and expand, which is why we must have new funding in universities for basic and fundamental research.

While, of course, in the universities the process of passing on these ideas about how one solves and approaches problems can always be improved—and we argue that it should be improved, and we suggest a means by which it should be improved—I suggest to you that the real difficulty in R&D in Canada lies at the receiving end; that is, those Canadians who do not think that it is their obligation to know and understand the process of research.

We heard earlier this afternoon a discussion about the research and development clauses of Bill C-22 and, as Senator Buckwold pointed out, the absurdities being perpetuated with respect to that bill, that research can go on anywhere and somehow or other Canada will benefit. That is simply not true. It is absolutely essential that the research and development process go on in Canada. It cannot go on in Canada unless it goes on in Canadian universities, and Canadian universities cannot continue what they have been doing and cannot meet the demands of the modern world unless sufficient funding, accountability and the process of work in the universities are widely supported, as the report argues.

It is for those reasons we have suggested that the central government, the national government, can play an important leadership role. Our recommendations suggest several ways in which this can be done and must be done. First of all, we have recommended that overhead costs be added to all grants which are now given from the granting councils. I urge honourable senators to ask the presidents of universities, or the vice-presidents of research in the universities of their home provinces, to tell them how much is currently being spent on overhead costs associated with grants. Honourable senators will find, I believe, that in many universities grants cannot be accepted even when a scholar or a scientist has won that grant because the overhead costs are too great. It is not simply the actual cost, it is where you get the money from for this. In at least one major university overhead costs have to come out of a private endowment fund because, otherwise, the publicly-financed research could not go ahead.

That may or may not be the right way of going about it, but it is a subject that needs to be reviewed in every university. We have suggested that paying those overhead costs would significantly advance the cause of research and development in Canadian universities not only in the laboratories and works of scholars and scientists but in terms of access which their students have to learning the process and ideas of research.

Next, the committee has recommended that 65 per cent be added to payroll on government-contracted research for overhead purposes. The way in which university people play a role in the development of public policy is largely through contracts for research, and there is a great deal of that being contracted out from Ottawa and the provincial governments. On the side of Ottawa, we are suggesting that those overhead costs be paid. That will have tremendous direct benefits in universities. People will return their contracted work to the universities and enable the universities to keep continuously hired laboratory technicians, glass blowers, word process unit operators and other people required to maintain high quality research in institutions.

Third, we have recommended that new money be put into centres of research. The amount we have recommended is $100 million annually for the next ten years, followed by a review. That new money is essential because research these days has taken new forms. We have argued this fully in the report, and I will not go over that argument now, but I will say that unless this country starts to take on the challenge of providing new directions for research, providing centres of research which are stable to the extent that people will get on with their projects and complete their projects, we will have lost so much ground over the next ten years that I cannot imagine how we will ever catch up.

• (1610)

Ten years from now will be too late, which is why we cannot afford the luxury of continuing to dream about the possibility of a national policy on the whole of post-secondary education. It is unlikely to come about. If it is likely to come about, then that plan has not been spelled out. We cannot afford the time—while the basis of university research and life is disap-

pearing rapidly in Canada; while young people entering universities now do not have the benefit of even knowing how to go about doing research should they have the opportunity when they get into industry or anywhere else; and while all of that is corroding the basis of a fine post-secondary system—to discuss for ten, twenty or thirty more years these problems of funding. There must either be some rapid solution to the impasse with the current established programs financing system or we suggest that our solution is the most straightforward, workable and practical way of continuing the traditions that have been built up in this country. We have fine universities. We have had them and may continue to have them. Only with them will Canada be able to maintain its place in the world.

**Some Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I do not know if anyone else wants to speak to this report, but, in case they do, I will move the adjournment of the debate and note in passing that I will yield to anyone who wishes to speak to it.

On motion of Senator Frith, debate adjourned.

## SENIOR CITIZENS

OBSERVATION OF SPECIAL WEEK IN TRIBUTE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Croll, seconded by the Honourable Senator Robertson:

That the Senate recommends to the Government of Canada and to individuals and organizations in Canada that, in honour of the senior citizens of this country, the last complete week of August of this year and of each and every year thereafter, be kept and observed throughout Canada as "Senior Citizens' Week" as a way of paying tribute to the diverse contributions being made to Canada by the older citizens of our society.—(*Honourable Senator Robertson*).

**Hon. Brenda Robertson:** Honourable senators, in supporting Senator Croll's motion, I do so with a great deal of pleasure.

The group of citizens to which Senator Croll refers, our senior citizens, are perhaps one of the most important groups of citizens in our country, as referred to in this motion which asks the Senate to recommend to the Government of Canada and to individuals and organizations in Canada that, in honour of the senior citizens of this country, the last complete week of August of this year and of each and every year thereafter be kept and observed throughout Canada as "Senior Citizens' Week" as a way of paying tribute to the diverse contributions being made to Canada by the older citizens of our society.

When Senator Croll spoke to his motion, he mentioned that there were some 2.7 million Canadians who are 65 years of age or more. I want to remind you that this is three times the number just 55 years ago. As Canada enters the twenty-first century, the population aged 65-plus will number nearly 4 million. In the next 45 years the aging population is expected to triple in size. In the second decade of the next century the babyboom generation, those born between 1946 and 1966, will be entering the ranks of the senior population. The senior population will grow dramatically, reaching 6 million by the year 2021 and 7.5 million by the year 2031. By the year 2021 one in every five Canadians will be 65 years of age or older.

Women account for a rising proportion in the older population as age increases. In 1986, for every 100 men who were between the ages of 65 to 69 there were about 125 women; for every 100 men in the age group of 80 to 84 there were 175 women; and for that older group, the senior citizens over 90 years of age, for every 100 men there were 267 women.

A lot of problems are faced by our senior citizens. Some of us have touched on the problems before. We have the problem of poverty. Unfortunately, many of our single senior citizens who are women live in poverty. There is also the problem of transportation and the problem of housing. We have 1,603,000 heads of households who are senior citizens. Of that number 394,000 heads of households are senior citizens who are at the mercy of the marketplace for their rental accommodation. I will come back to that point in a moment.

Poverty hits those in Canada who have health problems, housing problems and transportation problems. If you do not have health problems, housing problems or transportation problems, generally you are living above the poverty line. But if you have those problems, generally the rule is that you are below the poverty line.

There is another problem, as well; the problem of the lack of education of those who serve our seniors. Our senior citizens, generally in the health field, are served by professionals and para-professionals who have had little education relative to the aging population. There is a real lack of expertise here, and it is something that perhaps I will have an opportunity to come back to later. Whether they are working with family physicians or nurses, physiotherapists or speech therapists, few of these professionals or para-professionals have had any training whatsoever relative to the aging process, and, of course, senior citizens must be treated differently from younger people.

In identifying some of the problems in Canada, it is interesting to know that we do not stand by ourselves. In 1950, according to the United Nations estimates, there were approximately 200 million persons 60 years of age and over throughout the world. That was in 1950, honourable senators. By 1975 their number had increased to 350 million. United Nations projections to the year 2000 indicate that the number will increase to 590 million, and by the year 2025 the number will be over 1 billion. That is an increase of 224 per cent since 1975. During the same period the world's population as a whole is expected to increase from 4.1 billion to 8.2 billion, or an increase of 102 per cent. Thus, 45 years from now, the aged will constitute 13.7 per cent of the world's population.

The world population is aging as rapidly as the Canadian population. It is doing so at an unprecedented rate, and the

social, economic and cultural problems created by this drastic demographic shift will reach crisis proportions in the next century unless we begin to address these problems now. For those of you to whom the words "next century" sounds too far away to worry about, let me remind you that the next century is only a few years away.

I have thought for some time now that what we need at the United Nations is what was brought up at the advisory committee for the World Assembly for Aging in Vienna in 1982. That is a specific agency within the United Nations to deal with the pressing needs, problems and issues of this growing segment of the world population. Right now in the United Nations we have a model for such an agency which was created in answer to a parallel critical demographic shift in population. That model, of course, is UNICEF.

• (1620)

Few people realize that in 1946 the population of the world was a young one, and the war torn countries, as well as Third World countries, simply did not have the resources to provide for such a growing population. Many of them were, of course, war orphans. Hunger, disease, lack of education and health care affected the world's treasure—its young. The General Assembly of the United Nations responded to this emergency situation by establishing UNICEF. That agency, of course, was devoted to the world's young and their pressing needs. So effective and far-reaching has been UNICEF's work that it has been awarded a Nobel Peace Prize and it has become a household word.

I do hope that the United Nations will now respond to another of its threatened treasures, that is, its aged population. Since 1946 the demographic tide has shifted and the same crisis situation that children were facing in 1946 will be faced by the world's old in the years to come. The international community must have the vision and the determination to prevent such a crisis now.

There is a proposal before the United Nations advocating the formation of an organization modelled after UNICEF to respond to the needs of the world's aging. It will be called the United Nations International Fund for the Aged. This autonomous agency within the United Nations would devote itself exclusively to the issues of the aging population of the world; address its problems; study its demography; and implement much needed programs. This agency would pool all of the resources from within and without the United Nations system, including those of the pre-existing Aging Unit in the Centre for Social Development that has been in existence for a few years. It would also encourage cooperation among our developing countries.

A year ago last July the United States Senate set up a Special Senate Committee called "The Greying of the Nation", which was chaired by Senator John Glenn. That committee, of course, supports this international concept to tackle the problem of aging. I would hope that in Canada we would be able to take a leadership position before too long in order that the aging have more recognition.

Honourable senators, let me come back to the issue at hand which was raised by Senator Croll about a month ago. I believe that the recommendation contained in Senator Croll's motion, that is, to dedicate a week in Canada to honour our citizens who have built this nation, would be a small but important measure towards encouraging the awareness of the remainder of our citizens to the problems of the aging population. A great deal of knowledge, information and dedication must be shared with the general public in order to get a true appreciation of the problems seniors face, and I believe that by setting aside a special week we would be aiming in the right direction.

As you all probably know, at the moment most provinces have one day set aside which they call "Senior Citizens' Day". In fact, some have a week which they call "Senior Citizen's Week". I believe that if the federal government took the leadership in this regard, the provinces would fall in line and celebrate with our senior citizens one collective week across the country.

Honourable senators, in the fall I shall be asking the Standing Senate Committee on Social Affairs, Science and Technology to study the "greying of Canada." The last study, which was chaired by Senator Croll, was done in 1966. That study, honourable senators, has had a strong impact on our country. However, I feel that it is time to update the issues.

Honourable senators, I am delighted to support Senator Croll's motion and trust that the Senate will ask the government to designate a week in honour of our senior citizens.

**Hon. Senators:** Hear, hear!

On motion of Senator Marshall, debate adjourned.

## FINANCE

### DOCUMENT ENTITLED "NEW DIRECTIONS FOR THE FINANCIAL SECTOR"—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Sinclair calling the attention of the Senate to the document entitled: "New Directions for the Financial Sector", tabled in the Senate on 19th December, 1986 (Sessional Paper No. 332-169).—(*Honourable Senator Sinclair*).

**Hon. Ian Sinclair:** Honourable senators, when this document, "New Directions for the Financial Sector", was tabled in the Senate last December, I indicated that it touched upon some very important and difficult matters.

Since that time, the Honourable the Minister of State for Finance has moved with considerable alacrity and has introduced Bill C-42 on which the Standing Senate Committee on Banking, Trade and Commerce has now issued its report following pre-study. Today the Senate referred to that same committee a second bill dealing with financial institutions, namely, Bill C-56.

The Minister of State for Finance has indicated that the third tranche arising out of that white paper will be made available by the summer. In light of that, with leave of the Senate, I move that debate on this motion now be concluded.

**The Hon. the Speaker:** As no other honourable senator wishes to participate in the debate, this motion is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 996*)

## FINANCIAL INSTITUTIONS AND DEPOSIT INSURANCE SYSTEM

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-42

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TUESDAY, May 12, 1987

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

### THIRTEENTH REPORT

Your Committee, to which was referred the subject-matter of the Bill C-42, An Act respecting financial institutions and the deposit insurance system, in advance of the said Bill coming before the Senate, or any matter relating thereto, has, in obedience to the Order of Reference of Wednesday, 25th March, 1987, examined the subject-matter of the said Bill and now reports as follows:

### Introduction

This is the first of a number of bills that will implement the policy on financial institutions set out in the White Paper, *New Directions for the Financial Sector*, released on 18th December, 1986. It corresponds to chapter five of that Paper, which deals with the system of supervision and deposit insurance. These two areas are covered in Parts I and II of the Bill. Parts III through X contain amendments to several Acts respecting financial institutions. Most of these amendments are consequential to the changes in the system of supervision, but some are substantive. Chief among the latter is a revised set of procedures for assuming control over troubled institutions.

### Structure of the Supervisory System

Consolidation of Regulatory Authorities

Under a proposed new Act, entitled the *Office of the Superintendent of Financial Institutions Act*, the Office of the Inspector General of Banks (OIGB), which is responsible for the supervision of chartered banks, and the Department of Insurance (DOI), which supervises federally-incorporated non-bank financial institutions, will be consolidated into a new Office of the Superintendent of Financial Institutions (OSFI). The Superintendent will be appointed by the Governor in Council for a seven year term.

Consolidation of the OIGB and DOI into a single supervisory body had been raised as an option in the Government's Green Paper on financial institutions released in April 1985. In its report on the Green Paper, this Committee recommended against consolidation, arguing that the existing institutional structure had served Canada well and that there might be advantages to a system of "competing" regulatory agencies.

The Committee also recognized, however, that in a world of increasing financial integration there are advantages to a comprehensive regulatory authority, most particularly the capacity to oversee cross-pillar activities without generating regulatory overlaps or leaving regulatory gaps. Events since our report was written have made such a capacity much more useful. The melding of financial institutions has advanced a long way and is proceeding apace. The Government's proposals for financial reform will greatly accelerate this trend, rendering distinctions between sectors less relevant or certain. It is highly improbable that distinctions between sectors will be completely eliminated in the near future. The Bill takes this into account by providing for the appointment of three Deputy Superintendents, so that supervision of each major financial sector — banking, trust, insurance — can be made the primary responsibility of a person specialized in that sector.

The Committee views this arrangement as a good compromise between the need for a comprehensive supervisory body (in light of the growing integration between financial sectors) and the requirement for a degree of functional specialization (recognizing the residual differences between sectors).

Separate Employer Status

The Bill will endow OSFI with the status of "separate employer" under the *Public Service Staff Relations Act* and the *Financial Administration Act*. This will give OSFI authority to set job classification standards and pay scales independent of those standards and scales established by Treasury Board. In his appearance before the Committee, Mr. Michael Mackenzie, the newly appointed Inspector General of Banks (and designated Superintendent of Financial Institutions, when that Office is established), indicated that he will be seeking to strengthen the supervisory capacity of his Office by hiring more specialists knowledgeable in all aspects of banking operations. The present salary structure of the Office, he said, makes it difficult to attract people with the required skills and experience.

Coordinating Committee of Senior Officials

The Bill also provides for the creation of a committee composed of the Superintendent, the Governor of the Bank of Canada, the Chairman of the Canada Deposit Insurance Corporation (CDIC) and the Deputy Minister of Finance for the purpose of facilitating consultations and the exchange of information on matters relating to the supervision of financial institutions. Every member of the committee will be entitled to any information relating to the supervision of financial institutions that is in the possession of any other member. The Bill establishes no specific mandate for this committee, nor does it require that it meet or consult regularly. Nevertheless, as Mr. Mackenzie noted, the formal existence of such a committee will make it easier for the Superintendent to bring together the heads of supervisory agencies, and should encourage consultations. Our own review of the background to the failures of the Canadian Commercial Bank and the Northland Bank 18 months ago brought out the need for greater consultation and information sharing between supervisory agencies, the CDIC and the Bank of Canada. We therefore view the formation of this coordinating committee with favour, and note with approval that there is no provision in the Bill for alternate members to those expressly named to the committee. We also believe that the usefulness of the committee as a forum for exchanging views between members and keeping aware of developments in each other's domain would be enhanced if its terms of reference required it to meet regularly, rather than only on those occasions when a matter of urgency necessitates a meeting.

Private Sector Advisory Committee

The December White Paper indicated that the Government would also establish a committee of experts from the accounting, auditing, legal and other professions to advise the Superintendent on new developments in financial markets and assist him in the design of "early warning systems" and uniform guidelines for financial accounting. While the Bill makes no provision for the formation of an advisory committee, the Minister of State (Finance), the Honourable Thomas Hockin, assured us that the Government remains committed to establishing one. He explained that ministerial authority to name such a committee already exists and that it is his intention to designate members as soon as the terms of reference are agreed upon. The rapid innovations currently underway in financial markets make the task of regulating financial institutions a formidable one. In this light, we think that the continuing advice of a group of experts from the private sector can be crucial to the effectiveness of financial regulation and supervision. We therefore urge the Minister to proceed expeditiously with his plan to establish a technical advisory committee to OSFI.

**Deposit Insurance**

Part II of the Bill will amend the *Canada Deposit Insurance Corporation Act* to clarify the objectives of CDIC, provide for a more parallel treatment of federal and provincial member institutions, and enhance the ability of CDIC to carry out its mandate.

The legislative mandate of CDIC will be expanded to include, in addition to the protection of insured depositors, the maintenance of confidence and stability in the financial system and the promotion of standards of sound business and financial practices. These objectives are implicit in the CDIC's present mandate. The proposed amendments will give them formal expression.

New Powers

To serve these objectives, the powers of CDIC will be expanded in a number of areas.

- With the approval of the Governor in Council, the CDIC will be able to set up a new company and acquire all its shares for the purpose of facilitating the management or disposal of assets of a member institution.

- CDIC will be authorized to make discretionary payments to depositors prior to the winding-up of a member institution.

- Provision of deposit insurance to provincially chartered institutions will be conditional on CDIC's having adequate access to information regarding that institution.

- CDIC will be authorized to levy premium surcharges on member institutions that do not follow CDIC's by-laws on standards of sound business and financial practices. The premium surcharge could be up to 1/3% of insured deposits less the regular premium rate for the year.

Parallel treatment of federal and provincial institutions will be introduced by requiring all future member institutions to apply for insurance. At present, this requirement extends only to provincial institutions; banks and federally incorporated trust and loan companies are insured automatically.

Parallel treatment of institutions will also be introduced in the termination of insurance. Existing legislative provisions allow CDIC to terminate the insurance of a provincial institution which does not operate according to sound business and financial practices or is in breach of the conditions of its insurance policy. C-42 will empower CDIC to terminate the insurance of federal member institutions as well, subject to ministerial approval.

Funding provisions

The Bill provides that CDIC insurance premiums be set by the Governor in Council up to a maximum of 1/6% of insured deposits. At present, premiums are specified in the CDIC Act. Bill C-86, assented to in June 1986, raised the premiums from 1/30% to 1/10% for the 15 month period ending 30th April, 1987. On 29th April, the Honourable Thomas Hockin announced that, subject to passage of C-42, he would be recommending that the premium rate for the year beginning 1st May remain at the rate of 1/10%. CDIC estimates show that, barring further major institutional insolvencies, a premium rate of 1/10% would cover ongoing financial requirements and eliminate the deficit of the Corporation (which currently stands at $1.2 billion) by 1994. The original premium of 1/30% would not be sufficient to meet the current financial requirements and would cause the deposit insurance fund deficit to grow by at least $50 million a year.

The Committee heard testimony from the Trust Companies Association of Canada (TCAC) and the Canadian Bankers' Association (CBA), arguing that part of the CDIC deficit should be financed by the Government because it can be attributed to government policies. Specifically, according to the brief of the CBA, the CDIC deficit has been augmented by payments made to uninsured depositors of failed institutions and payments resulting from the 1983 retroactive increase in deposit insurance from $20,000 to $60,000. CDIC's estimates of the possible losses resulting from these two sets of policies are $53 million and $24 million respectively as of the end of 1986. It should also be noted that between the end of April 1985 and the winding-up date, insured deposits at the Canadian Commercial Bank (CCB) rose by $32.7 million, an increase which could be attributed to government assurances concerning the viability of CCB and which may also have had an adverse effect on the deficit of CDIC. The CBA argues that the Government must accept liability for these amounts since they resulted from specific government decisions to make payments above agreed insurance limits.

Mr. Ronald McKinlay, Chairman of CDIC, and the Honourable Thomas Hockin rejected these cost estimates as hypothetical and misleading. Uninsured depositors, they argued, were compensated only in those cases where CDIC decided to use agency agreements to wind down failed institutions, and those decisions were made only after an assessment that the agency agreement would be a more cost effective route of disposing the assets of those institutions than liquidation. In CDIC's judgement, therefore, the payment of uninsured depositors, which was necessary in order to enable the use of agency agreements, did not contribute to the Corporation's deficit.

In principle, the policy of CDIC on agency agreements as outlined by its Chairman is obviously sound. Unfortunately, member institutions have not been given adequate

information by CDIC to satisfy themselves that it has also been sound in practice. We believe that, without breaking confidentiality requirements, CDIC could make more information available on the terms and conditions of the agency agreements and cost recoveries from work-outs. This would make it less difficult for outsiders to judge CDIC's performance in winding down failed institutions and would help allay the concerns of member institutions who have to pay the deficit in the insurance fund.

Borrowing Authority

The maximum that CDIC may borrow from the Consolidated Revenue Fund (CRF) will be increased from $1.5 billion to $3 billion. CDIC's outstanding debt to the CRF is $1.2 billion. Its present borrowing authority therefore leaves CDIC with little room to meet new obligations that may arise from member institutions falling into difficulties.

Co-insurance and Insurance Pools

Absent from the Bill are two proposals that this Committee had made in its report on deposit insurance tabled in December 1985. The first called for the introduction of a system of co-insurance as a means of encouraging depositors to exercise judgement in their choice of deposit institutions. This should strengthen the market discipline that is brought to bear upon such institutions. Under the Committee's proposal, full deposit insurance coverage would be limited to the first $25,000 in deposit accounts; for deposits between $25,000 and $75,000, insurance coverage would be limited to 80%. Small depositors, therefore, would continue to enjoy full protection (evidence received by the Committee shows that, as of 30th April, 1984, 96% of bank deposit accounts had balances under $20,000), but larger depositors would have some incentive to take into account an institution's record, reputation and performance — not only the interest rates offered — when deciding whether to trust it with their deposits. They would therefore exert some pressure on management to manage risk-taking prudently. In the Committee's view, a form of co-insurance might provide a useful market-based supplement to the regulatory devices used to contain excessive risk-taking by insured institutions. Witnesses opposed to co-insurance pointed out the difficulty members of the public would have in understanding financial statements and reports of financial institutions. We also recognize that, having operated with the present level of insurance coverage for four years now, there are serious practical difficulties to reducing it by any significant extent.

The second proposal in the Committee's report on deposit insurance called for the establishment within CDIC of separate insurance funds (or pools) for banks, and trust and loan companies. The reasoning behind the proposal was that it would strengthen incentives for industry self-regulation by increasing the insurance costs that institutions would have to bear for losses by any member within the same institutional group. This rationale could be weakened by the blurring of distinctions between types of financial institutions. This blurring will reduce the risk differential between institutional groups. It does not reduce the need to deter excessive risk-taking by insured institutions.

As noted in testimony to the Committee by Ms. Judith Maxwell, Chairman of the Economic Council of Canada, the tendency to excessive risk-taking is characteristic of an insurance system based on flat rate premiums. In the absence of risk-based premium rates, we must therefore introduce other measures to contain risk.

We recognize as one such measure the provisions in C-42 which would allow CDIC to levy premium surcharges on delinquent institutions. The Minister indicated to the Committee that the Government is currently examining other approaches to creating incentives for self-regulation of risk exposure, including the option of risk-related capital requirements as recently adopted by regulators in the United States and the United Kingdom. We are in full support of these efforts, which we view as all the more urgent in the absence of a system of separate insurance pools for different classes of financial institutions.

Appointments to CDIC Board

The TCAC and the CBA expressed concern that private sector appointments to the board of directors of CDIC, as called for by Bill C-86, have not yet been made. The Minister told the Committee that consultations with industry representatives have already taken place, and that recommendations for appointment will be made shortly. The experience, perspective and

knowledge that private sector representatives can bring to the CDIC board will contribute significantly to the board's scope and effectiveness. At any rate, private sector representation on the board has been a legal requirement for almost a year now. The Government should therefore proceed with the necessary appointments as soon as possible.

Your Committee has reviewed the subject-matter of Bill C-42 in accordance with the Order of Reference and recommends that the said Bill, when examined by the Senate, be favourably considered.

## APPENDIX A

### LIST OF WITNESSES

**Wednesday, April 1, 1987: (Issue No. 20)**

From the Department of Finance:
- Mr. John H. Sargent, Assistant Deputy Minister, Financial Sector Policy Branch;
- Mr. H. Calof, Q.C., Counsel to the Department of Finance and Assistant Deputy Minister of Justice;
- Ms. Ursula Menke, Counsel, Legal Services.

From the Department of Insurance:
- Mr. Robert M. Hammond, Superintendent of Insurance.

From the Office of the Inspector General of Banks:
- Mr. Donald M. Macpherson, Assistant Inspector General of Banks.

**Wednesday, April 15, 1987: (Issue No. 21)**

From the Trust Companies Association of Canada:
- Mr. J. Christopher C. Wansbrough, Member of the Legislative Committee; Vice Chairman, National Trust Company.

From the Office of the Inspector General of Banks:
- Mr. Michael A. Mackenzie, Inspector General of Banks.

From the Canada Deposit Insurance Corporation:
- Mr. Ronald A. McKinlay, Chairman of the Board;
- Mr. Charles C. de Léry, President and Chief Executive Officer;
- Mr. Jean-Pierre Sabourin, Excutive Vice President and Chief Operating Officer;
- Ms. Susan Klassen, Legal Counsel.

From the Canadian Bankers' Association:
- Mr. Robert M. MacIntosh, President;
- Mr. R.W. Korthals, Member of the Executive Council; President, Toronto Dominion Bank.

From the Economic Council of Canada:
- Mrs. Judith Maxwell, Chairman;
- Mr. André Ryba, Project Director.

**Wednesday, April 29, 1987: (Issue No. 22)**

**Appearing**
- The Honourable Thomas Hockin, P.C., M.P., Minister of State (Finance)

From the Department of Finance:
- Mr. John H. Sargent, Assistant Deputy Minister, Financial Sector Policy Branch;
- Ms. Ursula Menke, Counsel, Legal Services.

From the Office of the Inspector General of Banks:
- Mr. Michael A. Mackenzie, Inspector General of Banks.

## APPENDIX B

The Committee received submissions from the following groups:

CANADIAN BANKERS' ASSOCIATION
Toronto, Ontario

CANADIAN LIFE AND HEALTH INSURANCE ASSOCIATION INC.
Toronto, Ontario

CONSUMERS' ASSOCIATION OF CANADA
Ottawa, Ontario

CANADA DEPOSIT INSURANCE CORPORATION
Ottawa, Ontario

ECONOMIC COUNCIL OF CANADA
Ottawa, Ontario

TRUST COMPANIES ASSOCIATION OF CANADA
Toronto, Ontario

Respectfully submitted,

**IAN SINCLAIR**
*Chairman*

# THE SENATE

**Wednesday, May 13, 1987**

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

Prayers.

## INTERNATIONAL FINANCIAL SYSTEM AND INSTITUTIONS

CANADA'S PARTICIPATION—CONSIDERATION OF REPORT OF FOREIGN AFFAIRS COMMITTEE—DEBATE ADJOURNED

**Hon. George van Roggen:** Honourable senators, the Standing Senate Committee on Foreign Affairs has the honour to table its Fifth Report respecting its examination of Canada's participation in the International Financial System and institutions and, in particular, the International Monetary Fund, the World Bank Group and the Regional Development Banks, including the debt repayment problems of developing countries.

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

**Senator van Roggen:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I ask permission to say a few words on the report at this time.

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

**Hon. Senators:** Agreed.

**Senator van Roggen:** Honourable senators, as you can imagine, this has been a most complex and extensive subject for the committee to study as exhaustively as it has. Today I can only give you a few highlights of the committee's report.

I might start by pointing out—although many of you know these figures—that the external debt of the Third World is estimated to be approximately $1 trillion. When I was young, I do not think that they had invented that word yet, but it is $1,000 billion. This has been loaned to the Third World basically from the International Monetary Fund, the World Bank, creditor governments and from the commercial banks—mostly of the OECD group of countries. Over one half of this debt, approximately $560 billion, is owed by 57 debtor countries that are having problems with their debt repayment. About two thirds of that $560 billion worth of problem debt is in South America.

If I may digress, I will give you a quick overview of why it is that the report deals with South America more extensively than elsewhere.

If you take the Pacific Rim countries, they are, generally speaking, able to manage their debt—even though some of them, such as Korea, have had to seek some rescheduling—and they are capable of repaying it, with the exception of the Philippines. India, incidentally—and it was of interest to me—has gone through this whole period without encountering foreign debt.

However, when you come to Africa, it is a dramatically different story, because about 80 per cent of the African debt—which might be $200 billion if you include the Northern Tier African countries; if you take the Sub-Sahara Africa, you are talking about possibly $100 million—is sovereign debt owed to nations or international institutions; only about 20 per cent of it is owed to the private banks. Again, from the point of view of the world financial system, that is not a problem. Those countries are unable to handle that debt. We know of the tragic situation in most of the countries of Africa, and in the report we applaud the action of the government in recently writing off—for all intents and purposes it was a little bit like the loan, Senator Murray, to General Motors where the government forgave interest for 15 years, but we call it writing off—the loan. We applaud the government for that and for its stated policy for the future of giving aid to Africa in the form of outright grants rather than additional loans to further exacerbate their problem.

That brings us to the Latin American countries where the situation is dramatically different, because 80 per cent of the debt is owed to private commercial banks and only some 20 per cent is sovereign debt. This makes the problem much more difficult to deal with.

Another problem with Third World debt is that it is growing. It is not diminishing; it is not being reduced; and it is not being paid off. It is growing. The committee maintains that only integrated policies by all of the actors are capable of solving the problem, that is, that the creditor governments—and I will come to them later—the debtor governments, the commercial banks and the international financial institutions are all going to have to be part of a solution.

The committee further agrees with the economic adjustment measures prescribed by the IMF, the World Bank and the private research institutes. As you know, there have been criticisms of these conditions along the lines that they are too tough. It is necessary for these debtor countries, if they are to get on a growth path again, to follow certain policy objectives which we set forth in the committee report as follows:

Adopt and maintain competitive exchange rates;

Encourage savings and productive investment;

Institute sound budgetary controls in order to reduce deficit;

Make their economies more market responsive;

Improve their export performance;

Encourage private capital inflows;

Exercise restraint in the use of subsidies; and

Divest inefficient state enterprises.

In case some may say that that is a free market economy prescription that we should not be lecturing them on, let me just say that we make the point in the report that those countries that are most able to handle their debt have, indeed, been following market economy practices and those that are in the most trouble have not.

Honourable senators, so that that is not perceived to be a point of view only of free market adherence, let me quote an article in the *Globe and Mail* of Monday. I am referring to an article relative to a speech by a Soviet economist, Larisa Popkova, in a Soviet newspaper. Among other things, she stated:

> Third World countries that rely on free markets are quickly catching up with the Soviet Union and those that have introduced socialism are going hungry.

The Russian change of attitude towards market economy is such that they thoroughly agree with our prescription as contained in the report. In any event, that one economist from Russia does.

Honourable senators, I will touch for one minute on capital flight. This subject, of course, is dealt with in much more detail in the report. I will not give you examples of this enormous problem from all parts of the world. However, I will give you one.

The best figures available on Mexico are that they have had capital flight in the last few years of approximately $70 billion. The total debt in that country is $100 billion. Therefore, their debt, if they had not had capital flight and had policies at home which would have encouraged their citizens to retain and invest their money in Mexico, would now be a manageable $30 billion instead of $100 billion.

Capital flight is a very serious problem throughout the Third World, and measures such as I have just outlined are needed if this is to be stopped and, indeed, reversed. The committee spent some time on that subject.

The report analyzes the international financial institutions at some length. Contrary to some remarks made in recent times by others, this report is, in balance, complimentary of the International Monetary Fund and the job it has done. But the mandate of the International Monetary Fund is one of short-term remedies while, on the other hand, that of the World Bank involves program lending that has basically been long term. Senators might recall that John Maynard Keynes, after the Second World War, at the time of the Bretton Woods meetings that established these institutions, made the remark that we have created a fund that is a bank and a bank that is a fund. The World Bank, however, is now moving towards structural lending and is coordinating its affairs much more with the IMF. Mr. Conable, the new President of the World Bank, said to us in Ottawa that he hoped they could move to structural lending of up to 50 per cent of their capital in due course.

[Senator van Roggen.]

In dealing with these institutions, the report also touches on the U.S. veto. After the Second World War, the United States found itself—with Europe on its back economically and with Japan not yet having created its economic miracle—by far the biggest contributor of moneys going into these institutions. The voting system was such that it was tied to contributions, and the U.S. had, in effect, a veto. Since then, however, other nations have introduced their fair share of capital to the subsequent capital increases. Matters have reached the point where on one or two occasions, if additional money had come from a different country, the Americans would have lost their veto. They objected to the acceptance of this additional capital on that basis. We are critical of this and have suggested that the time has come when the Americans no longer need a veto, and that they should step aside to allow these institutions to be funded to as large an extent as those individual countries are willing to do, although that in no way suggests that the institutions could be properly capitalized for the job they need to do for the future without full American participation. In the opinion of the committee, these institutions must position themselves, in terms of personnel, expertise and in every other way, to play a much larger role in the immediate future than they have played in the past.

A section in the report deals with OPEC, which I will not go into in any great detail. Senators may, however, be interested in this. I know that I and, I believe, many others were of the general impression that this whole problem arose as a result of the oil crunch, that the enormous sums of OPEC money recycled back into the western world were loaned, in turn, by our institutions to the Third World, that the Arabs ended up with our covenant so that their money is quite safe, and that we ended up with the Third World's covenant where the money is not so safe. That is, in part, true, but we were interested to discover in our investigations that the heavy move towards Third World lending started before the first oil crisis. It started in the late 1960s and early 1970s as a result of dramatic increases in world commodity prices generally, not just the price of oil. This idea that the tree would grow to the sky and that we would have ever escalating prices on all world commodities, because they were going to be in such short supply, led people to believe that they were on an endless upward track and that they could, therefore, both borrow and lend these enormous sums quite safely. Even the second oil crunch, funnily enough, did not have the effect one might have expected it would. The amount of money being invested in this manner escalated after a further surge in lending as a result of an increase in commodity prices in about 1977, just before the second oil crunch. So, there are factors other than oil that have given rise to the problems we are now facing.

The report then deals at some length with the commercial banks. The six major Canadian commercial banks have outstanding $27 billion in Third World problem debtor countries. That is not $27 billion worth of debt in default or arrears, but it is $27 billion invested in Third World countries, mostly in Latin America and the Caribbean, countries which are having

difficulty servicing that debt or borrowing capital to pay interest, and things of that sort.

• (1410)

In recent years these Canadian banks have greatly increased their write-downs and their provisioning. The total of those write-downs, write-offs and provisioning for this year will start approaching $4 billion. That is a figure that will have to be repeated, so far as some of us can see, a good many years into the future.

The $4 billion is not being all provisioned against Third World debt. Breakdowns are not available. I would simply give a rough estimate that half of their bad debt is probably domestic, both in Canada and the United States—not only Dome but the Oil Patch Western Farms, Oklahoma and Texas loans—and in many cases those are being written down, if not written off.

I do not want to bore honourable senators with detail, but the distinction between writing down and "provisioning", quite simply, is that with writing down one is taking an amount off a specific loan that is identifiable as to the borrower and as to amount, whereas in provisioning one is taking a general amount of money and—although it has the same effect on one's balance sheet—putting it to one side, but not stipulating which creditor one has in mind when that provisioning is done. That is very reasonable, because if one bank said to Brazil, "We are writing down your debt by 10 per cent," then all of the other countries would come along and say, "You must do the same for us." So at the moment they are provisioning against Third World debt rather than writing it off. At some point they will have to take further steps.

On the matter of provisioning, the Canadian Inspector of Banks—who, I believe, is now the Inspector of Financial Institutions—

**An Hon. Senator:** Not yet.

**Senator van Roggen:** He will be. The Canadian Inspector of Banks has required the Canadian banks to provision against Third World debt in varying amounts, and recently increased their targets from 18 per cent to 20 per cent over the next two or three years. We say in the report that this will have to be further increased in the future. Incidentally, this is for a bag of 34 problem countries.

In the committee's opinion the banks will have to bear an increased cost of carrying the debt burden, including capping of interest rates, and even reducing interest rates. In that connection I might say that the reduction of interest rates on the total Third World debt of 1 per cent amounts to $4 billion a year in saved payments for the Third World.

This is not without cost to the Canadian body economic, because the $4 billion which the banks are finding for this purpose this year, and will be finding in years to come, has to come out of the body economic of Canada, from the customers of the bank—which are nearly all of us—in the form of interest rates and service charges.

The shareholders do not at the moment appear to be bearing an inordinate amount of this burden, but the capitalization of the banks is such that they could not really do so if we wished them to. It is obviously not to the advantage of any Canadian to have one of our major financial institutions fail or be forced to the wall; and therefore it is incumbent upon us all to join in the management of this serious problem.

We say in the report, as I have just mentioned, that the lender governments, the creditor governments, should become more involved in this problem. To date they have not been willing to become involved. As an example, in January, or possibly February, when Brazil decided to suspend payment of interest on its debt, the Brazilian Minister of Finance travelled to Tokyo, London and Washington to meet with Ministers of Finance, Chancellors of the Exchequer, and so on, in those capital cities, and he was basically told in each city, "Don't talk to us; go off and talk to the banks." We do not believe that this is sufficient to deal with this problem in the future, and we say that the creditor governments must become involved.

Solutions. The report stresses the need to keep our markets open to the Third World when, in every instance, we appear to be doing exactly the opposite. We talk about and deal with the harmonization of bank regulations between Europe, the United States, Japan and Canada. By way of example, some of the European banks, particularly those in Switzerland and Germany, have already provisioned 50 per cent against their share of this debt. Because of the regulations within their country, the U.S. banks have provisioned very little because of the difficulty of their system in writing such provisions off. As I have already mentioned, the Canadian banks have provisioned substantially. If possible, there should be harmonization between these different regimes if we are to deal with the problem properly in the future, although we need to be careful, in trying to arrive at harmonization, not to arrive at the lowest common denominator of present regulations.

We must maintain a flow of fresh capital to the Third World. This is where difficulty arises, because present bank lending has pretty much dried up, as one can well imagine when one looks at the situation they are in. I will not keep you too long, but I would like to read just one paragraph from the report in that connection:

> The current difficulties between debtors and creditors are capable of threatening the under-pinnings of the world financial system. To avoid serious disruptions to their own domestic economies, creditor governments will have to participate more directly in the management of the debt problem. The time may have now come for creditor governments to lift their objections to direct dialogue with debtor governments. Such discussions could serve a useful purpose in building a consensus to strengthen commitments on both sides for an agreed debt strategy. It would also give hard-pressed debtor governments some evidence that creditor governments understood their plight and were sympathetic. The Canadian Government should publicly endorse and advocate the principle of a dialogue within the IMF's Interim Committee involving creditor and debtor governments.

In that connection you will note that we are careful to suggest that that dialogue take place within the confines of the Interim Committee of the IMF. We are not advocating an international conference and a huge north-south circus, where everybody could point the finger at everybody else, as we think it would serve no useful purpose.

To summarize, the commercial banks will be pre-occupied with the problem of the existing debt for some years into the future. Looking over a ten-year period and calculating inflation at whatever you choose, 3 or 4 per cent, and provisioning at the levels I have spoken about, this debt will become infinitely more manageable a number of years down the road as far as the banks are concerned. Certainly, the banks in Canada and the United States are to be commended for having strengthened their balance sheets very substantially in the last five years. But while they have got themselves in a better position, the Third World has not improved its position one iota in that same period. As I mentioned a few minutes ago, new lending has almost dried up.

The Mexican rescheduling package of last fall, which we deal with in detail in the report, in our opinion, required too much fresh capital from the banks. The package of $12 billion, which was for a comparatively short term—some of it as little as the next two years—required $6 billion, about half of the package, from the banks. The banks were cajoled and pushed by their governments into providing it. This was at a time when Brazil was still performing very well with a balance of payments on trade of some $12 billion. The parties involved thought that this might send a signal to Brazil and other countries that, "Yes, if you do your job properly, we will be willing to come to the party." Certainly, the Baker plan, devised by Treasury Secretary James Baker of the United States, envisaged new capital from the commercial banks. We feel that that plan is not going to perform its function in that mode and so, while the banks are looking after their own problem—and we are not suggesting that they be bailed out, except to the degree that a healthy world economy will bail anyone out—we say that if the Third World is to grow and not contract, it must have more capital, subject to the conditions such as I have mentioned, in running their economies properly, and that this new capital will have to be chanelled through the international financial institutions such as the World Bank, the International Monetary Fund and the subsidiary banks of the World Bank. That will require very large amounts of new capital from the participating governments.

● (1420)

Canada cannot do it all by itself, but we can certainly start to lead the way in international circles in persuading others to join with us in seeing that the Third World receives the capital it needs so that it can maintain some level of growth in the next generation. If they do not, then not only will the Third World suffer but we, too, will suffer.

While most of Canada's trade is with the U.S., as we all know, or at least a proponderant amount, a very large percentage of the trade of Europe, the United States and Japan is with the Third World. If the Third World is unable to trade properly in the way of importing goods from and exporting goods to the United States, Europe, Japan, Canada and the OECD countries, then they are in for a very serious recession, and Canada's trade will be indirectly affected by the loss of jobs in the American economy.

In the report we estimate—and we are quoting other studies that have indicated these figures—that Canada has already possibly lost as many as 50,000 jobs because of the situation in the Third World and from a reduction in trading that we were doing only two years ago. The figure in the United States that is being attributed to the loss of trade with the Third World is already 440,000 jobs: Almost ten times that number. Therefore, if we are not to see those sorts of job losses in Canada, in the United States and elsewhere in the OECD continuing into the future, we must help these countries sustain some level of growth.

I hesitate to draw such a comparison, but just to put the matter in context, we have either lost or are in danger of losing as many jobs in this connection as we would gain from a free trade agreement with the United States according to figures produced by most economists. That is how important it is to us; that is why we feel that the government must address itself to this problem immediately and in a forthcoming fashion.

**Hon. Senators:** Hear, hear!

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, permit me to take just a moment to acknowledge the work done on the report just tabled by the Standing Senate Committee on Foreign Affairs. I was an active member of that committee for some years before my appointment to cabinet. I say "active" member as distinct from "ex officio member," which is what I am now. I was one of those on the committee who urged the chairman and my fellow members of the committee to take on this mandate of studying Canada's role in international financial institutions, with particular reference to the international debt problem.

This is an enormously important matter. It is important to the future economic and political stability of the world, and therefore to the peace of the world, and is obviously of the greatest importance to our country. It is an area in which the countries of the world have come, over the years, to expect some leadership from Canada.

The debt situation in many of the countries to which my honourable friend refers is, indeed, precarious. One of the most unfair generalizations that can be made about their situation is that they got themselves into it by their own alleged lack of fiscal discipline. What happened, especially in the poorest of those countries, was that the prices of the commodities they exported plunged at the same time as there was a recession in the western world—which meant that we were investing less with them and buying less from them—and interest rates in the western world shot sky high, which made the cost of borrowing money to those poorer countries completely prohibitive. So, they are in a terrible situation that is not entirely of their own doing, by any means.

I think we all recognize, as the honourable senator has pointed out, and as Secretary Baker in the United States has said, that the only way that they can work themselves out of that terrible situation is through economic growth. That, of course, raises all of the questions of trade, aid and development on which questions the world has come, over the years, to expect leadership from this country.

The Standing Senate Committee on Foreign Affairs has done very valuable work over the years. It has presented reports on Canada's relations with Europe, Canada's relations with the Caribbean, one on Canada-U.S. trade, and, more recently, one on Canada's role in the Middle East. These have made an important contribution to public policy development and public policy debate. All of those reports, if my memory serves me correctly, came in under the distinguished chairmanship of Senator van Roggen, with whom I was pleased to serve on the committee. I congratulate him on his continued leadership in that committee.

I am sure the report he has tabled today will be in that same fine tradition. Again, I thank him and all of the members of the committee on behalf of the government and, I am sure, on behalf of all members of the Senate for this report and for their excellent work.

**Hon. Senators:** Hear, hear!

On motion of Senator van Roggen, debate adjourned

## NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

**Hon. Paul C. Lafond,** Chairman of the Special Committee of the Senate on National Defence, presented the following report:

Wednesday, May 13, 1987

The Special Committee of the Senate on National Defence has the honour to present its

FIRST REPORT

Your Committee, which was authorized by the Senate on April 7, 1987, to hear evidence on and to consider the following matter relating to National Defence, namely, Canada's land forces, including Mobile Command, and such other matters as may from time to time be referred to it by the Senate, respectfully requests that it be empowered (i) to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study; and (ii) to adjourn from place to place within and outside Canada for the purpose of such study.

Your Committee notes that on March 26, 1987, the Senate agreed to the report of the Standing Committee on Internal Economy, Budgets and Administration recommending that it be authorized to release no more than 3/12th of those approved funds until the end of June 1987 for Committee budgets submitted to it for the financial year 1987-88.

In accordance with the *Procedural Guidelines for the Financial Operation of Senate Committees*, your Committee will therefore present to the Senate a copy of its budget and the report thereon of the Standing Committee on Internal Economy, Budgets and Administration, once the Standing Committee on Internal Economy, Budgets and Administration has examined and reported all committee budgets.

Respectfully submitted,

PAUL C. LAFOND
*Chairman*

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

**Senator Lafond:** Honourable senators, may I have leave to explain this before putting the motion?

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

**Hon. Senators:** Agreed.

**Senator Lafond:** Honourable senators, it is obvious that the mandate of the committee to inquire into land forces requires a certain amount of travel. We have to visit major bases of the Canadian Armed Forces land component.

We have complied with the rules and guidelines. We presented our proposed budget to the Senate Committee on Internal Economy, Budgets and Administration. The Subcommittee on Budgets of the Internal Economy Committee met yesterday and approved our submission.

• (1430)

I understand that most probably the Senate will adjourn this afternoon until May 26. In our travel plans, we have to make a prolonged visit to western Canada to cover the major commands there—1st Canadian Brigade Group in Calgary, Training Command in Chilliwack and major exercises taking place in Suffield, Alberta. The travel of committees in the last weeks of the session is something that is not generally looked upon with favour by the whips on either side of this chamber, or of any other chamber, so our objective is to undertake that one week's trip in the first week of June in order to have all members of the committee back in the Senate by the second week of June. We require authority to travel in order to enable us to do the necessary planning to get that trip over and done with to the satisfaction of both whips.

Furthermore, our next extensive trip would be to visit our major base, 4th Canadian Brigade Group in Lahr, Germany, and our base in Cyprus. We plan to do that in about the second week of September, before the Senate reconvenes. Thereafter, there might be a number of trips lasting from 12 to 36 hours, say, to Petawawa, Valcartier, Gagetown, and places around here, which visits would be flexible and replaceable.

That is why we are now asking for the authority to travel at an early date.

I can move, because the Standing Committee on Internal Economy, Budgets and Administration is not meeting tomorrow—

**Senator Frith:** Yes, it is.

**Senator Lafond:** If it is meeting tomorrow, the Senate will not be meeting for another ten days, so I could move for the adoption of this report now, but I have no objection to its being postponed until May 26, having reasonable assurance that we will be granted this authority to make our trip to western Canada in the first week of June.

So, honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be adopted now.

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

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I understand why the request for travel is a corollary or a logical continuation of the authority that the committee has been given—and I do not quarrel with the fact that in order to fulfil its mandate some travel is necessary. However, I want to have an opportunity to consult the whip and my colleagues on the question of whether it is a good idea for it to do so in June, in view of the probable amount of business that we will be having here in the chamber at that time.

I will propose the adjournment of the debate on the motion until May 26, but that is not conditional; I am not asking for the adjournment conditional on giving a reasonable assurance that the authority will be given. I can say that I will certainly take the position with my colleagues that it is natural that this committee will want to travel, but I cannot say what the reaction of the whip or my colleagues might be on the question of whether it should be in June or not. However, I will undertake to speak to it on May 26, and to consult with my colleagues, if possible, before that date.

On motion of Senator Frith, debate adjourned.

## PRESCRIPTION DRUG PRICES

### EFFECT OF PROPOSED PATENT ACT AMENDMENT— PRESENTATION OF PETITIONS

Leave having been given to revert to Presentation of Petitions:

**Hon. L. Norbert Thériault:** Honourable senators, I have three petitions from residents of Prince Edward Island praying that this house reject Bill C-22, because they feel—

**Senator Corbin:** Name them!

**Senator Thériault:** Name the petitioners?

**Senator Corbin:** Name a few of them.

**Senator Thériault:** Do you want me to read them?

**Some Hon. Senators:** No.

**Some Hon. Senators:** Yes.

**Senator Thériault:** This will be the longest and best speech I have ever made!

W.A. Keenan; R.A.G. Gormley; A. Reuben; J.A. Cox; Norm E. Stewart; Teresa Jackson; Betty Livingstone; Kevin Lannigan; Roy Buell—and on, and on, and on.

In fact, honourable senators, they pray that this honourable house reject Bill C-22 because of the effect that it will have on the cost of drugs that they need to keep healthy. Thank you.

I present this petition and ask that the petition and names be printed in the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day.

**Hon. Henry D. Hicks:** Honourable senators, is it the object to list the name of every resident of Prince Edward Island in the record of this Senate? We have occupied an awful lot of space in listing the names of the constituents—

**Senator Flynn:** We are spending a bit more; that is okay with Senator Bonnell.

**Senator Hicks:** There should be a limit to these things, just the same.

**Senator Thériault:** Honourable senators, I think that the honoured citizens of Prince Edward Island have the right to petition this house. I have presented their petition, which proves to me that they are concerned and intelligent Canadian citizens.

**Some Hon. Senators:** Hear, hear!

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I rise on a point of order here, perhaps simply to alert honourable senators and to give notice that I would like to have a discussion on procedure one of these days, and before long, about the bad habits that we are getting into with regard to petitions.

**Senator Denis:** It is not so bad, after all.

**Senator Murray:** One of the bad habits that we have got into is the notion that an honourable senator may read a list of names on a petition. The other bad habit is that we are printing the names in *Debates of the Senate.*

Today, for example, *Debates of the Senate* were not available to us until noon because, I am told, the names of the petitioners had to be inscribed therein.

The habit in most parliamentary assemblies that I am familiar with is that a member brings in a petition, makes a brief statement on it, and tables it, but does not read the petition, does not make a speech, and certainly does not read the names of the petitioners. Those names are available from the Clerk for people who may be interested, but they are not, as I understand it, published in *Hansard.*

● (1440)

Honourable senators, I will leave it at that for the moment, and suggest to you that you may wish to do some research on

the matter and we can have a procedural discussion in a few days' time.

**Hon. Orville H. Phillips:** Honourable senators, on the point of order raised by Senator Murray, perhaps when the Leader of the Opposition returns, he may recall that a few months ago he raised some serious objections to the delay in the production of the *Debates of the Senate*. I am sure he would want to take that into consideration.

If the petition is presented and the names are not read, we really have no means of knowing if those names are actually on the petition. I am looking at the list of names from yesterday and I see the name of "Pat Binns" from Hopefield. I am sure that the MP for Cardigan has other ways of making his views known to Parliament rather than signing petitions to the Senate. I would really like the opportunity to ask Mr. Binns if he did, in fact, sign this petition.

**Hon. M. Lorne Bonnell:** Honourable senators, on the point of order, I would like to say that I asked the honourable member of Parliament for the Cardigan district, Mr. Pat Binns, if he did sign it, and he told me that he signed it because he was not getting any action himself and he was glad to have some help from the Senate. It is good to know that we can help those members in the other place.

**Senator Flynn:** The impartial chairman of the special committee!

**Senator Bonnell:** I feel quite proud of Mr. Binns for, at least, showing his support for the people in that constituency.

**Senator Phillips:** I am sure the honourable senator will return the support in the next election.

**Senator Bonnell:** If he keeps it up, you never know.

**Senator Flynn:** You are the one who collected the signatures.

**Senator Murray:** I do want to draw the attention of honourable senators to the fact that yesterday in the other place several petitions were presented. These can be found at page 5985 of *Hansard*. They were presented to the House of Commons by Mr. Benjamin, Mr. Oostrom, Mr. Heap and Mr. Robichaud. In each case the member in question stated what the petition was about, where the petitioners come from, and that was it. There was no question of listing the names of the petitioners in *Hansard*.

Honourable senators, I think we had better have a discussion on this within a few days before we go much further.

**Senator Thériault:** Honourable senators, on the point of order, I just want to state that I agree with the Leader of the Government. I was surprised when this procedure was first followed in this chamber and the names were made part of the record. My experience in Parliament has been that when petitions are presented, they are put on the table, but they do not appear in the record. When I stood up, I followed what I thought was the accepted practice of this honourable house.

**Hon. Royce Frith (Deputy Leader of the Opposition):** I take it that a point of order is not being raised at this stage. As we know, correctly, a point of order should be raised at the time the breach of order takes place. I know of no provision for giving notice on a point of order, but I must say that in this case it seems to be appropriate to do so.

I take it that the Leader of the Government means to wait for some occasion when another petition is presented and use that occasion to raise the point of order and initiate a discussion on the matter. In the meantime, this will give us an opportunity to do some research and reflect on the point at issue.

There is no point of order before us now.

**Senator Flynn:** Why not?

**Senator Frith:** Because the Leader of the Government said he was not raising a point of order.

**Senator Flynn:** It was raised at the time the petition was presented.

**Senator Frith:** No, it wasn't. If you want to pick a fight, that is fine, but there is no fight going on.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is leave granted to print the names on the petition as an appendix to the *Debates of the Senate?*

**Senator Flynn:** On a point of order, His Honour is asking whether we give leave. If we have to give leave, my response would be that I do not give such leave.

**The Hon. the Speaker** *pro tempore:* Leave is not granted.

## INTER-PARLIAMENTARY UNION

### SEVENTY-SEVENTH CONFERENCE, MANAGUA, NICARAGUA—NOTICE OF INQUIRY

**Hon. M. Lorne Bonnell:** Honourable senators, I give notice that on Tuesday, June 16, 1987, I will call the attention of the Senate to the Seventy-Seventh Conference of the Inter-Parliamentary Union, held in Managua, Nicaragua, from April 27 to May 2, 1987.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Hon. Orville H. Phillips:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, May 26, 1987, at 2 o'clock in the afternoon.

Honourable senators, if leave is granted and if it is the wish of the Senate, I will give a brief explanation.

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

**Hon. Senators:** Agreed.

**Senator Phillips:** Honourable senators, since Easter the debates in the other place have not been of the type that produce legislation, at least, to date. The coming week is a

four-day week in the House of Commons, two of which are devoted to Opposition days. Therefore, we do not anticipate legislation being passed in that house next week. If it is, however, we are subject to recall.

Presently we have before us Bill C-22, and I understand that the spokesman for the Opposition, Senator Gigantès, is very involved with his Sub-Committee on Training and Employment and that he does not wish to speak until he has completed his committee work.

I remind honourable senators that committees will be meeting next week as usual. There are some 20 committees scheduled for next week at the present time, and it is quite possible that some of the committees scheduled, particularly for Wednesday afternoon when the Senate rises, may wish to meet at an earlier hour. I ask honourable senators to check the committee schedule before making their final travel plans.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, while it is true that debate on second reading of Bill C-22 has been adjourned by Senator Gigantès, he is certainly not the sole spokesman for our side on that bill. Therefore, I want to invite members on either side to join in the second reading debate on that bill since I am sure that Senator Gigantès would yield.

However, as we know, the committee studying that bill will be active. I see no reason why we should not be debating second reading at the same time as that committee is studying the bill. Of course, pursuant to the original order regarding that committee, this bill will be automatically referred, even without further motion, to that committee in due course.

Honourable senators, I want it to be clear that I hope we are not suggesting that we are going to put off the debate on second reading of Bill C-22 until Senator Gigantès has completed his sub-committee's work. I also underline that, of course, we are willing and anxious to return should we receive legislation from the other place to deal with next week.

Motion agreed to.

● (1450)

## RENÉ M. JALBERT, C.V., C.D.

### TRIBUTES ON ACT OF HEROISM

**Hon. Robert Muir:** Honourable senators, I beg your indulgence for a few short moments. As my dear mother used to say, "if I am spared" until June 10, I will have spent 30 years on the Hill, more recently in this chamber and previously in the other.

**Hon. Senators:** Hear, hear!

**Senator Muir:** That, however, is not why I rise at this time. During those 30 years, honourable senators, I have heard tributes paid to many people, some from inside Canada and some from outside Canada, some deserved, some undeserved, as I thought—but that is only me. Today I thought I should draw to the attention of my honourable colleagues, especially those who did not see "The National" or "The Journal" last night, the actions of Major René Jalbert in the National Assembly of Quebec three years ago. I sat transfixed in my chair watching a gentleman, a great man, a brave man—one who is in our midst today. He is our own Gentleman Usher of the Black Rod. In a calm, cool and collected manner he took control of that terribly sad affair in the National Assembly. He is a man among men, as far as I am concerned. I could not help but wonder what many of us would do in a similar situation. Bullets were flying all around the place, yet he was standing there calmly, with one foot on the step, one hand on his hip, smoking a cigarette, trying to talk reasonably to an individual who undoubtedly did not know what he was doing. Then, he actually had coffee brought in in an effort to calm this person down.



Honourable senators, I couldn't sleep last night. Many of you will think, "So what? I don't care if you slept or not," but I couldn't. I kept wondering how this man could do that. He could have been riddled with bullets. I could see myself trying to drink a cup of coffee under those circumstances—I think it would be on the floor!

In looking at the parliamentary "Bible," as I call it, I see René M. Jalbert, CV, CD, MCLJ, KCLJ—a very distinguished man and a great Canadian. I may not be correct in this, but I believe he was a distinguished member of the famous Van Doos. He served in England, France, Korea, Indo-China, Cyprus, and so on. I could not pass up this opportunity to say something in praise of this great Canadian. I am sure that we are all very proud of him, and the people of his province must be extremely proud. I know that if he were a Nova Scotian, I would be just as proud, but maybe a little more so just because he was from Nouvelle-Écosse.

I know that many senators are veterans and have been involved in some peculiar situations, but we can move freely around this building knowing that we have people like René Jalbert around. I have to say, sir, that I am proud of you, I am sure everyone in this chamber is proud of you, and all of Canada is proud of you. I salute you, sir, and I ask everyone within hearing distance to rise and pay tribute to Major René Jalbert.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Some honourable senators, who may not often be as "Yankophile" as I am, might not realize that the same remarkable film footage was shown last night on the CBS News, and that very experienced TV journalist Dan Rather, who has probably seen everything, was obviously as impressed as Senator Muir and the rest of us by Major Jalbert's role. So our pride in Black Rod is reinforced by the fact that this film footage was shown all across the United States on one of the world's largest TV networks.

[*Translation*]

**Hon. Jacques Flynn:** Honourable senators, being from Quebec City myself, I would like to say a few words as well.

When Mr. Jalbert came to the Senate about three years ago as our new Gentleman Usher of the Black Rod, we welcomed him with open arms and with great pride, not only because of

his brilliant military career but also because of his extraordinary act of heroism on the day of that terrible incident at the National Assembly.

Last night I found it extremely traumatic to watch a film on the English network of what happened that day, showing the exceptional bravery and incredible heroism of Major René Jalbert, which indeed we could not have witnessed otherwise than by watching this film sequence.

I have often had an opportunity to express my admiration for him. He knows that all senators hold him in great esteem, and I want him to know how much we all admire him and how proud we are to have him with us.

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## QUESTION PERIOD

[*Translation*]

### THE CONSTITUTION

FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—MAINTENANCE OF OFFICIAL BILINGUALISM

**Hon. Eymard G. Corbin:** Honourable senators, I have a question for the Leader of the Government in the Senate.

Regarding the commitment by the provinces, contained in the Meech Lake accord, to protect one of Canada's essential characteristics which is official bilingualism, will the constitutional text the legal experts are now drafting identify specific measures the provinces will take, so that this commitment will be more than just a pious wish, and their commitment to preserve the linguistic and cultural values of French Canadians outside Quebec is reflected clearly as provided in subsection 16(3) of the Constitution Act, 1982?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the texts are now being prepared by senior officials. They will be sent to the provincial governments. There will be a meeting of First Ministers in the first week of June, and I hope the texts are approved by this country's eleven governments at that meeting.

Subsequently, the government will table these texts before both Houses of Parliament.

**Senator Corbin:** Furthermore, will the principle of Canada as an officially bilingual country, which has been institutionalized quite successfully since 1970, be maintained and strengthened in the forthcoming constitutional text?

**Senator Murray:** Honourable senators, for the first time we intend to include in the Constitution specific recognition of the existence of two linguistic communities in our country.

Honourable senators, perhaps I may take this opportunity, subsequent to the question put by Senator Corbin, to say that on the weekend I had a chance to read over the answers I gave to a number of questions on Tuesday, Wednesday and Thursday of last week.

• (1500)

[*English*]

For an hour or more on Tuesday, Wednesday and Thursday of last week the most involved questions were put to me concerning the Meech Lake accord and the intentions of the government with regard to the legal text. Questions were put to me which sought legal interpretations or opinions, which invited me to speculate on judicial decisions or interpretations that might be made at some time in the future, or, indeed, positions that might be taken by various provinces or others before the courts of the country.

As I have said, I have re-read all of the answers that I gave last week and there is no difficulty with any of those replies, but it occurs to me, given the nature of our Question Period and the importance of these matters, that the prudent thing for me to do, at least for the next few weeks, would be to take most of the substantive questions as notice and to bring in a written reply, which I will undertake to do, wherever possible, within 24 hours.

[*Translation*]

**Senator Corbin:** This of course would not prevent me from asking questions which directly concern the francophone minority in Canada. I accept the remarks of the Leader of the Government, and I also appreciate the fact that he may want to respond later.

Still I am asking these questions to express the concern of the francophone linguistic minority group in Canada which is wary of the blank and open spaces which have yet to be filled in the Meech Lake accord.

One of the aspects which worries the francophone minority is that we certainly want the federal government to remain, to the fullest extent possible, the main constitutional protector of minorities. We hope that the federal institutions will not in any way be weakened with respect to services in either official language, in favour of Quebec and to the detriment of the other provinces.

Perhaps I might be more specific and say that we do not want Quebec to become a sort of mother house or procurator's office for French Canadians who live elsewhere in the country. Hopefully the Leader of the Government will be in a position to allay my fears in this respect because by making concessions to Quebec—we have nothing against Quebec being included in the Canadian Constitution and accepting its full responsibilities in that respect—but the role of Quebec as it relates to francophone minorities elsewhere in Canada needs to be defined since Quebec has been acknowledged as being the main homeland of francophones in Canada.

So the minorities want to know where they stand. Will our real father always be the federal government, or will we be expected to deal directly with the Quebec government on certain occasions, for certain services, for certain cultural benefits?

**Senator Murray:** If I may say so, the question just put to me by my friend shows how wise I was to take such enquiries

under advisement before providing a written answer, tomorrow or as soon as possible.

POSSIBILITY OF SIMULTANEOUS PRESENTATION OF REVISED OFFICIAL LANGUAGES POLICY AND TEXT OF ACCORD

**Hon. Eymard G. Corbin:** I have a final question to put to the Leader of the Government in the Senate. This question must necessarily be related to the publication of constitutional papers concerning the Meech Lake accord.

Does the government intend to introduce its revised official language policy in Canada before or with the constitutional proposal?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the government is committed to amend our language policy and the Official Languages Act and we will be tabling a bill during the present session of this Parliament. We stand by this commitment.

**Senator Corbin:** Honourable senators, I should like to make a last comment. I should find it difficult to give my opinion on the government constitutional proposal if we do not get at the same time the bill amending the legislation on official languages. There is a real connection between these two items. It deeply concerns francophones outside Quebec. We feel that both questions are related.

I hope that the government will be in a position to state its policy on official languages at the same time as it will be tabling its constitutional proposal or at about the same time.

[*English*]

FIRST MINISTERS' ACCORD—DATE OF PRESENTATION OF TEXT

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, on the subject of the text, the Leader of the Government will have noted—indeed, he has just commented on the fact—that many senators are interested, even impatient, to see the text so that we can pursue some of the exchanges we have had on the Meech Lake accord.

Can the Leader of the Government tell us when, according to the government's plans, the Senate will likely see the first draft, or any draft—or, in fact, the text—presented to the Senate? Is there any program for when the Senate might see textual manifestations of the Meech Lake accord?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the process, according to the one or two precedents that we have, is that the texts are agreed to by the governments, which we hope will happen during the first week in June, and it is only then that they are tabled in various legislatures and in Parliament.

**Senator Frith:** The Leader of the Government during informal exchanges we had earlier today mentioned this precedent. Perhaps he will put that on the record.

**Senator Murray:** Yes, honourable senators. In 1983 there was the Aboriginal Rights amendment. The amendment was agreed to by the provinces and the federal government. The amendment was then tabled in Parliament where it was debated and passed.

[Senator Murray.]

● (1510)

FIRST MINISTERS' ACCORD—IMPLICATIONS OF INTERPRETATIVE DECLARATION—AVAILABILITY OF LEGAL OPINIONS—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—APPLICABILITY OF TERM

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I would like to pursue another line of questioning that has been raised during Question Period on the subject of the Meech Lake accord. I am referring to the line of questioning about the implications of the interpretative declaration in that accord and what implications that declaration might have on the interpretation of other provisions of the Constitution Acts of 1867 and 1982. I have noted that the Leader of the Government plans to take such questions as notice and to try to get some answers. I want to add two questions to that line of questioning.

The first question is a general one as to whether the Department of Justice or other law officers or legal advisers of the Crown prepared any memoranda or opinions on the implications of that interpretative declaration on other aspects of the Constitution and, if so, would the leader be prepared to share them with us to illuminate our discussions on that subject?

My second question on that same line is: Does the term "distinct society" apply to all of the sections of the Constitution? For example, does it apply to the Charter of Rights and Freedoms? Would it apply, for example, to section 1, which makes the Charter "subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society"? Those are the now rather famous words of section 1. Could those "reasonable limits" now be subject to definition according to a "distinct society"? Would that term apply to the interpretation of section 52(1)? That section reads:

> The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

I do not expect an answer now, but would he put these questions into the hopper with the other questions that he has taken as notice?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall do so. I should mention, however, that legal opinions given to ministers by law officers of the Crown are normally regarded as privileged and are not produced in Parliament. But subject to that proviso, I will take the honourable senator's questions as notice, and I will bring in a reply as soon as I can.

**Senator Frith:** Honourable senators, I understand the point raised as to privilege. If it is the same principle that applies to privilege in law as between solicitor and client, he probably

knows the privilege is the client's privilege, not the solicitor's privilege. So, in this case the privilege would be Senator Murray's, and he can decide whether or not he wants to share it.

**Senator Roblin:** That does not apply in Parliament, and you know that.

**Senator Frith:** No, I do not.

FIRST MINISTERS' ACCORD—FEDERAL-PROVINCIAL SPENDING PATTERNS—FEDERAL POWERS AFFECTING BROADCASTING AND BANKING

**Hon. Jerahmiel S. Grafstein:** Honourable senators, with respect to the Meech Lake accord, could the Leader of the Government in the Senate inform the Senate what percentage of each Canadian citizen's tax dollar is spent currently by the federal government and what percentage is spent by the provincial governments? Second, did the government do any economic impact studies on the Meech Lake accord to predict what changes to the federal-provincial spending patterns might occur in the future if the accord is ratified? Finally, does the accord anticipate or imply, or are there envisaged, any changes with respect to federal powers affecting broadcasting and banking?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, one is almost tempted to break the rule one has just set for oneself with regard to answering questions, especially questions the answers to which I think are self-evident, but I will undertake to bring in a written reply to the questions put by my honourable friend.

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## PATENT ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator David, for the second reading of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto.—(*Honourable Senator Gigantès*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Stands!

[*Translation*]

**Hon. Paul David:** Honourable senators—

**Senator Frith:** Honourable senators, I must apologize to Senator David, for he had already mentioned to me that Senator Gigantès would yield to him for this debate.

**Senator David:** Do not mention it, Senator Frith. As a matter of fact, I had intended to thank you and Senator Gigantès for allowing me to take part in this debate in his place yesterday. Because the Senate will not sit next week and I am a member of the committee which will travel from St-John's to Victoria within three weeks after our return, I wanted to speak now.

Honourable senators, I am quite proud to support Bill C-22. The purpose of my remarks is to demonstrate the fundamental importance for medicine and the Canadian people of an innovative pharmaceutical industry.

All industrialized nations in the Western world, including Canada, have signed international agreements to protect intellectual property and promote the free flow of knowledge. The Paris Convention of 1934, amended in 1958 and 1968, defines the rules and grants the inventor an exclusive right for a period extending from 17 to 20 years.

In 1969, the Government of Canada passed legislation allowing generic drug companies to make drugs similar to those of the innovative companies against payment of a 4 per cent royalty, thereby cancelling in Canada the 17-year average exclusivity right which still governs most of our trading partners.

Now, generic drug companies can copy the original products of innovative pharmaceutical companies as soon as they are marketed. Experience has shown that only products used by a great many customers are copied, while the others are not. So, with a minimum of risk and investment, generic companies can, without creating anything new, cheaply exploit the discoveries of the innovative pharmaceutical industry and offer their products at a lower price a long time before the usual seventeen years have elapsed.

[*English*]

The primary response to the legislation of 1969 was one of rejection by the innovative companies as a whole. The headquarters of these powerful companies are located in the United States, England, West Germany, Switzerland, France, Italy, Japan, Sweden, Holland and Belgium. These companies viewed Canada as a country hostile to intellectual property protection and restricted their investment in research and development in Canada. They restricted their activities to storage, distribution and sales networks for their products. In order to obtain a notice of compliance from the Health Protection Branch, they met the minimum requirements regarding clinical testing in Canadian hospitals.

There followed a restructuring and re-orientation of the innovative pharmaceutical industry which affected primarily the province of Quebec, which I have the honour of representing in the Senate. The entire greater Montreal region was particularly hard hit by closures, transfers of laboratories and layoffs of scientists and technicians.

[*Translation*]

I think it is useful to remind honourable senators from Quebec that on three occasions, under two different governments, the National Assembly of the province we represent in this house unanimously endorsed motions on the drug industry.

The first motion was introduced on June 6, 1984, the second on June 20, 1985 and the third on December 19, 1985.

So the nearsightedness of the 1969 act isolated this country from all our trading partners at a time which was especially

rife with major pharmaceutical breakthroughs. In that context, let us look together, honourable senators, at medical progress in the light of discoveries by the innovative drug industry, because there in fact lies the basic problem, what innovative companies do for the good of patients and the population as a whole. As you can very well anticipate, my examples will be taken from the field of cardiology, the evolution of which over some 40 years I am especially familiar with.

● (1520)

[*English*]

In 1944, the year I graduated from the Faculty of Medicine at the University of Montreal, the heart was an inaccessible, untouchable organ—except at the sentimental level. At about this time Cournand and his colleagues in New York demonstrated the possibility of using cardiac catheterization to show the interior of the cavities of the heart and the blood vessels of the human heart on X-rays, using opaque substances tested by the pharmaceutical industry. This very precise examination is now a standard procedure carried out before all major cardiac surgery.

Spectacular progress has been made in the field of cardiac surgery since the introduction around 1955 of the heart-lung machine. This device makes it possible to maintain circulation and oxygenation in the organism during repair of a heart, which does not move and lungs which are temporarily useless.

In concrete terms, these developments have made it possible to cure most congenital malformations during childhood; to replace diseased valves by prosthetic cardiac valves; to overcome obstacles relating to coronary circulation by bridging the aorta and the distal portion of the diseased artery.

[*Translation*]

The so-called by-pass.

[*English*]

Another development that has been made possible is to replace a diseased heart with a new healthy heart.

I have summarized in a few minutes an era which has required millions of hours of research and testing, and considerable financial investments by qualified scientists, daring surgeons and well-structured, sufficiently-funded hospitals. Unfortunately, too often we overlook the very significant contribution of the innovative pharmaceutical industry to the development of this spectacular field of surgery.

[*Translation*]

Let me extract the essential.

Is there any need to refer to "ether's volatility" and "chloroform's toxicity" in the 40's to stress that heart surgery never could have been performed without the discovery of new anaesthetic substances that can be administered safely for hours by specialists, who become the "waking conscience" of their "sleeping patients"? The innovative drug companies are constantly improving their products and help lower the risk of heart operations now being performed on increasingly older patients.

[Senator David.]

It is not rare to perform a bypass on 80-year olds, to replace ailing valves on 75 to 80-year olds.

Infection still remains a hazard for heart surgery patients, because, for instance, of the deep chest opening. We know that hospital-acquired infections often are resistant and require the use of increasingly powerful antiobiotics. The patient is totally dependent on the innovative drug industry in that area. As microbes become more resistant new antibiotics must be discovered to fight those new microbes that cause the current infection.

The early diagnosis of rejection symptoms through biopsies of the heart's internal wall and the administration of a new anti-rejection substance for weeks, months and years on end after heart transplant radically change the survival pattern of those patients. The experience of the first nine operations at the Institute in 1968 and 1969 was a failure, the longest survival time being nine months. After a twelve-year moratorium, and thanks to the discovery of cyclosporin, heart transplants were resumed four years ago with extremely encouraging results, since 21 patients out of 25 are living, the first of which celebrated his fourth anniversary last April.

[*English*]

When I began my practice in cardiology, our therapeutic arsenal was very limited and usually ineffective in the treatment of hypertension, acute rheumatic fever, bacterial endocarditis, cardiac arrhythmia, heart failure and coronary disease. How do things stand today? Hypertension is a very widespread disease, the main cause of which is still little understood, despite intensive research conducted at many laboratories. Among the most common complications are heart and kidney failure, myocardial infarction and brain hemorrhage. I hasten to assure you that since the discovery of effective drugs by innovative pharmaceutical companies, we have been able to reduce and control high blood pressure. Complications can generally be prevented by taking the medication prescribed, without ever discontinuing it, and by adjusting the dosage through periodic medical visits. This innovative pharmacological contribution is probably the main cause of the drop in the death rate of patients suffering from ischemic heart disease in the last ten years.

[*Translation*]

The acute articular fever of the teenager has almost disappeared in Canada. I remember that in 1966, at the Institute of Cardiology, we had a children's ward with 24 beds for that disease alone. Most patients were suffering from complications or were on the verge of having complications capable of damaging the heart valves. The disappearance of this disease in Canada and Quebec is the result of better diagnosis and use, by the pediatrician or family physician, of the appropriate antibiotic to cure sore throats or ear infections, but especially streptococcic throat infections in teenagers.

[*English*]

Until the discovery of penicillin during the Second World War, sebacute bacterial endocarditis was fatal. It is caused by an infection which disseminates microbes through the blood-

stream that can destroy the heart valves in which they congregate. Although still very serious, this disease can often by cured by antibiotics. However, the fight against very small microbes which adapt to and resist antibiotics requires the constant discovery of new products, hence the capital importance of the innovative pharmaceutical industry.

• (1530)

For lack of sufficient knowledge, I will not venture very far into the world of viruses, which is still more complex than that of bacteria. One has only to think about the present and future scourge of AIDS to hope for the rapid discovery of a vaccine or a curative drug. The curative drug may come before the vaccine. In order to defeat this plague that is spreading before our very eyes, we must call upon the services of our scientists and researchers and hope for rapid discoveries by innovative drug companies.

[*Translation*]

Sudden death is the most dramatic example of a breakdown in the production or transmission system of the heart's power plant. To prevent it and cure several other serious heart irregularities, the innovative pharmaceutical industry has launched vast research programs in order to experiment and supply more and more effective anti-arrhythmic drugs. Recent reports show that some new drugs seem to be very promising.

[*English*]

Heart failure is still the eventual end result of all chronic heart disease. Fluid accumulating in the thorax, abdomen and legs used to be evacuated by making punctures with needles, syringes and tubes. Nowadays, through the use of effective low-toxicity diuretics, these painful procedures are seldom employed, and patients can live more comfortably for years by taking drugs that prevent the retention of fluids and ensure their natural elimination. These remarkable developments would not have been possible without the discoveries of the innovative pharmaceutical industry.

[*Translation*]

Coronary disease is well known in the public under its three common designations; angina, coronary thrombosis and myocardial infarction. It is the most frequent and most lethal disease on the North American continent. It is the result of a deposit of atherosclerosis which gradually blocks the opening of coronary arteries. These arteries supply the heart muscle with the blood and the oxygen it requires to act as a pump which sends the blood through the vessel network of the body with an average of 100,000 contractions per day, or 36,500,000 per year. That, honourable senators, is what your hearts perform every year.

A broad range of new products has been offered by the innovative pharmaceutical industry in the past ten years to relieve anginose pain, to prevent thrombosis or blood coagulation in the arteries, and to control the scope and complications of myocardial infarction. These drugs come under four categories, which I will just mention by their names: vasodilators, beta-blocking agents, calcium antagonists, and anticoagulants. Let me add that vast hopes have been triggered by the recent marketing of substances used to dissolve the blood clot which causes the coronary thrombosis when the infarction occurs. The clinical implementation of those discoveries of the innovative drug industry might revolutionalize the treatment of the acute phase, the most lethal one, of myocardial infarction.

[*English*]

Honourable senators, these few examples are taken from my personal experience in a medical specialty which was my main preoccupation for 40 years. This overview of the progress made in cardiology has enabled me to illustrate the essential role of the innovative pharmacological industry in the prevention, relief and cure of cardiac disease to the benefit of countless Canadians.

Such examples can be found in all specialties and fields of medicine. Take, for instance, the discovery and use of psychotropic drugs, which reduce anxiety and depression. These products prevent long stays in hospital and have eliminated the need for thousands of psychiatric beds; or the medication that has cured thousands of people suffering from tuberculosis and made it possible to transform sanatoriums into general hospitals. Surgery on stomach or duodenal ulcers has seldom been performed since the discovery of effective drugs for ulcer patients. One rarely dies nowadays from pneumonia or bronchial-pneumonia, diseases which were among the main causes of death in the early years of my practice. Poliomyelitis has virtually disappeared through the preventive administration of a vaccine. None of us would want to go back to the treatments of 1944, or even 1969, and yet this could have been a possibility if all industrialized nations had followed Canada's disheartening example regarding the overly limited protection of intellectual property under pharmaceutical patents.

[*Translation*]

All the so-called medical "miracles" are in fact the result of innovative, time-consuming and costly research carried out in spite of innumerable difficulties. In that sense, medicine progress follows the same laws as technological progress.

This combined progress of technology and of the drug industry has accounted for a 15-year life expectancy increase in the past sixty years. With this average life expectancy of 75 years at the present time, 80 per cent of the deaths in our population are caused by one of these three factors: heart and vessel disease (48 per cent), cancer (22 per cent) and miscellaneous accidents (10 per cent).

[*English*]

The effects of the advances in the field of medicine have greatly benefited Canadians. The same cannot be said for many of the world's nations. The 1983 statistics published in the World Bank's World Development Report are particularly eloquent. Of the 118 countries analyzed—the U.S.S.R. and Eastern bloc countries excluded—life expectancy in the 15 poorest nations varies from 43 to 55 years; in the 15 richest countries it ranges from 73 to 79. This means a difference of 24 years at best and 30 years at worst. It is comforting to note that the average per capita income of Canadians makes our

country the seventh richest of the 118 nations analyzed in this report.

In these circumstances, is it not ungenerous of Canada to extend a policy which prevents it from actively participating in the efforts of the innovative pharmaceutical industry to improve the health of Canadians and of the people of poorer countries to whom we are glad to lend assistance?

[*Translation*]

Bill C-22 corrects a mistake and creates new opportunities for our scientists to show value and energy and for the Canadian innovative drug industry to prove its dynamism and aggressiveness.

During the eighteen years which have elapsed since 1969, the Canadian medical community has earned a very distinguished position on the international scene. Our universities have produced highly qualified people in all the branches of science needed by an innovative drug industry: chemistry, physics, biology, physiology, computer science, statistics, pharmacology and medicine. Our federal and provincial governments have invested enormous amounts to help universities prepare our young people for the challenges of a technical revolution without equal since the advent of man.

The same remarks apply to the Canadian network of hospital care which includes university hospitals providing teaching and research, as well as many specialized institutes. We have the necessary human resources to develop basic and clinical research which are the cornerstones of an innovative drug industry. I am confident that Bill C-22 is a welcome signal which could open a new era in Canadian leadership. With enthusiasm, I foresee fallout which could exceed our most optimistic expectations.

● (1540)

[*English*]

To justify this optimism, allow me to tell you of a success story in which I was indirectly involved.

In the early 1970s a Japanese drug company, which was looking for new byproducts of a well-known tranquillizer called Valium, developed a new chemical compound, diltiazem hydrochloride. It is not important to remember the name. In preliminary studies on animals researchers observed that this product affected the heart and blood vessels. It was felt that it was probably a beta-blocking agent. In 1976 the company, Nordic, situated in Montreal, obtained the licence for manufacturing rights for Canada and called the product Cardizem. Nordic asked Dr. Martial Bourassa, Director of the Research Centre of the Montreal Institute of Cardiology, to review all the Japanese findings and research. As a result of this analysis, it was suspected that the properties of the product were similar to those of substances known as calcium-antagonists.

A long series of experiments on animals and tests on human beings conducted between 1977 and 1982 confirmed the hypothesis of Dr. Bourassa. In 1983 the Health Protection Branch issued a notice of compliance. Cardizem is a remarkable antianginal drug. It is now prescribed in nearly 100 countries.

[Senator David.]

I have overly-simplified the lengthy process leading up to this discovery, which required the cooperation and hard work of many researchers and physicians throughout Canada. This example of leadership regarding a product discovered in Japan, tested in Canada, and now marketed worldwide, is a good illustration of the resources that we can offer, and explains my optimism for the future. If this product is copied, the company will have to slow down or suspend its research program aimed at exploring new areas in which this drug would probably also be effective.

[*Translation*]

During this debate on Bill C-22, some have used often and with an offensive connotation the words "monopoly" and "multinational" when dealing with the higher costs of prescribed medicine.

On the other hand, some have underestimated the enormous competition which forces "multinationals" to come up constantly with improved products for a given condition. This very strong competition is similar to that which exists between many other industries identified also as multinationals. For example, the automobile industry, the computer industry, the oil industry, the airline industry, the farm implement industry, and a great many others. This competition among multinationals must respond to the law of supply and demand through competitive prices. The large number of innovative drug industries precludes therefore the creation of a monopoly and an abusive cost structure.

[*English*]

The other point that should be remembered is the large amount of venture capital needed by these companies to produce and commercialize new substances; to undertake animal research and clinical testing; to cover losses incurred by fruitless research; to manufacture products that have a limited clientele; and to market new products. For the above reasons, it is estimated that a new product that appears on the market represents an average investment of between $50 million to $100 million. These figures likely explain why no "multinational" has its headquarters in Canada. The amendment of 1969 added a dissuasive element which would maintain this situation indefinitely.

Bill C-22 opens new horizons, and I am now hopeful, even certain, that Canada will be able to prove itself in the field in which the two main driving forces are the imagination of qualified researchers and sufficient protection of intellectual resources to make investments profitable.

The advantage of the bill that has been submitted to us is that it establishes a well-controlled balance between the creativity of innovative drug companies and the eventual copying of the products by generic firms.

[*Translation*]

Honourable senators, the anticipated increase in the cost of drugs seems to be the main concern, if not the sole concern of those who, under the pretence of humanism and compassion, oppose Bill C-22 for what are in fact demagogic and partisan considerations.

I find those fears unjustified for many reasons.

First, we agree that the cost of drugs will increase at the rate of inflation and we all hope the trend will remain stable.

Second, generic drugs will continue to be produced at the expiry of patents which will last for a maximum of ten years, according to Bill C-22, that is seven years less than is the case for our commercial partners in other industrialized countries.

Third, the innovative companies will keep up against one another the ruthless competition which is an important factor in cost stabilization.

Fourth, provincial governments are the principal buyers of drugs and account for about 60 per cent of the prescription drugs market. They control the costs through massive buying in hospital systems where drugs are provided "free" to patients and through their knowledge of retail prices in drugstores since they provide those drugs "free" to those 65 years old and over and to welfare recipients. It is estimated that presently 85 per cent of Canadian men and women have total or partial drug expense coverage.

Fifth, statistics show that drug expenses amount to $2.1 billion and represent 5.4 per cent of the $39 billion expenditures that were allocated to health care in Canada in 1985.

Finally, Bill C-22 provides for the establishment of a patented medicine prices review board. It will be chaired by Dr. Harry Eastman, an expert whose credentials are recognized by all interested parties and whom the committee had the pleasure of hearing yesterday evening.

It would seem to me that all these checks and balances should be sufficient to lay to rest the concerns of those who anticipate costly consequences for the ill and the aged. On the contrary, I submit that those who are ill and those who are still in good health will benefit most from this legislation because the challenges of medical science are still tremendous and we need research scientists in the field of pharmacology to find the answers.

• (1550)

[*English*]

I have given you, honourable senators, several examples of the spectacular progress of medicine in the last half century. However, much remains to be done. How can we prevent and slow down atherosclerosis, the main cause of cardiovascular mortality and morbidity? How can we prevent and cure the many forms of cancer? We must remember that these two diseases are the cause of 70 per cent of deaths in North America. Think of the many chronic and debilitating diseases which compromise the quality of life and make it often painful to bear such illnesses as arthritis, diabetes, leukemia, multiple sclerosis, cystic fibrosis, Parkinson's disease, kidney failure, Alzheimer's disease, and many others.

Having considered the immense complexity of all the acute, subacute and chronic disorders suffered by man, I subscribe with enthusiasm and much hope to the objectives of Bill C-22. It is primarily through the discovery of new drugs that medical science can hope to improve the health of Canadians, 20 per cent of whom will be 65 years old in the near future.

If the question of cost is a major obstacle, I fail to understand a controversy which focuses on a mere 5 per cent of the problem without considering the other 95 per cent of the expenses of health in this country. This attitude is especially surprising since Canada spends considerable amounts to adapt to and join forces with modern technology. The contradiction is even more apparent when we consider that Bill C-22 is associated with a commitment on the part of the innovative drug companies to invest $1.4 billion in the next five years and to create 3,000 new jobs. I feel this contribution by the private sector is as valid as the generous grants made with taxpayers' money to other sectors, the humanitarian repercussions of which are often much less apparent.

[*Translation*]

Honourable senators, before I conclude, I would like to tell you very sincerely that what I have to say will remain the same, no matter where I may be seated in this house.

[*English*]

Bill C-22 is a compromise accepted by the innovative pharmaceutical industry to end stagnation of a major commercial activity which has been hurt by regulations incompatible with the philosophy of intellectual property adapted by our industrialized partner countries.

[*Translation*]

This bill will allow our universities and Canadian hospital centres to receive grants for fundamental and clinical research. It will encourage those in the university community to show their talent and their skills in a field of high technology. I have full confidence in our universities to successfully meet the challenge.

May I thank you, honourable senators, for your benevolence and your patience in hearing me out at this late hour.

**Hon. L. Norbert Thériault:** Would the honorable senator allow me a question?

**Senator David:** Certainly, Senator Thériault.

**Senator Thériault:** Honourable senators, like all my colleagues I listened very closely to Senator David, who deserves the respect and admiration of all of us for the work he did all those years. I am a living example of the successful work he has been doing along with some of his medical colleagues in the area of heart illnesses.

I must tell him that I am extremely disappointed at a small portion of his speech, although he commanded respect throughout. But at one point, while claiming to be totally apolitical and stating he would make the same speech on whatever side of the house, he charged those like myself who, in all sincerity—

**An Hon. Senator:** Question!

**Senator Thériault:** —he charged those like myself who, in all sincerity, question Bill C-22 across the country and in this house.

I would therefore ask him how he can justify that?

**Senator David:** I apologize, Senator Thériault, if I offended you in any way, because such was not my intention. Perhaps I used the wrong terms or phrases.

Anyway, it is my view that you may question Bill C-22. I suggest that all that could be said on that bill already has. My view is that we all remain in positions that may vary somewhat, but that are fairly well known and I do not question in any way your good faith, Senator Thériault.

**Hon. Peter Bosa:** Would Senator David allow a question?

**Senator David:** Of course, Senator Bosa.

**Senator Bosa:** If I understood Senator David correctly, he stated that out of a list of 118 countries, Canada ranked seventh for longevity.

Can he say what other countries beat Canada?

**Senator David:** I would like to answer your question, but that list is in my office because I did not feel I should bring it here today. Those are seven industrialized nations, as you may well imagine, and they are all very well known.

[*English*]

**Hon. Henry D. Hicks:** Honourable senators, Senator David, in his very interesting exposition on behalf of Bill C-22, at one stage mentioned that the innovative drug companies had made a "commitment"—I am quite sure that was the word he used—that if this bill were passed, they would expend something approximating $1.4 billion, presumably upon additional research support in Canada.

There is no mention of this commitment in the legislation before us. Can Senator David give me some idea as to how and when this commitment was made?

**Senator David:** These commitments are found very easily in the medical press at the present time. I have in my office many press releases by companies that have publicly made their commitment. I believe that at the present time the total amount that has been publicly committed by those companies varies between $700 million and $800 million.

Being assured that the Eastman committee will have to monitor the research and the development money once a year, every year, and will have to present a report to the Government of Canada, I am quite confident that all these companies are proud enough to fulfil their commitments.

**Senator Hicks:** I think it is improper to call it a "commitment," although I quite agree that in their magazines and other publicity the companies have expressed an intention to spend research moneys approximating $700 million to $800 million, as the honourable senator has said. Initially, Senator David said the amount was $1.4 billion. Why is there that discrepancy?

● (1600)

**Senator David:** This $1.4 billion is what was given by the minister as the objective. At present, today as we are speaking, there has been solemnly promised $700 million to $800 million. The difference, then, is not too great, and I hope that with the passage of the law, those who have not yet dared to make any commitment will do so. If the law is passed soon enough, perhaps I could provide to you a good answer by next September.

[Senator Thériault.]

**Senator Hicks:** I thank Senator David for his answer, but I am not sure I can go along with him in saying that the difference is not too great when it is actually a factor of two. In any event, we need not follow that further.

[*Translation*]

**Hon. Azellus Denis:** I have a question for Senator David. When he claims that progress in the medical field takes place largely thanks to the pharmaceutical companies, why did the honourable senator forget to mention the skills of our surgeons, of which he is a shining example?

Why did he forget to mention the research done in our Canadian hospitals, where the products of these companies are tested free, a definitive advantage, as is the equally free advice given by surgeons like the Honourable Senator David?

**Senator David:** I want to thank Senator Denis for his kind words which I really do not deserve, since I have never done any surgery in my whole life.

I was a cardiologist who referred patients to the surgeon, and I was generally able to provide a good diagnosis. That was not bad, I admit.

**Senator Denis:** To other doctors?

**Senator David:** Yes, and they did the surgery.

I was trying to show in my speech that fantastic progress has been made when we consider that today bypass operations can be done on patients up to the age of 85 or 90, that the death rate for bypass operations, in any good hospital where the operation is done routinely, is under 3 per cent, and that these operations are always done with a heart-lung machine.

The bypass operation itself is a technique, but a technique supported by a whole series of drugs. You have no idea what goes into your body during an operation. There are drugs to raise your blood pressure and others to bring it down. You are given heparin to make your blood more fluid. There is another drug to help the blood coagulate, and calcium too, because the rate of calcium tends to drop. It is truly incredible what goes on.

With today's anesthetic substances, they can do operations, I would not say for unlimited periods but operations that take four, six, eight or even ten hours, which was impossible only a few years ago.

I maintain that every pharmacological discovery has contributed to the well-being of the community.

(On motion of Senator Frith, for Senator Gigantès, debate adjourned.)

## FORGIVENESS OF CERTAIN OFFICIAL DEVELOPMENT ASSISTANCE DEBTS BILL

SECOND READING

**Hon. Martial Asselin** moved the second reading of Bill S-9, an Act relating to the forgiveness of debts incurred or assumed in respect of certain official development assistance loans made by the Government of Canada to the Governments of Togo and of the Islamic Republic of Mauritania and also to the former East African Community

He said: Honourable senators, I want to thank you for allowing me to introduce Bill S-9 for your consideration. This bill fits perfectly within the scope of the report on the debt problem of developing countries tabled earlier today by Senator van Roggen.

The bill before you provides for the forgiveness of debts incurred in respect of certain official development assistance loans made by the Government of Canada to the Governments of Togo, Mauritania, and the former East African Community.

Two aspects are at stake: first the desperate situation of the African economies involved, second the reputation of Canada in the world. Let me explain.

In the mid-60s when development assistance became generalized worldwise, poor Third World countries were understandably quite willing to accept all loans which rich nations were prepared to extend to them. Both borrower and lender optimistically—and naively—believed that such loans would soon signal the end of the latter's financial difficulties and that the former would not have any problem about being repaid. Nobody could foresee such impending obstacles as the declining prices of many products exported by developing countries nor the skyrocketing costs of petroleum products. A number of Third World countries were then forced to borrow still more just to remain afloat.

About the mid-70s the situation was obvious: most borrowers had become much too poor to be able to repay loans made by Canada and other industrialized nations. As they tried to make their payments they fell ever deeper into debt and were forced to seek new loans, an endless vicious circle of economic dependence.

In 1977, at the time of the North-South Dialogue, Canada agreed to cancel development assistance debts owed by twelve countries on the United Nations list of least developed countries. In December of that year, the Parliament of Canada passed legislation on the forgivenness of the debts of these twelve countries. World public opinion acknowledged this was a most admirable and eminently reasonable initiative. After all, keeping countries in a crisis situation by forcing them to fulfil their financial obligations could only harm the world economy as a whole in the long run. Ten years ago, Canada was one of the first countries to publicly recognize this fact and to take the appropriate measures. I would like to take this opportunity today to say that the present Leader of the Opposition in the Senate, the Honourable Allan MacEachen, is to be commended for the political insight and leadership he showed at the time by forgiving the debts of these developing countries.

We have continued to play a leadership role on the international scene in the area of Third World indebtedness. Today, we had a perfect example of this, when the Senate Committee on Foreign Affairs tabled a report which summarizes its findings on this issue. Of course, I fully concur with Senator Murray who has commended this committee for the tremendous work it has done.

In February, 1986, the Right Honourable Joe Clark announced that Canada's development assistance would no longer take the form of loans. From now on, our assistance program would be made up entirely of subsidies. In this way, Third World countries would not get more into debt by accepting Canadian assistance, as all funds made available by our country would be non-repayable subsidies. Mr. Clark had described this decision as a step toward a more efficient Third World assistance policy. The other donors as well as the beneficiaries have welcomed this decision.

Unfortunately, this initiative was not enough. African countries of the sub-Sahara have been experiencing a tremendous human and financial crisis. Not only have they accumulated enormous debts, but the desert was destroying more and more farm lands, year after year, the crops were bad and Africans, by the millions, were starving. They had to use the few resources available to feed themselves, to buy seeds, to improve agriculture, but not to reimburse their loans. That is why, in May 1986, Canada announced to the United Nations a five-year moratorium on the debts incurred by African states in the sub-Sahara. This moratorium was to be extended every five years, which means that these countries will be freed from any financial obligation to Canada for five years, and in case their economic situation does not improve markedly, Canada will allow them to postpone the reimbursement of their debts for additional periods of five years up to the year 2000, if necessary.

The international community, especially Africa, has praised this humanitarian initiative which it considers an act of generosity. Canada's decision has re-established the world leadership role which our country plays when dealing with the serious economic problems facing the African continent. It is in this spirit, honourable senators, that I ask you to consider the legislation before us today.

In a way, this bill is a follow-up on the decision made by Canada in 1977 to officially forgive the debt of countries considered at the time by the United Nations as the least developed countries. Since then, two other African countries, Togo and the Islamic Republic of Mauritania, have been included in that category because of the seriousness of their economic problems. The Government of Canada is of the opinion that we should have a uniform policy with respect to all those countries and that we should therefore forgive the debt incurred in respect of our assistance to Togo and Mauritania. We should also forgive the debt of the former East African Community which was composed of three countries, two of which (Tanzania and Uganda) are among the least developed countries.

Our situation is especially delicate with respect to Togo, as we suggested our intention to forgive its debt as early as 1982. Such a delay is already bad in itself, but procrastinating further would have the effect of seriously undermining the deep trusting relationship that we now enjoy with African countries.

Last January, as I was on an assignment in Africa, I visited Togo. I had the opportunity to meet the president of the republic, Mr. Eyadema, who inquired whether the Canadian Parliament had passed the legislation to forgive the debt of his country with Canada. In view of the difficult economic situation of his country, he was very anxious that this legislation be given a speedy passage. He took that opportunity to ask me to thank Canadians for their generosity with Togo.

I hope you will give this legislation the priority it deserves. Our international reputation is at stake. Moreover, we should give those countries a chance to fulfill their development aspirations.

I hope you will agree, honorable senators, that this bill may help African developing countries achieve their own objectives.

• (1610)

[*English*]

**Hon. Henry D. Hicks:** Honourable senators, I propose to speak briefly in support of this bill, but before doing so I should like to put a question to the mover. Can he give us the amounts of the debts that are being forgiven as a result of this legislation?

**Senator Asselin:** Unfortunately, I do not have the figures with me. I have them in my office. If the honourable senator is willing, I will send him the list and the amounts later.

**Senator Hicks:** That would be interesting to know. We should know the extent of the generosity that we are authorizing the Government of Canada to exercise in the passing of this legislation. I would be glad if the information were available before the bill achieves third reading—in any way in which the honourable senator wishes to do so.

Honourable senators, Senator Asselin has covered the ground very well, indeed. It is a fortuitous coincidence that this legislation comes to us for second reading this afternoon, following so closely upon the tabling of the report of the Standing Senate Committee on Foreign Affairs dealing with the international financial institutions and the debt problem of developing countries.

Senator Asselin has said that the report makes some reference to the subject matter of Bill S-9, and indeed the reference is on page 79 of the report where we refer, as did Senator Asselin, to Canada's action, along with some other countries, in 1977 in forgiving the outstanding debt of eight of the poorest African states. He also referred, of course, to subsequent actions which Canada took in 1986 to offer some further forgiveness and to offer a moratorium in five-year stages, which will almost certainly extend to a fifteen-year moratorium on the payment of interest in respect to some other countries whose financial plight makes it difficult and probably impossible for them to meet the terms of the commitments they have made to repay development loans.



I believe also that it is a matter of real satisfaction that Canada has taken a lead in stating that in the future ODA, Official Development Assistance, will be made by us only in the form of grants, and not of loans, so that we will not be encumbering either our own account books or the ledgers of the hard-put developing countries. In other words, we shall make the grants that we can afford to pay, and they will not constitute a debt burden on the developing countries whom we are assisting.

In our report we went a little further than that and said:

> —the Committee—

That is the Standing Senate Committee on Foreign Affairs:

> —would like to see other OECD governments adopt, as a minimum, policies similar to the 1986 Canadian offer of a 15-year moratorium on the interest payments on their official loans.

We referred again to those OECD countries which have not done as Canada and some other countries did and said that they

> —should be encouraged to emulate the 1977 action of some countries including Canada that wrote off or converted to grants all existing loans to the least developed countries.

The Netherlands has followed Canada's example to date, but, alas, not many of the other—indeed, at the time that we completed our report, no other—OECD countries.

So, honourable senators, since I supported enthusiastically the thrust of the report which I have in my hand, and since this legislation is a manifestation of government action along the lines previously followed by Canada—the continuation of which was recommended in this report—I have no hesitation in joining with Senator Asselin in urging all honourable senators to support the passage of Bill S-9—with the one little proviso, and that is that I would like to know the amount of our generosity.

**Senator Asselin:** Honourable senators, I now have the figures which the honourable senator wanted. Togo owes Canada $6.5 million; Mauritania, $4.2 million; Kenya, $19.9 million; Tanzania, $15.2 million; and Uganda, $12.3 million.

**Senator Frith:** What is the total?

**Senator McElman:** The total is $57.6 million.

**Senator Hicks:** There is a total of from $58 million to $60 million involved in this legislation, in addition to the previous forgiveness of debts which Canada accomplished, starting first in 1977 and extending up to 1986. I repeat my commendation of the legislation and my urging of honourable senators to support the bill.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, if I understand the intent of earlier discussions on this bill, it will go to a committee; is that correct? It seems to me that it would be very appropriate if it were to go to the Standing Senate Committee on Foreign Affairs. That was the implication of the discussions we had, that we would

complete second reading debate today so that it could go to committee.

**Senator Asselin:** I was advised this afternoon to introduce the bill, but I was not aware of any discussion you may have had.

**Senator Frith:** Honourable senators, this bill might fall within several committee mandates, but the combination of foreign aid, which comes under the mandate of the Committee on Foreign Affairs, plus the fact that that committee has just dealt with the subject in its report, means that it would receive sensitive and speedy treatment in that committee. Therefore, I suggest that is where it should go. I recommend to the mover of the motion that it go to that committee.

Motion agreed to and bill read second time.

● (1620)

REFERRED TO COMMITTEE

**The Hon. the Acting Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Asselin, bill referred to the Standing Senate Committee on Foreign Affairs.

## POST-SECONDARY EDUCATION

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE—ORDER STANDS

On the Order:

> Resuming the debate on the consideration of the Seventh Report of the Standing Senate Committee on National Finance (post-secondary education) tabled in the Senate on 25th March, 1987.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, as I mentioned yesterday, I do not propose to speak on this order, and I will yield to anyone else who wishes to speak on it. Perhaps we can leave it until we come back, and if no one else wishes to speak on it then we can consider it debated.

Order stands.

## REVISED STATUTES OF CANADA, 1985

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON DRAFT ADOPTED

The Senate proceeded to consideration of the Sixth Report of the Standing Senate Committee on Legal and Constitutional Affairs (Draft Revised Statues of Canada, 1985) presented in the Senate on May 7, 1987.

**Hon. Joan Neiman:** Honourable senators, when this matter was referred to the Legal Affairs Committee, I explained in some detail the mandate and objectives of the draft of the Statute Revision Commission with respect to the Revised Statutes of Canada, 1985. The committee did not study the statutes in any detail since they comprise about 17 volumes and some 10,000 pages of legislative text. We were simply presented with what you might call a fait accompli as far as the revisions were concerned. Therefore, we directed our attention in the first instance to the process, which we felt left something to be desired. Accordingly, our first recommendation to the commission concerned future revisions which, I assume, will commence immediately after this particular revision of the statutes of 1985 has been approved in statutory form. We suggested in our report that the commission arrange to refer volumes to the committee and to make periodic reports as the volumes are completed so that we may make, I hope, useful suggestions concerning the revisions undertaken.

Another of the committee's endeavours was to learn what statutes had been omitted in the consolidation made by the commission. Therefore, we asked the commission to give us a detailed list of the statutes which would not form part of the current revised edition, and to give us the reasons for their omission. Generally, the reasons were that the statutes were out of date, were no longer applicable, and so on. The reasons were well founded. We questioned the omission of a couple of statutes. For example, we recommended that the Geneva Conventions Act be included in the consolidation. The commission had thought that it was unnecessary to include this act because it was not a statute in the usual sense of the word. However, Canada had undertaken to have the three important Geneva Conventions of 1949 widely publicized and disseminated. Therefore, we recommended that they be part of the revised statutes.

The commission was somewhat innovative in putting together seven statutes concerning Parliament. We found that six of these statutes are exclusively concerned with the internal affairs of the house and the conduct of officers of Parliament. We questioned whether the commission's mandate went so far as to permit it to put these statutes together, although we approved of the idea. The commission had included a seventh statute which really did not come within the ambit of the other six statutes. The seventh statute dealt with the use of the name "Parliament Hill". We recommended that for future revisions the commission look at this statute again with the idea of, perhaps, putting it under a different heading and not including it with these other six statutes.

The Standing Joint Committee on Regulations and other Statutory Instruments found a discrepancy between the English and French versions of a particular section in the Transportation of Dangerous Good Act. That committee had brought this discrepancy—and it is a substantive one—to the attention of the then Minister of Transport, the Honourable Don Mazankowski. He had undertaken to have the English version revised, as it was decided that it was incorrect. However, it was never done. The commission decided that it could make the change itself. We decided that, since it was a substantive one, the commission did not have the authority to make the change without the assent of Parliament. So, we recommended that the original, incorrect version of that particular paragraph be reinstated. However, we have brought this matter to the attention of the minister and have recommended that when the bill is drawn to approve the statutes he include the proper form of the English version.

The only other comment I have is with respect to a point that we did not feel that strongly about but which had apparently received some considerable attention in the other place, and that is the usage of gender in the statutes. The commission went to a great deal of trouble to remove references to only the masculine gender throughout all these many thousands of pages of legal text. We have recommended that when the next revision is undertaken they try to remove the remaining references that still seem to trouble some of our members of Parliament.

Honourable senators, with that, I move that the report be now adopted.

Motion agreed to and report adopted.

● (1630)

## ILLITERACY IN CANADA

DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Fairbairn calling the attention of the Senate to the question of illiteracy in Canada.—(*Honourable Senator Doyle*).

**Hon. Richard J. Doyle:** Honourable senators, in this debate about illiteracy in Canada it is difficult to get very far away from the work of Frontier College which in most parts of our country, and for one year more than the years of our century, has been seeking out and serving those who cannot read or write.

Frontier College is the publisher of a fascinating book called: "The Right to Read", which is the organizer's guide to its Student-Centred Individualized Learning Program. The third chapter of the book is introduced with these words from a Frontier student:

> It's amazing, you know, sometimes I look at a word and suddenly I realize I can read it! People must think I'm crazy when I grin at a word but it's better than having people think you're crazy because you can't read. Now I go to the library. One day I hope I can pick up a whole book and just read it, just like that.

I would suppose that tributes such as that one, that joyful expression of discovery, more than anything else have kept the college functioning and flourishing in hard times—and times are always hard in the illiteracy business. There is never enough money; there are always too many in need; there is rarely among the rest of us knowledge of the beast or understanding of how it can be vanquished.

When Senator Joyce Fairbairn began this debate a few weeks ago, those of us who listened to her recital of the consequences of stunted literacy were appalled, or would it be better to say conscience-striken. "I didn't know it was still that bad," is what one colleague said to me that afternoon. Still that bad? The truth, as Senators Lorna Marsden and Mira Spivak have made clear, is worse than ever. With growth of urbanization, with the demands of galloping technology and the refinement of service functions in the job market, there is very little room left, socially or economically, for those 20 per cent of our citizens who have less than a grade eight education, and only the meanest of prospects for the million or so who cannot read or write at all. Yet, while sensible arguments are made that we must spend more on education—and particularly on post-secondary education—the fact remains that of the money we do spend on schooling, only 0.001 per cent goes to the fight against illiteracy. As Frontier College points out, that is not enough even to be reflected in the graphs.

Illiteracy is said to cost the U.S. economy $20 billion annually. Because we are without statistical studies, there is no Canadian figure handy to dramatize the horrendous price we pay in this country for this absence of skills that are so easy to acquire. Would the figure be $2 billion? Would we sigh with relief if it were $1 billion?

The Frontier people came to Parliament Hill last fall—as they have been coming here to make their case to one government or another for 20 years. The night before their appearance before the Committee on Labour, Employment and Immigration in the other place, they took time out to get their electronic gear together. As Jack Pearpoint, their president, put it, "We were having a discussion whether we should be angry this morning. We talked ourselves down, but I think you should know, it was pretty difficult."

One of the things that staved off the anger was this: "We are delighted—and I mean this quite genuinely," said Mr. Pearpoint, "delighted that literacy is finally in the Throne Speech for the first time in Canadian history."

Honourable senators, if any of us here today are inclined to be blasé about Throne Speeches, we should be aware that the people we represent listen to them very carefully, and we should take heed of the college's response to just what was said in this place on October 1, 1986. At that time the Governor General said:

> My Ministers are committed to federal-provincial and private sector co-operative action that will enhance job opportunities and encourage greater participation and involvement of young Canadians in productive and challenging initiatives.

At this point Her Excellency invoked the inspiration of Rick Hansen in new initiatives to aid the disabled. Then these words:

> My Government will work with the provinces and the private sector and voluntary organizations to develop measures to ensure that Canadians have access to the literacy skills that are the prerequisites for participation in an advanced economy.

Honourable senators, had we been in the midst of the debate so eloquently launched by Senator Fairbairn when that speech was read into the record, we might have been excused had we interrupted Her Excellency with loud applause and uncharacteristic cheers at such a pledge.

We did not have long to wait for the first initiative. On March 3 Solicitor General James Kelleher announced the

establishment of a new Adult Basic Education Program for federal penitentiary inmates to begin not at some "appropriate time" but the next month.

Consider this: Approximately half of all federal inmates, 6,000 men and women, are functionally illiterate, and only about 150 of them complete remedial courses each year. The others who leave those institutions go into society without the skills needed to read "Help Wanted" ads; without the know-how to fill out application forms; without the capacity to read and understand basic job instructions and, worst of all, without the confidence or even the glimmering hope that there is a place for them in our communities. Frontier College can tell you—and it is anxious to tell you—how literacy can provide the motivation to turn around a life of crime. It does not need profound studies of the linkage between illiteracy and anti-social behaviour to buttress its experience.

It is the intention of both Mr. Kelleher and the government to enroll 600 more inmates—both French and English—in its 1987-88 literacy program; 1,200 in the second year and 1,800 in the third. It may be early to anticipate results, but the word coming back from the penitentiaries is optimistic. There is every reason to believe that prisoners are shedding their reluctance to admit their need. What a great stride forward this would be!

The embarrassment, yes, even the agony of acknowledging the handicap, has been a universal stumbling block to overcoming this educational deficiency. The one or two of us here today who drink will remember the time when Ontario liquor stores required us to fill out order forms and will also remember the humiliation of men who asked others to write up their orders for them. "I forgot my glasses," they would say, and chances are you would think, "They must have quite a habit to go through this much embarrassment." Sometimes there was hesitation. Just a twinge. If these people couldn't write, should we really help them to drink?

● (1640)

Take it through its thousand faces. "What street is this?" "How much is that?" "Which bus is loading?" Remember the next time you walk through doors marked with little figures of men and women, those signs were not devised just for foreign travellers or newly-arrived immigrants.

What more can this government do? Well, Frontier College said that it could use $1 million to acquire more staff and extend its reach and perhaps escape from the hazards of funding new ventures like the successful "Beat the Street" program without a penny in the budget and no assurance of where the next grant is coming from. When "Beat the Street" began, there was no text to work with. The workers used street signs for letters and licence plates for adding, subtracting and multiplying. No government could match the daring of volunteer agencies or the determination of their managers.

But it must be added that organizations like Frontier College are deserving of more back-up from governments than they are receiving. The thought that the college has been receiving an amount annually for its core literacy program from the federal government that is somewhat less than half of what the committee of this Senate will spend on its examination of Bill C-22 fairly takes the breath away.

Public support for organizations working to foster literacy in the communities is growing and, thank goodness, it is being fed with a healthy dollop of selfishness. Coles Bookstores, a subsidiary of Southams Inc., and other bookstores assist Frontier College in its "Give the Gift of Literacy" campaign, and cheerfully admit that in their business it makes good sense. The Newspapers in Education committee of the Canadian Daily Newspapers Association acknowledges illiteracy as "a trend in society that could imperil, or at least threaten, our future fortunes."

The Business Council of British Columbia warns of the social and economic costs of ignoring illiteracy. The Canadian Business Task Force on Literacy tells corporations that illiteracy causes low productivity and poor product quality, diminishes advertising and promotional impact, and inhibits internal communication. And then it says: "Your company can help to tackle illiteracy in Canada. It's our business. And in doing so you will be serving your own best interests."

Not long ago, when he was receiving an honorary doctorate at the University of Western Ontario, Clark W. Davey, the publisher of the Montreal *Gazette*, said that he believed illiteracy would become one of the great issues of the next decade for this country. He said:

> The figure of 20 per cent of functional illiterates is probably significantly understated. One great skill many illiterates have acquired is their ability to mask their inadequacy. The implications for society seem to be almost terrifying. The gap between the haves and have-nots is going to get wider—ultimately this trend has the potential to tear apart the very fabric of society.

Davey, who has made his living for 40 years with written words, asked his audience of university graduates to participate as volunteers in one-on-one instruction "which is able, in a relatively short time, to open the wonderful world of reading to people who never believed it could happen to them."

Obviously, agencies in Canada such as Frontier College and Lauback Literacy of Canada are ready for greater efforts. Private sponsors are ready to assist—particularly in promoting initiative. Provinces, schools, libraries and churches are assisting already, and the awareness that any undertakings will benefit all concerned is being established and acknowledged.

The Government of Canada, as the Speech from the Throne insisted, is determined to play its part. Perhaps its most useful function will be to envision and perhaps endow some form of coordination of all the skills and all the good intentions available for a national undertaking that will break through jurisdictional divisions that have been set up as stumbling blocks and have inhibited concerted efforts in the past.

The year 1989 is to be the United Nations International Year of Literacy, and the goal will be learning opportunities for 500,000 adults a year for a decade. There is scant time for Canada to puts its own literacy campaign in order before

tackling our share of the international challenges our UN participation demands of us.

One thing we can do is examine what has been done elsewhere and profit by the successes and failures of others.

On the plus side is the British experience in the 1970s, where government organization of a small and efficient coordinating unit, combined with the BBC as a teaching facility and local responsibility for recruitment and tutorials, saw more than 300,000 students upgraded in adult skills in a decade.

The American experience—particularly in response to President Ronald Reagan's call for a national literacy initiative—has been successful where it has relied on local volunteerism and state-level action. The high expectations of the national campaign have not been realized.

Progress worthy of study has been made in Australia, the Nordic countries and Iceland, France and the Netherlands. What all have learned is that campaigns to overcome the years of neglect can be successful only if they are long-term, carefully targeted, flexible and vigorously championed.

Frontier College—since the days when its worker-teachers pioneered in the isolated mining and lumber camps—has understood the absolute necessity of reaching out to the rest of us and of making us auxiliary champions of the cause.

In its scheme to set up a learning foundation to generate operating funds for literacy programs, the College has, with accustomed cunning, proposed the organization of a committee of "friends" to spread the good word. It hopes to have such people—such genuine communicators—as Salome Bay, Hume Cronyn, Peter Gzowski, Moses Znaimer and Maureen Forrester on board.

Would it be asking too much to suggest that all members of this often-too-silent Senate—without invitation or appointment—become at least friends of the "friends" and make noises where we can?

On motion of Senator Gigantès, debate adjourned.

● (1650)

## THE CONSTITUTION

### MEECH LAKE COMMUNIQUÉ—AGENDA FOR SENATE REFORM—DEBATE ADJOURNED

**Hon. Duff Roblin** moved, pursuant to notice of Thursday, May 7, 1987:

> That it is timely for the Senate of Canada to take into consideration the agenda set out in the Meech Lake Communiqué on the subject of Senate reform, including the following:
>
> —the functions and role of the Senate;
>
> —the powers of the Senate;
>
> —the method of selection of Senators; and
>
> —the distribution of Senate seats.

He said: Honourable senators, this is perhaps not the most auspicious time to introduce such an important topic as this, in my opinion, to the Senate of Canada, but I came with my speech and it would be a good idea to get it off my chest at the present time.

[Senator Doyle.]

**Senator Frith:** You brought your music, in other words.

**Senator Roblin:** I brought my music and I am prepared to play.

For the first time since 1867, a Canadian Prime Minister and all of the provincial premiers have agreed unanimously that the reform of the Senate of Canada should now move to the top of our national constitutional agenda. The leaders of the governments of the nation propose to entrench in the Constitution itself an agenda for Senate reform which includes the following subjects:

—the functions and role of the Senate;

—the powers of the Senate;

—the method of selection of Senators; and

—the distribution of Senate seats.

When they also agree to consider the matter expeditiously, the public and Parliament, including the Senate, may properly expect that something will happen. Today we have no positive means of knowing what shape that "something" will take. Indeed, we cannot tell at this remove whether the principal actors will agree unanimously, as agree they must if change is to take place. But there are clear signs of movement. That is why I take this occasion to place before the house, and hopefully before others, what I would propose as a consistent, relevant and workable set of policies for an effective reformed second chamber in Canada—policies that are suitable for use in a federal parliamentary democracy like this country, based on the principles of representative and responsible government.

I may be pardoned, perhaps, for reminding the Senate that I suggested a reform of this institution in February 24, 1982, in the following words:

> That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.

At the time that idea attracted little support in this chamber and, as far as I can tell, scant interest elsewhere. But I have not changed my opinion, though I hope some of the concepts have developed in my mind since that time. Senators should be elected. That is still the criticial principle on which effective Senate reform must be based.

When I spoke in February of 1982, I gave the reasons why a second regionally-based chamber was an essential institution in a federal state like ours. We know that it was necessary to invent the Senate in 1867 when the nation was formed from several distinctly articulated regional societies, and we have every reason to think that without a Senate Confederation might have foundered. The problem remains with us today as it did then, namely, how to reconcile legitimate regional interests with the common good of the Canadian society. This Senate, the Senate of 1867, is, I am afraid, widely perceived as failing to do that job.

In 1982 I ventured the opinion that "our credibility with the general public is undeniably low". I would be surprised if it were much better today. In seeking the cure in 1982, I advanced the proposition that Canadians should elect their Senate. I still maintain that the principle of election is the central item to be considered in reform of this institution. That proposition, I am glad to say, is more widely accepted now than it was when I discussed it a few years ago.

**Senator Frith:** Although you did get some support in the Senate for that.

**Senator Roblin:** Yes, I did. I think there were five or six senators, including, perhaps, my honourable friend, who supported me, and some others—and I am grateful for all of the help that I can get. Senator Flynn was not lacking in this respect. There may be several others, and if I have overlooked some for the roll of honour, please forgive me.

**Senator Le Moyne:** I was not one of them.

**Senator Roblin:** No. As a matter of fact—

**Senator Flynn:** Lord Le Moyne!

**Senator Roblin:** I can probably count on the fingers of one hand those senators who thought that my proposition made any sense in 1982. But since then a few things have happened.

**Senator McElman:** Have you six fingers?

**Senator Roblin:** The first thing is that a committee of this Senate had an opportunity to visit Australia to examine how an elected Senate actually worked in a government like ours, a sister Commonwealth country with representative and responsible government and operating a federal parliamentary system strikingly similar to ours. The singular exception is that the Senate in Australia was elected on a system of proportional representation—elected.

**Senator Frith:** Since 1949.

**Senator Roblin:** Yes. Before that it was also elected, but not on the system of proportional representation—and I will come to that later.

I for one—and I think I may say the entire delegation—was impressed with the evidence that the Senate elected in Australia works well and provides interesting testimony that an elected Senate is compatible with the Australian constitution and federal state, and that the same could be said of Canada as well. However, as far as I am concerned, with respect to the Australian system, there is one important reservation which I will make about the way it operates, which is relevant to us in our consideration today.

In 1984 there was a joint committee of the Senate and the House of Commons of this Parliament that looked into the question of Senate reform. They concluded in reporting their decisions that in principle an elected Senate was the kind of Senate that they wanted to see. They included certain other recommendations that I for one did not support.

More recently we have had the more extensive investigation—I think that is fair comment—of the Macdonald Royal Commission on the Economic Union and Development Prospects of the Nation, which also strongly supported the principle of an elected Senate for Canada. Besides which, and considerably more important, popular opinion, whether expressed in opinion polls or by associations or in the deliberations of other institutions such as political parties, or otherwise, has disclosed substantial support for the idea of the election of senators. Contrary opinions either to abolish the Senate or to continue the present system of appointment, or some variation of the same, certainly do not express present day mainstream opinions. I take it as settled that any serious reform of the Senate today will include the direct election of senators by the people themselves.

It is on this basis that I now want to offer some reflections on the four considerations that were set out in the unanimous communiqué that the premiers and the Prime Minister agreed on at Meech Lake.

The first concerns the function and role of the reformed Senate. I put it to you that the function and role of the reformed Senate will be pretty much the same as the function and role of the Senate that we have today. While representation by population is the first principle of democracy, and it is embodied in the House of Commons, representation of regions or provinces is the first principle of federalism and is embodied in the Senate. The function and role of the Senate, therefore, is to be a voice, the voice for regional interests, particularly minority interests within the federal sphere of the Constitution. The federal Senate is no substitute for provincial governments or, indeed, for provincial premiers, and the Senate must discharge its regional representative function within the ambit of the federal power in the Constitution. An elected Senate would also continue to be a chamber of legislative review, providing an opportunity for those famous sober second thoughts. Its specialty of independent committee work would be enhanced, if anything. In combination with these functions, an elected reformed Senate, particularly if elected on the principle of proportional representation, could introduce a modest fulcrum of checks and balances against the power of the executive not otherwise available in our parliamentary system. The elected character of a new Senate, and particularly if reinforced by the method of election that I shall propose, will give some authority to its opinions which it might otherwise not have. Later on I shall describe how I think the election process bears on that point.

● (1700)

The next subject that was listed at Meech Lake was that of the powers of the Senate. I recommend that the powers of the reformed Senate—with one exception, which I will come to later—be the same powers the Senate has today. These are the power to initiate legislation, except bills that require messages from the Governor General; the power to agree with, to amend or to disagree with legislation that is received from the House of Commons. Just as at present, the new Senate would not be a confidence body, and the executive government would not be responsible to an elected Senate. The executive body would be responsible only to the House of Commons.

The power to deal with legislation under this description of the Senate that I am proposing is the same as it is today, that is, an absolute discretion.

Neither the joint report of the Senate and the House of Commons Committee on Senate Reform nor the Macdonald Royal Commission went so far as to retain the absolute veto that the Senate has at the present time. They opted for a form of a suspensive veto in an elected Senate. In my opinion a suspensive veto limitation on an elected Senate renders the whole process somewhat doubtful. Power is of the essence if you have the moral authority and the political legitimacy to use it. The present Senate has the power, but it lacks the moral authority and it lacks the political legitimacy to act other than rarely. If we give an elected Senate both moral authority and political legitimacy but withhold the power to make it effective, perhaps we labour in vain.

This question of power automatically raises another matter, and that is the question as to the deadlock that might be possible between the two houses. That possibility is real. Even now, strangely enough, under present rules it is real. We will have to provide for it in the future, even though we have not provided for it in the past. When I conclude my comment on the whole Meech Lake agenda, I will return to this question of power and the issue of deadlock between two federal elected bodies.

The next consideration at Meech Lake was the method of the selection of senators. I had made the case before for elected senators in some considerable detail, and I will not repeat that argument here. I will simply draw the conclusion, as I have already done, that selection by election is, indeed, strongly indicated.

The method of election is a subject on which hangs a good deal of the usefulness and effectiveness of a new, reformed and elected Senate. Members of the House of Commons are elected in single member seats. The man or the woman with the most votes first past the post is elected as the member. One of the virtues of this system, in my view, is that it is decisive and usually produces a majority party able to secure continuity in the executive parliamentary government. I think this is a desirable attribute for the House of Commons, which is the confidence body in our parliamentary system.

It is not so obviously necessary for an elected second chamber which is not a confidence body, to whom the executive is not responsible, and where the government may be defeated without forcing its resignation.

The Senate may be conveniently and profitably elected on a system of proportional representation, which is sometimes called the "single transferable vote"; a system which, as my friend opposite has indicated, has been in use in the Commonwealth of Australia since 1949.

Honourable senators, there is another interesting consideration. If the single member seat system were used to elect senators, it would very often produce electoral results that would duplicate in the Senate the political make-up of the House of Commons. To deliberately give the Senate a similar cast to that of the House of Commons can only have one effect. It would reduce the ability of the Senate to fulfil the expectations set out in that definition of roles and functions that I have been discussing.

A different system of election of senators can and should be used, and the experience of the Commonwealth of Australia illustrates both the practicality and the desirability of electing senators on a system of proportional representation or the single transferable vote.

Under this system of proportional representation, each state or province or senatorial division, whatever it is, comprises the senatorial electoral division, electing at one time all the senators required to fill the senatorial vacancies in that division. In parenthesis, I might say that if the senatorial term is six years, half may be elected every three years.

Under the system of proportional representation—if I could give you a thumb-nail sketch—the names of all the candidates proposed by the political parties, by independents, or by anybody who has a right to nominate, which is any citizen in the area, to fill the six seats, or whatever it happens to be in that senatorial division—all those names, and there may be a good many of them, appear on the ballot paper.

When the voter goes into the voting box and he picks up his ballot, he will see those many names. He can then indicate the order of his choice by voting one, two, three, four, or whatever, until all the choices are exhausted with respect to his desire to elect certain people to the Senate. He may vote for any party; he may vote for any name in any order whatsoever; and he is the master of the voting ballot.

Depending on the number of places to be filled, a quota is set. If six senators are to be chosen, the quota is 100 per cent divided by six, which is 16 2/3 per cent plus one vote. That is the quota that people have to reach if they wish to be elected.

Candidates passing the quota on the first choice are declared elected. After that, the other choices of the voters continue to be distributed in the order of their choice until the full slate of six candidates has been chosen and six names pass the quota. There are other technicalities which it is not useful to discuss at the present time.

The result is what counts. The result of proportional representation is to reflect more clearly the numerical distribution of public opinion. Minority views have a better chance to be represented and, even within the region, local minorities have a better chance of being represented. Another consequence which must not be overlooked is that the executive branch will find it much more difficult to control the Senate under this system.

Senate views may, therefore, be more effectively expressed, but as the Senate is not a confidence body, as the executive government is not responsible to the Senate, this situation is a luxury which regional interests and democracy can afford when designing an elected second chamber to represent the regions.

I now come to the last Meech Lake agenda item, and it is a particularly difficult one, the distribution of Senate seats

among provinces and territories. The case for equal numbers is strongly made in some parts of western Canada. The case for equal numbers in each province is strong for those who gain numbers, but it sounds a little weak to those who may have to give numbers up.

However you look at it, we cannot avoid history. In 1867 the Fathers of Confederation, when they arrived at their system of seat allocations, accepted a principle of equality, but it was not provincial equality. It was regional equality. They divided the 1867 Canada into three senatorial divisions, namely, Ontario, Quebec and the Atlantic. Each regional senatorial division was allocated the same number of senators. They were equal. Each region was allocated 24 senators.

When the west was counted in later on, a fourth regional senatorial division was added and also allocated 24 senators. You had four equal regions with 24 senators each, totalling 96 senators. The regions themselves are, indeed, equal. If I might use a rather unparliamentary expression, in addition to the 96 senators I mentioned, "ringers" were introduced from Newfoundland, the Yukon, and the Northwest Territories which added eight more to give us our present total of 104.

• (1710)

If 1867 were 1987, I very much doubt whether this system of equal regional Senate divisions would appeal to the constitution makers or, indeed, to the public. A system like that of Australia, where ten senators are allocated to each state, might find more favour. But I am afraid it is unlikely that we can undo 1867. In the nature of things, few provinces are inclined to give up what they have. We may try, but the odds are against it. I will have to tell some of my friends in western Canada this hard fact.

If the principle of an equal number of senators from each province is out of reach, what alternatives do we have? There are, no doubt, endless variations on the theme of numbers. I am going to offer two ideas, one which is mine and the second which is probably better but does not belong to me. The one that I suggest is the simple and practical alternative to leave the distribution of seats in the Senate as they are, except for those of western Canada. For the west add another regional Senate division, giving two instead of the one that is there now, each entitled to the 24 senator allocations. This doubles western Canada's representation in the Senate from 24 to 48 senators and raises the total number to 128.

If senators want to hear something a little more sophisticated—and I guess many would—I suggest that they look at the report of the Macdonald Royal Commission which offered an interesting redistribution of Senate seats based on a total of 144. They divided the whole country into 24 senatorial electoral divisions with six senators to be elected from each one. This gives the following results: Prince Edward Island is one division and it gets six senators—that ought to please you, Mr. Whip. The Yukon and Northwest Territories make up one senatorial division and they get six senators. Manitoba, Saskatchewan, Alberta, British Columbia, New Brunswick, Nova Scotia and Newfoundland have two senatorial divisions apiece, which gives each of those provinces 12 senators. Quebec and Ontario have four senatorial divisions each and their total is, therefore, 24 senators each. This is an interesting plan, which gives us 144 senators, an increase of 40. It won't appeal to everybody, but it more nearly approximates the principle of equality and might perhaps be the basis for an agreement.

We have to be certain that some compromise is necessary between political reality and the perfect equality that some seek. It is likely that compromise will be needed.

Now I come to a most important question. Granted that you may agree—a highly improbable proposition—with everything I have said so far. The theory may look good. One now has to ask the ultimate question: But will it work? Can an elected Senate with a function and role and the particular powers that I have described work in a federal parliamentary system like ours? In particular, what happens if the two elected federal houses disagree? Remember that the reformed Senate is subjected to no change in powers. It has the same old powers that the Senate has today. There is no shift of powers under this plan from the House of Commons to the Senate; there is no shift of powers from the provinces or the premiers to the Senate; there is no change in the division of powers under the Constitution—the powers are unchanged, but a change in structure has been made. Perhaps it is a little modest to describe it as procedural, but the change is that senators will be selected by election rather than by appointment. Even so, even if what I have said about powers is correct, the change to an elected Senate from an appointed one will make a real change, or else why on earth would we do it?

The real change is that an elected Senate would have a legitimate and moral authority to use its present powers to amend House of Commons legislation, so we must expect that it will do so. This means that a deadlock between the two houses is indeed possible, and that we must be prepared to deal with it.

The reformed elected Senate I am proposing for Canada bears a strong resemblance to the system in use in Australia. For 90 years or so in that country a powerful elected Senate has been operating, and operating in a country whose constitutional and political system is a mirror image of what we have here—a federal parliamentary government like ours with the same principles of responsibility and representation. There are elaborate provisions in Australia to deal with deadlocks between the two houses, and it is instructive to see what history and experience discloses with respect to how they have found the system to work.

Of significance to Canadians is the fact that there was a deadlock in Australia in 1974 and 1975 when the Australian Senate refused to pass a supply bill. They refused to pass a supply bill presented by the House of Representatives, as they call their House of Commons, and it followed, as the night the day, that without money the government could not govern. The Australian solution provided in its Constitution, in the event of a deadlock of that kind, is called a double dissolution; that is, both the House of Representatives and the Senate are dissolved at the same time. They have an election. Both appeal to the voters, and the people ultimately decide.

Just to express an opinion on what happened there in 1975, I think the people sustained the Senate rather than the government of the day. But there is a flaw in the Australian system which leads to this confrontation that I speak of. There is a flaw in the Australian system which was the cause of the crisis of 1974 and 1975. As I see it, it is because that Constitution does not explicitly recognize one of our fundamental principles, which is that the government of the day should be responsible to one chamber only, namely, to the House of Representatives in that country, the House of Commons here. But because the Senate of Australia could withhold supply and thus make it impossible for the executive to carry on, the effect is to make the executive responsible to the Senate of Australia as well as to the House of Representatives there. There is absolutely no reason why Canada should copy Australia in this respect, and I propose that we should not.

The Canadian Senate—and here is the one change that I would make to the powers of the Senate as set out in the present Constitution—should not have the power to withhold supply. It seems to me that that principle is conformable to our convention that the executive is not responsible to the Senate. By introducing this principle of limitation of the powers of a reformed Senate, we would remove a major source of possible deadlock, as the Australian history shows, without diminishing the appropriate powers the reformed Senate ought to enjoy. Apart from this limitation on supply bills, the Senate powers, I suggest, ought to remain as they are now, and disagreements between the two houses, uncompromised and unresolved, would block the passage of legislation as, indeed, is the case in this country today. That point I want to underline.

We know that in the United States, if their two houses disagree, they have a conference and they either solve the matter or that is the end of it. But it seems to me that if the executive in Canada is determined to override the Senate, and having failed twice after a three-month interval to persuade the Senate to change its mind, the Prime Minister ought to have some recourse. That recourse, I suggest, is to do what they do in Australia and have a double dissolution. Have both houses face the people and let the people say who is right. All members of both houses should be put to the test of an election at the same time so that in the end, and in the result, the people would decide. If a double election, as is possible, still left the issue in doubt, there could be a joint meeting of both houses afterwards, where a majority of the total combined membership would have the final say.

Apart, then, from this possible quarrel over supply, which we would eliminate in Canada, a double dissolution and election would be a rather rare bird. The Senate would not have uncovenanted powers that would make the government responsible to it, and a double election, in my view, would not be lightly enterprised, either, by any government without the most serious consideration of the issues involved.

If the role of the Senate is to be other than advisory—and that is what suspensive vetoes mean—such a possibility must be provided for, and we must grasp this nettle as to the power of the Senate.

[Senator Roblin.]

So much for that. What are the chances, then, of anything being done? After all, there have been Senate reformers time out of mind who have achieved little or nothing over all the years. Some of us thought that the inflexibility of Mr. Trudeau's Constitution was bad enough, and that inflexibility called for seven provinces representing 50 per cent of the people and the federal government to respond affirmatively to a change in the Senate.

**Senator Nurgitz:** It's better now!

**Senator Roblin:** Now we have the Meech Lake stipulation, which my friend here likes—he obviously couldn't get elected, that's his problem—which outlines the principle of unanimity. Every one of the 11 legislatures must agree to changes to the Senate. Strangely enough, the situation may not really be much worse than it was before, because there was a hidden joker in the present Constitution which has just been surfacing with respect to changing the Senate. It has to do with the province of Quebec. Quebec has a special provision about senators, provided in 1867, whereby each senator from Quebec sits for his own special geographically designated area. This, of course, is different from other provinces, where senators sit for the province at large. There is a substantial legal opinion which I have seen that holds that we are not able to change the special arrangements for the province of Quebec in the Senate without the consent of that province. So maybe all along Quebec has had a concealed pocket veto on changes in this institution.

● (1720)

But I want to say that I do not find the principle of unanimity on Senate reform surprising. If you want to change the one federal legislative institution especially constructed with provincial interests in mind, then it does not seem unreasonable that all provinces should be asked to agree before anything major is done.

Then, even if you accept that proposition, you have to ask yourself the following question: But will they? Of course, I do not know. But there are some things that I do know. The Prime Minister and the premiers have raised Senate reform to the top of the constitutional agenda. Indeed, they propose to enshrine the item of Senate reform in the very Constitution itself. The Prime Minister has undertaken to lay before a constitutional conference a plan for Senate reform before the end of next year. There seems to be in this recital of facts an implicit and explicit undertaking that something is going to be done—and I put it to honourable senators that it is beyond a doubt that Senate reform has now reached the status of a serious proposition.

I then ask myself: Will Senate reform include the elective principle? My answer is that when one considers the alternatives, the odds are that it will. The appointive principle, whether it be appointment by the Prime Minister, by the premiers, or by any other body, is a principle that will not support an effective Senate in the last half of the twentieth century. No appointed body can pretend to equality with an elected one. If we are satisfied with an advisory institution only, then, of course, it does not really matter what we do; but

if we want a Senate that effectively is going to perform the tasks which the Fathers of Confederation gave it, and which some people in this country are demanding today, then one must proceed with the principle of election.

The interim arrangement giving premiers and provinces a role in the appointment process will not be accepted, I suggest, as the end of the process of Senate reform.

I know, honourable senators, that one man's Constitution is another man's anathema, and there is plenty of room for debate on these issues of Senate reform that I have advanced today. I have no doubt that sensible compromises would also be sought.

I recall that in 1982 an elected Senate was considered to be alien, if not bizarre, to people in this house and to many other Canadians as being unsuitable for our particular form of government. But today the idea is not so strange, and it is certainly not so strange in western Canada where the concept would be widely welcomed. We can now see that whatever else you may say about the kind of Senate I have been talking about, it would certainly work.

A meaningful Senate must be an elected Senate. I suggest that there is no doubting of that principle; and I suggest and expect that when the Meech Lake consensus is reduced to constitutional form and it is debated in 11 legislatures, the question of Senate reform will surely arise in the course of those discussions. It will not go unnoticed, and policy may well be clarified before we are very much older.

Even so, will we get unanimous consent? Who is to know? Other constitutional issues have been resolved unanimously before. I will not list them. We have them on the record. But on the very fundamental issue of Quebec's place in the Constitution, who would have predicted that Meech Lake would have succeeded, and succeeded with unanimity? Who would have thought—I put it to honourable senators—that those ten men with the Prime Minister of Canada would have come to an agreement, whether we like that agreement or not, and agree unanimously? Meech Lake, I think, is evidence of good faith. Where there is good faith, there is hope. Where there is hope, the debate on the ways and means of Senate reform should proceed. I want to see this chamber take the lead.

**Some Hon. Senators:** Hear, hear!

**Hon. John B. Stewart:** I should like to ask the honourable senator a question. I know the hour is late, but he has given us a very interesting discourse on a most important topic. The relationship between the ministry and the House of Commons is a dual relationship. On the one hand, the House of Commons can defeat a government, and, on the other, a Prime Minister can dissolve the House of Commons. It is almost like a western street scene in that each party is carrying a loaded gun. On the other hand, according to the scheme which the honourable senator has put before us this afternoon, the Prime Minister can have the Senate dissolved. In other words, to follow through on my analogy, the Prime Minister can shoot down the Senate. On the other hand, Senator Roblin has told us that a government of the day is not to be responsible to the Senate.

I wonder why he thinks that kind of valuable tension between the ministry and the House of Commons—which prevails now and which would continue to prevail under his model—would not be desirable in the case of the Senate. If the Prime Minister is going to be able to dissolve a Senate which he does not like because of what it is doing to government legislation, is the Senate then going to be helpless before such a dissolution? It seems to me that there is something of a lack of symmetry there, which raises some very important political and constitutional questions. I am sure he has anticipated this question and is eager to answer it.

**Senator Roblin:** I wonder if my friend understood me. I am not suggesting that the Prime Minister could dissolve the Senate, period. He can only dissolve it in conjunction with the House of Commons. It is the double dissolution of both bodies, together, at the one time, and I think that Prime Ministers would be very careful to make sure that their grounds were solid in this respect, and that it was a matter for the people to decide. But apart altogether from the question of the Prime Minister's power, if the solution is to have the people decide in their vote, I for one find that a pretty good answer to problems of confrontation.

**Senator Stewart:** Honourable senators, I see the line that Senator Roblin is taking. I will simply say that I am not satisfied with it and I think that other senators will want to raise questions at this time.

**Hon. John M. Godfrey:** Honourable senators, I was interested in the fact that under the functions and role of the Senate the honourable senator did not name one of my favourite topics, which is that the Senate should be the guardian of human rights. I drew that to the attention of the Senate a few weeks ago, and several years ago I gave an hour-and-a-half speech on the subject. Senator Frith some years ago categorized the five functions of the Senate and he included human rights. The Australian Senate has a scrutiny committee which is very effective, and human rights is at the top of the list of their functions. There have been various reports of committees on Senates in the Commonwealth saying that this should be one of the functions of a second chamber. Did the honourable senator deliberately exclude human rights, or was that an oversight?

**Senator Roblin:** No. I included the subject. I said that the work of independent Senate committees would be even more valuable than it is at the present time. That includes particularly the Committee on Rules and Regulations for one, and one might say that we might perform the same function as the Australian Senate does in having the last word on regulations. If they were defeated in the Australian Senate, they would cease to have form and effect. One can think of all kinds of variations on the theme, but the principle of strong and independent Senate committees is included in my proposal.

**Hon. Mira Spivak:** Honourable senators, I hope that Senator Roblin's address, which was wonderful to listen to, will provoke a great deal of debate here, but I should like to ask one question, if I may. Obviously, one of the most important reasons for an elected Senate is that senators should speak for the regions. But how will an election deal with the question of partisanship? Because it seems to me that one of the difficulties in speaking for regions is that sometimes loyalty to the region may conflict with loyalty to party. How does the honourable senator visualize the party system working or not working in the election of senators?

● (1730)

**Senator Roblin:** Honourable senators, I start with a premise: When you are in a political body, you will never get rid of parties. That is the essence of our system. The whole of our system of representative responsible government is based on political parties. So the concept that the Senate would be a non-party body is, in my opinion, a non-starter from the very word go. Therefore, I do not contemplate working toward that end.

However, I have some comfort for the honourable senator, and that is that the stranglehold of the party system, if you want to refer to it in those terms, will not be quite so intense, because under the system of proportional representation—and this is the great virtue of it—using as an example the province of Manitoba, we will not all be Conservatives. There will be some Conservatives. There might even be a Liberal elected! I think one would be in these days. There may be an Independent speaking for the Indian community or the French-Canadian community, or something like that. We would find the Senate mixed, and the likelihood of one party having a majority in this house under those circumstances is not great. That is the case in Australia.

**Senator Frith:** That is the point.

**Senator Roblin:** No party has had a majority there for some time. So, the party mix is not nearly as strangulating as it is at the present time, and a good deal more independent expression of opinion is available. So you cannot get rid of a party, but you can mitigate it to an extent by proportional representation. You could not make such a recommendation for the House of Commons, but I think it is quite safe to do it here.

**Hon. Charles McElman:** Honourable senators, I would like to pose a question, as well. Like Senators Roblin and Frith, I have visited Australia and have had some very lengthy discussions with parliamentarians there. I would say that there is not among the parliamentarians with whom I have talked total support for this system, which is not to say that there is not a great deal of support. My question arises out of the crisis that developed in Australia a few years ago. I arrived there just after it occurred. In that case neither the government nor the opposition requested the double dissolution. It was done by the Governor General. In light of the historic Bing experience of 1925 and the practices within Canada over such a long period, would the Honourable Senator Roblin foresee a Prime Minister calling for double dissolution, or would there be a resurrection of the powers of the Governor General? What does the honourable senator have in mind in that respect? In the crisis in Australia the Queen was even drawn in in a very unhappy fashion. However, they bumbled their way through it, as we have done in the past in various ways. But they did not do it without a good deal of difficulty and soul-searching. I wonder what the honourable senator would have in mind in that respect. I have one other question after he answers this one.

**Senator Roblin:** I will deal with your first question as to whether the Senate in Australia is popular with the politicians. I do not know about that, but I do know that the Labour Party of Australia has had as its platform for many years the proposition that the Senate should be abolished. That party has been in office several times, and yet this promise remains unfulfilled. I think they have now dropped it. So whether or not the Senate is popular with politicians, it is popular with the people. They appear to perceive the Senate as being effective in the defence of regional institutions. I am not saying that the Australian system is perfect. It is not. I have mentioned one variation on that theme, but it is a workable system.

To deal with the honourable senator's particular point, as a matter of historical fact, the first double dissolution in Australia of 1974 was based on the recommendation of the Prime Minister. The second one in 1975 was based on dismissal of the government by the Governor General and the new government asking for a dissolution. The reason for that was that the old government refused to resign, even though it did not have the money to carry on the government. We do not get into this mess. We finesse the whole thing. My proposal suggests that supply bills—and that was the cause of the trouble in Australia—cannot be held up by the Senate. That constitutes an elimination of and reduction in our power that I think we should willingly support. If the supply bill is not subject to a Senate veto, then the Senate does not, by default, slip into the position of a confidence body which could invoke the Governor General's action in the way you describe. In my opinion that issue is completely finessed by making clear that the Senate does not have a veto on supply bills. With regard to other bills upon which we may disagree, it is purely a question of whether or not the government feels strongly enough to do something about it that is as drastic as the situation suggests. If the Senate is to be effective in protecting regional interests, it has to have some real power of that kind. In that instance there is no room for the Governor General to intervene. It is clearly a decision of the Prime Minister as to whether he should dissolve both houses. The only person who could recommend a dissolu-

tion would be the Prime Minister. The Governor General would put his or her imprimatur on it, but he or she would not get into the act in the way Sir John Kerr did in Australia.

**Senator McElman:** I felt that that would be the reaction of the honourable senator, and I thank him for it. Certainly, I do not envisage powers returning, as they were in the past, to the office of the Governor General.

I am quite confident that I know the honourable senator's answer to my next question. However, in light of the Triple-E proposition which has come forward from the prairies, and since the honourable senator comes from that region, I will give him the opportunity to make it very clear. Some of the leading proponents of the Triple-E proposal in each of their propositions and in each of their public comments when referring to their proposed Senate tack on the words "like they have in the States." I assume that some people must believe that we could go to a congressional system in Canada. I do not happen to believe that. I believe I am accurate in suggesting that Senator Roblin is not supporting in his proposition that approach that some in the west have taken, that we become like the United States in that respect.

**Senator Roblin:** Heaven forbid! I am sure that because of the similarity of names some people confuse the two institutions in the two countries. However, anyone who thinks about it for a moment would realize that the two senates are two entirely different animals. One cannot be related to the other in any way. Our Senate is designed to fit into representative, responsible, parliamentary federal government. Theirs is the congressional system, and never the twain shall meet.

**Senator McElman:** In light of some of the recent comments made publicly, I felt that the honourable senator should, as a westerner, put that view on record.

**Senator Roblin:** They know what I think about that matter.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I want to adjourn the debate, but first I want to congratulate Senator Roblin on a very thoughtful speech which was, as usual, articulately, indeed eloquently, presented. Because I agreed with practically everything he said, it might tend to impeach my sincerity in congratulating him—

**Senator Roblin:** I won't complain.

**Senator Frith:** —but I do not want it to so impeach my congratulations. I should also say that Senator Roblin knows from a speech I made about the time he made his first speech that, except for some variations, I agree with his proposal. Consequently, someone who is less supportive of Senator Roblin's proposal may like to speak, in which case I would be glad to yield. I do mean to enter the debate, but I would be prepared to yield to somebody else if they feel it more appropriate to have a dissident view expressed before I express my mostly supportive one.

On motion of Senator Frith, debate adjourned.

• (1740)

## FRANÇOIS MITTERRAND PRESIDENT OF FRANCE

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

**The Hon. the Speaker** *pro tempore:* I wish to remind all honourable senators that on May 25, at 2.30 in the afternoon, the President of France, Monsieur Mitterrand, will address the members of both houses of Parliament in the House of Commons. All senators are invited to attend.

## BANKING, TRADE AND COMMERCE COMMITTEE

CANCELLATION OF COMMITTEE MEETING

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, this is probably superfluous, but I have been asked to advise the members of the Standing Senate Committee on Banking, Trade and Commerce that the meeting that was proposed for this afternoon has been cancelled.

The Senate adjourned until Tuesday, May 26, 1987 at 2 p.m.

# THE SENATE

**Tuesday, May 26, 1987**

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

Prayers.

## RICK HANSEN

"MAN IN MOTION"—TRIBUTE ON COMPLETION OF WORLD TOUR

**Hon. Len Marchand:** Honourable senators, last Friday, May 22, at about 2 o'clock in the afternoon, Rick Hansen wheelchaired into Oakridge Shopping Centre in Vancouver, completing an incredible epic journey around the world. He was on the road for 26 months, travelling 40,000 kilometres in 34 countries, to raise more than $15 million for spinal cord research.

Wherever he went, in countries large or small, east or west, he impressed people with his kindness, his honesty and his courage. But most of all, he inspired people from all walks of life, especially the handicapped, to dream dreams and have them come true, and "for everyone to be the best you can be with what you have."

The people of Williams Lake and the Cariboo, and indeed all Canadians, are proud of Rick Hansen. I know that honourable senators from both sides of the chamber will join me in saluting this outstanding Canadian hero. In doing so, I somehow feel that what we have heard from Rick so far is just the beginning.

**Hon. Senators:** Hear, hear!

## FRANÇOIS MITTERRAND PRESIDENT OF FRANCE

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I ask that the address of the President of France, delivered on May 25, 1987, to both houses of Parliament, the introductory speech by the Right Honourable the Prime Minister of Canada and the speeches of the Speaker of the Senate and the Speaker of the House of Commons be printed as an appendix to *Debates of the Senate* of this day.

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

**Hon. Senators:** Agreed.

(*For text of speeches, see appendix p. 1079.*)

## SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE BILL

FIRST READING

**The Hon. the Speaker** *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-37, respecting the imposition of a charge on the export of certain softwood lumber products.

Bill read first time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SCHEDULE OF AUTHORIZED SALARY REVISIONS TABLED

**Hon. Royce Frith,** Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the report of the committee approving the schedule of authorized salary revisions for certain Senate positions, effective April 1, 1987, as approved by the committee on May 21, 1987.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Ian Sinclair:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at three thirty o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

Motion agreed to.

## TAX REFORM

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO CONDUCT STUDY

Leave having been given to proceed to Motion No. 3:

**Hon. Ian Sinclair,** pursuant to notice of Tuesday, May 12, 1987, moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study and report upon tax reform in Canada, or any matter relating thereto; and

That the Committee submit its report no later than 29th February, 1988.

He said: Honourable senators, I gave notice of this motion on May 12. The motion is to set up a special study of tax reform. As you know, last October certain principles were enunciated by the Minister of Finance and tabled in this house. Shortly a white paper will be coming forward. I would like to deal with this matter by setting up our committee and laying out our work for the summer.

**Hon. Duff Roblin:** Honourable senators, I have a good deal of sympathy for committee chairmen in this chamber because, I am glad to say, they have a good deal of work to do. Naturally, they are no less zealous to get on with the job than my honourable friend who just spoke. However, the trouble is that at the present time we have run into a very awkward situation for some senators. This afternoon there are three committees sitting—Banking, Trade and Commerce, Foreign Affairs, and Defence—and they are all meeting at approximately the same time.

A short while ago we set up, through our whips, an elaborate procedure to schedule these committee meetings in such a way that there would be a minimum of overlapping, even if it could not be prevented altogether. I wonder what has gone wrong with our plan, because I have either the misfortune or the distinction of being a member of all three of these committees and I am expected to attend all three of them this afternoon at three different places at approximately the same time which, of course, I will not do. Therefore, I simply want to say that I have a problem with this situation, and I would be grateful indeed if the people who set these committee schedules were to review the matter to see if they cannot do something to correct a situation that makes it impossible to discharge one's obligations.

**Senator MacEachen:** It never happened when you were leader!

**Senator Roblin:** Hardly ever!

Motion agreed to.

[*Translation*]

## FEDERAL-PROVINCIAL RELATIONS

### EQUALIZATION AND FINANCIAL MATTERS—TABLING OF CORRESPONDENCE BETWEEN PREMIER OF MANITOBA AND GOVERNMENT OF CANADA—NOTICE OF MOTION

**Hon. Gildas Molgat:** Honourable senators, I give notice that on Tuesday, June 9, 1987, I will move:

That there be laid before this House copies of all correspondence from 4th September, 1984, to 30th April, 1987, relative to equalization and financial matters exchanged by the Premier of the Province of Manitoba and (i) the Prime Minister of Canada; (ii) the Minister of Finance of Canada; and (iii) the Minister of State (Federal-Provincial Relations).

### EQUALIZATION AND FINANCIAL MATTERS—TABLING OF CORRESPONDENCE BETWEEN MANITOBA MINISTER OF FINANCE AND GOVERNMENT OF CANADA—NOTICE OF MOTION

**Hon. Gildas Molgat:** Honourable senators, I give notice that on Tuesday, June 9, 1987, I will move:

That there be laid before this House copies of all correspondence from 4th September, 1984, to 30th April, 1987, relative to equalization and financial matters exchanged by the Minister of Finance of the Province of Manitoba and (i) the Prime Minister of Canada; (ii) the Minister of Finance of Canada; and (iii) the Minister of State (Federal-Provincial Relations).

### EQUALIZATION AND FINANCIAL MATTERS—TABLING OF CORRESPONDENCE BETWEEN PREMIER OF QUEBEC AND GOVERNMENT OF CANADA—NOTICE OF MOTION

**Hon. Gildas Molgat:** Honourable senators, I give notice that on Tuesday, June 9, 1987, I will move:

That there be laid before this House copies of all correspondence from 4th September, 1984, to 30th April, 1987, relative to equalization and financial matters exchanged by the Premier of the Province of Québec and (i) the Prime Minister of Canada; (ii) the Minister of Finance of Canada; and (iii) the Minister of State (Federal-Provincial Relations).

### EQUALIZATION AND FINANCIAL MATTERS—TABLING OF CORRESPONDENCE BETWEEN QUEBEC MINISTER OF FINANCE AND GOVERNMENT OF CANADA—NOTICE OF MOTION

**Hon. Gildas Molgat:** Honourable senators, I give notice that on Tuesday, June 9, 1987, I will move:

That there be laid before this House copies of all correspondence from 4th September, 1984, to 30th April, 1987, relative to equalization and financial matters exchanged by the Minister of Finance of the Province of Québec and (i) the Prime Minister of Canada; (ii) the Minister of Finance of Canada; and (iii) the Minister of State (Federal-Provincial Relations).

## NATIONAL DEFENCE

### "SNOWBIRDS" VISIT TO NATO ALLIES—FEASIBILITY STUDY BY SPECIAL COMMITTEE—NOTICE OF MOTION

**Hon. Peter Bosa:** Honourable senators, I give notice that on Tuesday, June 9, 1987, I will move:

That the Special Committee of the Senate on National Defence be authorized to examine the feasibility, logistics and merits of a visit by Canada's air demonstration team the "Snowbirds" to our NATO allies in Europe in the near future.

[*English*]

## FORGIVENESS OF CERTAIN OFFICIAL DEVELOPMENT ASSISTANCE DEBTS BILL

BILL WITHDRAWN

**Hon. C. William Doody (Deputy Leader of the Government),** with leave of the Senate and notwithstanding rule 45(1)(*h*), moved:

> That the Standing Senate Committee on Foreign Affairs be discharged from considering the Bill S-9, An Act relating to the forgiveness of debts incurred or assumed in respect of certain official development assistance loans made by the Government of Canada to the Governments of Togo and of the Islamic Republic of Mauritania and also to the former East African Community; and
>
> That the said Bill be withdrawn.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I think I know the reason for this motion, but perhaps we should have an explanation.

**Senator Doody:** Honourable senators, I am told that this particular motion might more properly have been introduced in the other place, so on the advice of some of the officials, we looked up some precedents and discovered that the proper procedure for withdrawing a bill which had been incorrectly brought forward is the one that we have just followed, and I thank you for granting leave.

**Senator Frith:** Honourable senators, of course I do not quarrel with the precedents or the form of the motion as presented, nor do I quarrel with the reasons. I wanted to say something about this motion because I understand the reason for it is that we have an opinion that it is a money bill and ought to be introduced in the House of Commons with a Royal Recommendation. If that is so, it might discourage the Leader of the Government in the Senate from introducing bills in the Senate or from encouraging his colleagues to introduce bills in the Senate with this fresh in their minds. I hope this will not discourage him or or his colleagues from doing so.

● (1410)

**Senator Flynn:** We thought the opposition was so alert that it would have raised this question.

**Senator Frith:** Where do you think the question first came from?

**Senator van Roggen:** I, as chairman of the committee, first raised the question which gave rise to this matter.

**Hon. Allan J. MacEachen (Leader of the Opposition):** The motion has not been put, has it?

**Senator Frith:** It has been put, but not passed.

**Senator MacEachen:** I simply want to make a comment not in opposition to the withdrawal of the bill but to say that this is an interesting event which we are witnessing, and one not without procedural significance. A bill which had been given second reading and referred to a standing committee of the Senate on a motion put by the government is going to be discharged and withdrawn. Presumably that possibility, though I have not examined it, would only be open to the government. If it were open to any single senator, it would be possible at this stage, in dealing with the pharmaceutical bill, and if it were the wish of the Senate, for a senator to move a motion that the bill be withdrawn and discharged. It would then disappear from the legislative landscape. I cite that as a possibility which may intrigue us at some future stage.

**Some Hon. Senators:** Hear, hear!

**Senator Roblin:** Wait until you are elected!

Motion agreed to and bill withdrawn.

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# QUESTION PERIOD

[*English*]

## THE CONSTITUTION

FIRST MINISTERS' ACCORD—POSSIBLE POSTPONEMENT OF CONFERENCE—COMMITTEE STUDY AND APPROVAL OF RESOLUTION

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, may I ask the Leader of the Government in the Senate whether there is any intention to postpone the federal-provincial conference which, I understand, is slated for next week, because insufficient progress has been made in securing agreement on a final text of the Meech Lake accord?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** No, honourable senators.

**Senator MacEachen:** The assurance that the conference will go ahead and the likelihood, or the expectation at least, that sufficient progress has been made to have the conference result in an official text, which would presumably come before Parliament in the form of a resolution, brings a number of questions to mind which the Leader of the Government might answer.

Is it the intention of the government to establish a joint committee of Parliament, as was speculated upon by the Leader of the Government himself on May 6, to examine the constitutional resolution when it is presented?

**Senator Murray:** With regard to the text, I should inform the Senate that there will be a further meeting of officials later this week, but certainly I can confirm that sufficient progress has already been made to warrant the holding of the meeting which the Prime Minister has called for June 2.

Frankly, I must say that the government has not yet decided whether it will propose the creation of a joint committee of Parliament, as was done during the 1981-82 exercise, or whether it will propose that each chamber operate separately. We simply have not addressed the question yet.

**Senator MacEachen:** Can I conclude from what the Leader of the Government has said that, in any event, there will be committee study, whether undertaken separately in each house or jointly?

**Senator Murray:** Yes, honourable senators.

**Senator MacEachen:** Is it the intention of the government to seek parliamentary approval and to complete the committee study earlier than the fall? Presumably, if a resolution is introduced, it will be referred to a committee of each house or to a joint committee for study. This would suggest that if there is to be a reasonable study, then neither house would be called upon to deal with that resolution until late in the fall.

**Senator Murray:** Honourable senators, I do not agree with that latter statement. The issues have been with us a sufficiently long time and are sufficiently well enough known that it should be possible for Parliament to deal with a resolution sooner than that, if that were the consensus of the governments. What will happen on June 2, I trust, is that the text will be agreed to by the 11 governments, and, at the same time, the First Ministers will come to some political agreement as to when they would try to have those resolutions passed in their respective legislatures.

**Senator MacEachen:** Honourable senators, it is now almost the end of May. Normally Parliament rises for the summer at the end of June. Am I to understand from the leader's reply that it would be the intention of the government to secure approval of the constitutional resolutions before the summer adjournment?

**Senator Murray:** Honourable senators, I realize that Parliament normally adjourns at the end of June, but I have seen the same speculation as the Leader of the Opposition has seen to the effect that this year we may well be sitting into the summer. I have seen—as he has seen—the legislative timetable of the government, so I do not think we can be completely certain that we will have adjourned by the end of June.

In any case, if these texts are agreed upon on June 2, there is no reason why they cannot be tabled in both chambers shortly afterwards.

**Senator MacEachen:** I understand that, honourable senators, and I understand the possibility that Parliament may be asked to sit into July and maybe until the end of July. However, taking into account both of these possibilities, my question is still relevant as to whether it is the intention of the government to press Parliament to conduct a committee study and to deal with the constitutional resolutions before the summer adjournment—whether it takes place at the end of June or the end of July.

**Senator Murray:** My honourable friend is anticipating a discussion which can only come after June 2 and after the First Ministers have discussed the matter. Let me state it as my personal opinion that I hope and believe that it will be possible for all legislatures to have passed these resolutions in their respective legislatures before the summer recess.

**Senator MacEachen:** I am almost struck speechless by the suggestion—

**Senator Flynn:** I hope it is true!

**Senator MacEachen:** —of the Leader of the Government that it would be the intention of the government to seek final approval of these important constitutional changes before the summer adjournment and wrap into that period not only the necessity for a debate but also for an intensive committee study. That is far from what happened in 1981-82, a procedure which was followed largely at the insistence of the opposition at that time. I hope that the words of the Leader of the Government are entirely speculative and that common sense will prevail before that type of proposal is put forward.

● (1420)

## AGRICULTURE

### GRAIN—1987 CROP YEAR—LEVEL OF PAYMENT—GOVERNMENT ACTION

**Hon. H.A. Olson:** Honourable senators, I should like to ask the Leader of the Government, in his capacity as Minister of State for Federal-Provincial Relations, a question about the grain payments, whatever they are called. When can the farmers in western Canada expect the government to make an announcement about what the level of payments will be for the 1987 crop year?

By way of background, we know there is a meeting being held in Humboldt, Saskatchewan, today at which the premiers of the four western provinces will be in attendance.

Premier Howard Pawley has, apparently, indicated that he is asking the federal government for a payment of $2 billion for this current year. Grant Devine, the Premier of Saskatchewan, believes that a subsidy of between $4 billion and $5 billion would be appropriate. Premier Don Getty of Alberta is somewhat more modest in saying that he expects that it will be at least larger than last year, because the initial payment for grain has been reduced by 18 per cent by the federal government.

I should like to ask the Minister of State for Federal-Provincial Relations if there has already been a great provincialization of the federal spending power or whether the federal government can make a decision in this respect. If they still hold the power to make that decision, how much longer are they going to keep the farmers in suspense as to what will be the federal government's response to a further 18 per cent reduction in the initial payments to farmers? Can farmers make any plans on the basis of what their cash flow or, indeed, their revenue might be for this year?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have lost track of the question, if there was one, in the preamble of the honourable senator. I am not sure whether he was asking when a decision will be announced on the final payment or whether he was asking when an announcement might be forthcoming on further assistance to the farmers.

The answer to the latter part of the question, if it was a question, is that the farm groups and the provinces are now being consulted by the federal government as to the nature and level of further assistance from Ottawa.

**Senator Olson:** I was not asking a question on the first part of the response that the Leader of the Government gave because I already understand that that is part of the law of this land. There is a program now in place called the Western Grain Stabilization Act under which the federal government is obliged to honour what that law calls for. Incidentally, that law was put in place by the previous government.

I was asking a question related to the second part of the minister's response. If the Leader of the Government is telling me that it is only a matter of further consultations with farm leaders and the provinces until we arrive at a method and the amount, that gives some encouragement, because to date the government has given no indication that there would be a program or a payment at all. I can take it, then, that the government has decided that there will be a payment, and that all they need to decide now is the amount and the date on which it is going to be paid.

**Senator Murray:** Honourable senators, my honourable friend should consider what I have said. I have said that the federal government is now in the process of consulting with farm leaders and the provincial governments as to what additional assistance may be needed as well as developing a long-term strategy for strengthening this industry. That is my answer to his question.

**Senator Olson:** Does that mean that the federal government is not committed to a level of subsidy at least equal to that of last year, notwithstanding that grain prices have been reduced by 18 per cent? Can he at least give the farmers some assurance that they are not going to pull back on the payments, as well as the initial payments?

**Senator Murray:** Honourable senators, when a decision on that matter is made, it will be announced in the usual way.

[*Translation*]

## TRANSPORT

### POSSIBLE ABANDONMENT OF MONTREAL-SUDBURY RAILWAY SERVICE—GOVERNMENT POLICY

**Hon. Jean Le Moyne:** Honourable senators, my question is directed to the Leader of the Government in the Senate. Last week, two of our colleagues in the other place expressed their very serious concern about the CNR's intention to abandon several subsections between Montreal and Sudbury, which would result in the elimination of all passenger and freight services between Montreal and Ottawa. Would the Leader of the Government in the Senate have any reassuring words for us about this matter?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall consult with my colleague the Minister of Transport (Hon. John Crosbie) and report to my honourable friend within the next few days.

[Senator Murray.]

[*English*]

## THE CONSTITUTION

### FIRST MINISTERS' ACCORD—DISCUSSIONS BETWEEN MINISTER AND PREMIER OF MANITOBA

**Hon. Gildas L. Molgat:** Honourable senators, my question is directed to the Leader of the Government in the Senate in his capacity as Minister of State for Federal-Provincial Relations. In view of the concerns and reservations expressed by Premier Pawley of the province of Manitoba on the Meech Lake accord, has the minister had any further discussions with that premier since his return?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** No, I have not, honourable senators.

**Senator Molgat:** To his knowledge, has the Prime Minister had further discussions with Premier Pawley?

**Senator Murray:** Yes, honourable senators. The Prime Minister is in fairly frequent touch with all premiers, including Premier Pawley.

## FIJI

### CURRENT POLITICAL SITUATION

**Hon. John B. Stewart:** Honourable senators, I have a question for the Leader of the Government in the Senate. As we know from the media, there have been political difficulties in a Commonwealth country in the Pacific. Can the Leader of the Government give the Senate a description or appraisal of the situation in Fiji? Will he tell the Senate, either now or when he is ready to do so, what is the status in the view of the Government of Canada of those now in power in that government?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am informed that we are continuing to monitor very closely developments in Fiji and that we are consulting with other interested governments, including those of Australia, New Zealand, India, the U.S.A., Britain and Japan, on the situation. Until those consultations have been completed, we will defer a decision on questions relating to the future of our bilateral relationship with Fiji.

**Senator Stewart:** Honourable senators, does this then mean that the Government of Canada as of now thinks that it does not have sufficient information to take a definite stand on the legitimacy of those now in power in Fiji?

**Senator Murray:** Honourable senators, I think that would be a fair assumption.

## OFFICIAL LANGUAGES

### PROPOSED ADVISORY COUNCIL—COMPOSITION, ROLE AND TERMS OF REFERENCE

**Hon. Dalia Wood:** Honourable senators, I direct my questions to the Leader of the Government in the Senate. Yester-

day the Secretary of State discussed with a journalist from one of the capital's newspapers the creation of an advisory council on official languages. I am sure that the government leader will have to send me the answers to my questions, because I have a number of them.

As joint chairman of the Standing Joint Committee on Official Languages, I would like to have the following information: What would be the mandate of such an advisory council? Who will decide who are to be the people to sit on such a council? Would the existing minority group associations play a role in the selection of its members? Would the council have any meaningful powers? Would it be non-partisan? Would it be empowered to study and advise on new regulations and programs or would it be there to see that present programs and regulations are applied? How would the role of such a council complement the work of the Commissioner of Official Languages? Would the council also advise on the regulations and programs that apply within the federal public service? Through what department would the council report to Parliament? Would the proposal for such a council be part of the new proposals to amend the Official Languages Act? I have one last question: When would these proposals be introduced in the House of Commons?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the matter to which my honourable friend refers is part of an overall reform of official languages legislation and policy which, as I indicated to our friend, Senator Corbin, the other day, the government will be presenting to Parliament before we rise for the summer. At that time all of Senator Wood's questions will be answered, I trust, to her complete satisfaction.

• (1430)

**Senator Wood:** Is the advisory council to be struck now or after? Is it to be appointed before the legislation or after the legislation?

**Senator Murray:** Certainly not before.

**Senator Argue:** And maybe not even after.

### DEFINITION OF "SUFFICIENT" MINORITY

**Hon. Joseph-Philippe Guay:** Honourable senators, my question also arises out of a news report. Would the Leader of the Government take into consideration a statement which has been made which has caused me and many people in my area some concern? We are concerned about the wording which says, "where the minority is sufficient", they would then have services in the other official language.

I am concerned about the travelling public in light of that statement. I am also concerned about the policy of the government whereby it wants to provide service to everyone in either of the two official languages. I ask the Leader of the Government to convey to the Minister of State that this is a very important matter, that we should not say "where the minority is sufficient".

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, my honourable friend is aware that the travelling public is explicitly covered in the present Official Languages Act. As for the phrase "where numbers warrant", he also knows that it will also be found, among other places, in the Charter of Rights, and perhaps also in the Official Languages Act. In any event, those concepts have always proven to be difficult to administer, and this is one of the questions that the government, the Joint Committee on Official Languages and the Commissioner of Official Languages as well as the minority language groups in the country have addressed for some time, and which we will try to address in the amendments, the policy and the regulations that we will be bringing forward before the summer adjournment.

**Senator Guay:** In view of the Leader of the Government's knowledge in this sector and the fact that he is an ex-joint chairman of the Joint Committee on Official Languages, no doubt we can depend on him to look after our interests when this matter is raised at the cabinet level.

**Senator Murray:** I can assure honourable senators that linguistic justice has the highest priority for this government, and particularly for the Prime Minister whose whole political life has been associated with that cause. I may also tell the honourable senator that in the development of policy reforms and amendments to the legislation, there has been the most extensive consultation between the government and the minority language groups across the country: the English-speaking minority in Quebec and the French-language minorities elsewhere.

**Senator Guay:** My insistence is based on the fact that if the Leader of the Government has followed the proceedings of the Official Languages Committee, which is reviewing aspects of crown corporations and various departments, he will have noted where the rule has not been observed. That is why I am seeking his support, since he will be raising the matter toward the end of June. At the committee level we have found out that heads of departments, supervisors and managers do not always implement the policies as they should be implemented. The new act should be strong enough to deal with that aspect of it and insist that it is being done so that services in the two official languages can be available in all departments and crown corporations not only in Ottawa and in some provinces but all across Canada as a whole.

## THE CONSTITUTION

### FIRST MINISTERS' ACCORD—FEDERAL SPENDING POWER—OPTING-OUT PROVISIONS

**Hon. Jerahmiel S. Grafstein:** Honourable senators, I have a question for the Leader of the Government respecting the Meech Lake accord. Recently in the press there appears to have been a differing interpretation by the Premier of Manitoba and the Attorney General of Ontario, on the one hand, and Mr. Bourassa and Mr. Rémillard, on the other hand, with respect to the interpretation of the accord's impact on the

federal spending power as it applies to the opting-out provisions respecting programs that contain national objectives. Could the Leader of the Government advise us as to what is the federal government's position on this question?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, as I indicated the other day, it would be very unwise of me to extemporize on a matter such as that. The honourable senator has referred to various press articles attributing statements to this or that premier or this or that provincial minister. I will study the honourable senator's question and will see what prepared reply can properly be brought in at this stage.

FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—INTERNATIONAL RAMIFICATIONS

**Hon. Jerahmiel S. Grafstein:** While the Leader of the Government is looking at that, I would appreciate it if he would examine the comments of the Premier of Quebec, who appears to have said that as a result of the Meech Lake accord, the Province of Quebec would be entitled, in a decentralized federation, to full status at international forums equal to that of the federal government. Could the Leader of the Government give us some views about whether or not the accord will be read in that particular fashion by the federal government?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I thought that we had ventilated that question quite fully a couple of weeks ago. I would suggest that my honourable friend review the *Hansards* for the days immediately following the Meech Lake accord. However, I will examine his question to see whether it would be proper for me to bring in any further information or statement at this time.

## CANADA-FRANCE RELATIONS

VISIT OF PRESIDENT OF FRANCE—FISHERIES DISPUTE AND AGRICULTURAL SUBSIDIES—PRESIDENT'S RESPONSE AND AUTHORITY

**Hon. Hazen Argue:** Honourable senators, I have a question for the Leader of the Government. Could he inform the Senate as to what progress was made by the Prime Minister and the cabinet in dealing with President Mitterrand concerning the fisheries dispute and with regard to the European Community and French subsidies to agriculture? Could he give us some idea of the President's response and what we may hope will follow that response?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I can tell my honourable friend that ministers of the federal government, including the Prime Minister, took the occasion of their discussions with President Mitterrand to present Canada's case very strongly on the question of some of the subsidy practices and other international issues affecting agriculture. We presented our case, and we also presented very strongly the consensus, if I may call it that, of the Cairns Group which met here in Ottawa and was addressed by the Prime Minister last week.

The same opportunity presented itself today during a very welcome discussion which the Prime Minister and ministers had with another distinguished European leader, namely, the Prime Minister of Italy, Mr. Fanfani. I may say that Canada is pleased with the progress recently made at the OECD on this matter, and we intend to build on that progress when the Prime Minister attends the economic summit meeting in Venice.

With regard to the fishery, during the meetings with President Mitterrand yesterday, the Minister of Transport, the Honourable John Crosbie, took the opportunity to express to the French President in very clear terms Canada's concerns regarding the fisheries agreement. It is our belief that the President of France and the French ministers who were in attendance will have a clearer understanding of what is at stake for Canada, particularly for Atlantic Canada and Newfoundland, on this matter.

**Senator Frith:** And they will explain the matter to Mr. Chirac?

**Senator Argue:** The Leader of the Government has given us an interesting piece of information. It would seem from his statement that the strength of the statement on the fisheries side is perhaps stronger than the statement on the agriculture side.

**Senator Murray:** Not at all.

**Senator Argue:** Not at all? Very well. Can the Leader of the Government say which ministers from France were in attendance, and whether it included a minister who has as his specific responsibility agriculture, or a portfolio bearing on agriculture?

● (1440)

**Senator Murray:** Honourable senators, I do not have the list of French ministers, but I am reasonably certain that the Foreign Minister and a trade minister were present.

**Senator Argue:** Honourable senators, not being learned by any means in constitutions, can the Leader of the Government explain to me or to honourable senators just what authority or what power President Mitterrand has in a legislative way or in a way that might lead to a resolution of some of these problems? A report on the radio this morning said that an unnamed person in External Affairs said, and I paraphrase, that, really, President Mitterrand did not have any particular powers over fisheries, and that the government was dealing with Prime Minister Chirac. My inadequate understanding is that the President of France does not have any legislative power, and perhaps not even any legislative influence, and that, therefore, he has no part in the government process, and that the government will decide what, in fact, is to be done.

**Senator Murray:** Honourable senators—

**Senator MacEachen:** Explain cohabitation.

**Senator Frith:** In a few words tell us about cohabitation.

**Senator Murray:** —I shall obtain a copy of the Constitution of the Fifth Republic and send it to my honourable friend. It would be very impertinent of me, who have just refrained from extemporizing on constitutional amendments in Canada, to try to discuss in detail the powers of the President in the Fifth Republic.

**Senator Frith:** Less risky, though.

**Senator Murray:** As I recall, the constitution provides that he has overall responsibility for the conduct of foreign affairs and the defence of the republic. As head of state and President of the Republic, he also has certain powers which he is able to exercise that would be exercised by our head of state only upon recommendations by ministers. I have probably gone too far already.

**Senator Frith:** Go on.

**Senator Murray:** The President of the Republic is elected for a seven-year term and is a very powerful figure in the nation.

**Senator Argue:** Honourable senators, I happen to have the English version of the French Constitution in front of me, or at least those portions that deal with the constitutional powers of the President. As I understand it, he has the authority to name ambassadors and to govern during a constitutional crisis. He is Commander of the Armed Forces, but he has no legislative authority over such questions as agricultural subsidies. So, I ask the minister: Am I right in saying that when the Premier of Saskatchewan, Mr. Devine, meets with President Mitterrand on Wednesday evening and Thursday morning, President Mitterrand will not have any direct legislative authority or power to deal with these subsidies, that the person who has this authority, plus support in the National Assembly, is Prime Minister Chirac, and that really the whole question should be addressed, if it is done in a completely effective way, to the Government of France, not to the President as such, whose powers are great, but in relation to this question are most inadequate?

**Senator Murray:** Honourable senators, the President of the French Republic has immense moral and political authority in his country. He does not, as he reminded us yesterday in his excellent address to both houses, go into the Senate or into the National Assembly in France. However, I remind my honourable friend that the Socialist Party, of which the President was the head for many years, is very strongly represented in the legislatures in France. As for Prime Minister Chirac, of course we are addressing problems such as the agricultural problem to him and to his government, and we are discussing those matters in various multilateral fora such as the OECD. Further to that, Prime Minister Chirac himself will, I believe, be coming to Canada in the near future, and we will have further opportunty to discuss those matters at that level.

**Senator Argue:** What the minister has now said really confirms my analysis; namely, that the President does not have legislative authority. The President is a Socialist. I am not certain if as President he is Leader of the Socialist Party, but, in any event, that party may well be in office in a short time. It is fine to deal with the opposition on occasion, but I think it is crystal clear that the responsibility lies with the government, and that dealing with the President is not the avenue that will necessarily change the situation. I agree with the minister that in many fields the President has very important powers.

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have delayed answers to seven questions. I propose to give some information on them, and if the honourable senator concerned wishes me to read the answer to his particular question, I shall do so. Otherwise, I ask that they be printed as part of today's proceedings.

## HEALTH AND WELFARE

### ACQUIRED IMMUNE DEFICIENCY SYNDROME—GOVERNMENT ACTION

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on March 11, 1987, by Senator Haidasz regarding Health and Welfare—Acquired Immune Deficiency Syndrome—Government Action.

(*The answer follows:*)

The following is a list of activities and projects undertaken under the National AIDS Program, since its introduction in May 1986. Items are listed by category to correspond with the components of the Program.

1. RESEARCH

a) A special National Health Research and Development Program (NHRDP) solicitation of AIDS research in the summer of 1986. Fifty four new proposals were submitted for review, 17 were recommended for support without major qualification, 11 others have been or are being reviewed with the investigators concerned for changes leading to eventual support, and 14 investigators have been invited to resubmit their proposals after major changes.

b) A national seroprevalence survey of sexually active women with multiple sex partners is in progress. The survey was designed by the National AIDS Centre and a network of outside researchers, and is being funded by the NHRDP.

c) Two research studies of azidothymidine (AZT) are in progress. One, funded by the NHRDP, is studying safe drug dose levels in seropositive symptomatic individuals. The other, supported by the provinces, the manufacturer, and the National AIDS Centre, is a therapeutic study among AIDS patients.

d) Preparations are under way for a 1987 research solicitation of research projects. The NHRDP also plans to provide support for the development of proposals for multicentre studies, and for researcher exchanges to enhance Canadian research capability.

2. PUBLIC EDUCATION

a) The Canadian Public Health Association (CPHA) has produced and released a series of public service announcements on AIDS as a first step in the national education campaign. The CPHA also sponsored an international expert meeting on AIDS education, and several regional workshops in Canada for health professionals and the public. The CPHA is providing partial support for the publication of AIDS information books and videotapes, and provides speakers for numerous public meetings.

b) Work is in progress in the National AIDS Centre on a series of brochures that present guidelines and information previously released in the Canada Diseases Weekly Report in a format suitable for general public information.

c) The National AIDS Centre is working with private sector representatives and the CPHA to develop education materials on AIDS in the workplace.

d) The Medical Services Branch and the National AIDS Centre are preparing education material for health workers and residents of native communities. The work is being done in conjunction with native health representatives.

e) A mobile information display has been developed by the National AIDS Centre for use in federal government agencies. Some 40,000 public servants have seen the display to date.

f) Departmental support has been provided to the Canadian Hemophilia Society for a series of workshops, and the production of information materials for Canadian hemophiliacs and their families.

g) Publication of "AIDS in Canada: What You Should Know", 3 editions.

3. SUPPORT FOR COMMUNITY-BASED AIDS ORGANIZATIONS

a) The Health Promotion Contribution Program has provided funding for 15 community-based organizations in Canada.

b) The National AIDS Centre provided developmental support for the Canadian AIDS Society; a national umbrella organization of community groups that provides a national voice and planning functions for the groups.

4. ENHANCEMENT OF DIAGNOSTIC CAPABILITY IN CANADA

a) Federal funds have been provided for the enhancement of viral laboratory facilities in British Columbia, Alberta, Manitoba, Quebec and Nova Scotia. Other provinces have not requested assistance.

b) Provincial laboratory personnel are trained in AIDS virus isolation and culture techniques at federal expense at the Laboratory Centre for Disease Control (LCDC).

[Senator Doody.]

c) LCDC provides a national centre for research and evaluation of new diagnostic techniques and reagents, and a national reference service for AIDS virus identification. LCDC is also a World Health Organization Collaborating Centre for AIDS.

d) Federal and provincial laboratory directors and senior epidemiological staff are now linked by an interactive EDP network funded by the National AIDS Centre. The network supports AIDS case reporting and the exchange of data and analytical information. Provincial operators of the network have been trained at federal expense.

5. NATIONAL AIDS CENTRE

In addition to collaborating on many of the activities listed above, the Centre provides internal coordination of AIDS activities in Health and Welfare Canada, and maintains national surveillance systems on the number of AIDS cases reported and accidental exposures to the AIDS virus among health care workers and others. The Centre provides a secretariat to the National Advisory Committee on AIDS and the Federal-Provincial-Territorial Ad Hoc Committee on AIDS. The Centre has initiated expert studies of palliative care for AIDS patients, on the impact of AIDS in the social services, on economic forecasting of the AIDS problem, and on AIDS and artificial insemination. The Centre has also supported feasibility studies on vaccine development, and is negotiating the undertaking of public policy studies on AIDS by the Royal Society of Canada.

6. OTHER ACTIVITIES

a) Through the Canadian International Development Agency, Canada has contributed $5 million to the World Health Organization for global AIDS control programs.

b) Canada will host the 1989 International Congress on AIDS, with a theme of partnership between high-technology and low-technology nations in achieving global management of the AIDS problem.

c) The Laboratory Centre for Disease Control is engaged in collaborative research on vaccine development with the United States and France.

d) The Department has been host to delegations on AIDS from several other nations.

## YUKON

### CHANGES IN GOVERNMENT TRAVEL SERVICE—EFFECT ON LOCAL BUSINESS PEOPLE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 5 last by the Honourable Senator Lucier regarding Yukon—Changes in Government Travel Service—Effect on Local Business People.

(*The answer follows:*)

At the present time, Marlin Travel has not applied to have the government business travel originating in the Yukon or Northwest Territories included in its contract.

Treasury Board Policy on travel permits departments in the Yukon and Northwest Territories the choice of using either local carriers or travel agents, and at the moment there is no plan to change the policy.

It is understood that Marlin Travel will be expanding their presence in the Yukon and NWT and consequently they would be available to compete with the local travel agents for federal government business. However, the option remains with departments to choose between local carriers, travel agents or the new Government Travel Service.

## AGRICULTURE

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have two delayed answers to questions asked on May 6 by Senator Argue: one, Deficiency Payments to Western Grain Farmers—Delay in Payment of Second Instalment; and the other, Farm Credit Crisis—Discussions Between Government and Banks.

**Hon. Hazen Argue:** Honourable senators, I wonder if I could have the answers to my two questions read.

**Senator Doody:** Senator Argue has asked that the two answers be read. One of them is quite long, being almost two pages. If the honourable senator wishes it read, of course I will read it. The other one is quite short.

### DEFICIENCY PAYMENTS TO WESTERN GRAIN FARMERS—DELAY IN PAYMENT OF SECOND INSTALMENT

**Hon. C. William Doody (Deputy Leader of the Government):** The answer reads as follows:

The two-payment system for the Special Canadian Grains Program was devised to get funds into the hands of farmers as quickly as possible to assist with spring seeding for this year.

The first cheques, which make up about 30 per cent of a farmer's total benefits, were mailed to Canadian Wheat Board permit book holders on 26 January.

To accommodate the $1 billion limit on program expenditures, accurate figures were needed for all program participants before the final cheques could be issued. I am informed that processing of application and certification forms is proceeding smoothly. Final payments are currently expected to commence towards the middle of June.

This two-payment system was adopted to speed the delivery of benefits to producers. It was felt that, rather than making western producers apply for their benefits, it would be faster to distribute part of their payment automatically, based on Canadian Wheat Board records. Using this system, producers can amend inaccuracies in the Wheat Board data, and their final payments can be adjusted accordingly.

### FARM CREDIT CRISIS—DISCUSSIONS BETWEEN GOVERNMENT AND BANKS

**Hon. C. William Doody (Deputy Leader of the Government):** This is in answer to a question on the same date by Senator Argue regarding Agriculture—Farm Credit Crisis—Discussions between Government and Banks.

(*The answer follows:*)

There is no question that the past few years have been financially very difficult for the industry and many farmers continue to experience very serious problems. With depressed world markets for grain aggravated by subsidy programs by our major competitors, western grain farmers and indeed grain farmers in all parts of Canada have faced very low prices for their products.

The Government has responded with very substantial assistance to farmers. In the past sixteen months, over $1.5 billion has been paid to western grain farmers under the Western Grain Stabilization Program, and an additional $1 billion has been provided under the Special Canadian Grains Program.

The Government continues to use every means at its disposal to try to convince our competitors in world markets to give up the unfair subsidies that are creating such difficulties for our farmers and such uncertainties in world markets for grains and oilseeds.

In the meantime, discussions are continuing with farm leaders and provincial governments on the very serious situation in the agricultural sector and the appropriate ways of dealing with it.

When considering the attitudes and actions of the banks towards farmers in financial difficulty, it is essential to remember that every farmer's situation is different. What may be appropriate in one instance may be of no use in another situation.

Therefore, the government has established a system of farm debt review boards across the country. Before any creditor can realize on the security provided by a farmer, they must notify the farmer of his right to have his case reviewed by a farm debt review board.

Once a farmer makes application to a farm debt review board, no action can be taken by creditors while the case is being reviewed. Depending on the complexities of the case and the time required for the review, this stay of proceeding can be for up to 120 days.

A separate three member review panel is set up for each case. Review panel members include experienced farmers and others with experience in financial matters. The panel ensures that all possible avenues are explored with a view to finding an arrangement which will be satisfactory to both the farmer and the creditors.

The program has now been operational since last fall, and the initial experience has been positive. In many of the cases that have been concluded, it has been possible to reach an agreement with the creditors which has permitted the farm business to continue.

The Farm Debt Review process of dealing with the creditors of a farmer on an individual basis is much more beneficial to farmers in financial difficulty than any attempt to establish general rules that will apply in all cases but which will not be appropriate in all cases.

Also individual reviews which seek a voluntary agreement among the parties involved avoids interfering unduly with the normal arrangements between creditors and borrowers. Any attempt to impose settlements on creditors runs a very real risk of causing banks and other lenders to withdraw from the field of agricultural credit. This would only exacerbate the financial difficulties of farmers.

There are, of course, situations where the farm business is in such a poor financial position that it is in the farm family's best interest to seek to establish themselves in a new life off the farm. When this is the case, the Canadian Rural Transition Program is available to help these families in their difficult adjustment period.

The Rural Transition Program provides job training and financial assistance, including assistance with living expenses to help the family to become re-established.

## THE CONSTITUTION

### FIRST MINISTERS' ACCORD—IMPLICATIONS OF INTERPRETATIVE DECLARATION—AVAILABILITY OF LEGAL OPINIONS—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—APPLICABILITY OF TERM

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 13 last by the Honourable Senator Frith regarding The Constitution—First Ministers' Accord—Implications of Interpretative Declaration—Availability of Legal Opinions—Recognition of Quebec as Distinct Society—Applicability of Term.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Could I hear that answer, please?

**Senator Doody:** Certainly. The answer reads as follows:

> Legal opinions provided to ministers by law officers of the Crown are privileged. These opinions therefore are not published but, where appropriate, they are reflected in formal statements by the Government.
>
> The agreement in principle reached at Meech Lake on recognition of Quebec's distinct society and the recognition of a fundamental characteristic of Canada—that is, an English-speaking Canada and a French-speaking Canada, neither of which is concentrated exclusively in one part of the country—must be read together. The courts, in interpreting the Constitution, must take account of both recognitions: one cannot be invoked in isolation from the other.
>
> When the recognitions referred to above are entrenched in the Constitution, all provisions of the Constitution will have to be interpreted in a manner consistent with those recognitions, including section 1 of the Charter and paragraph 51(1).
>
> The recognitions are statements of existing realities. Arguments based upon Quebec's distinct society and the related fundamental characteristic of Canada could now be made before the courts, but the courts might, in the course of events, overlook them when deciding particular cases. Upon entrenchment, the courts could no longer overlook these considerations.

**Senator Frith:** Honourable senators, I thought I had made reference in my question about the effect of the interpretation declaration on sections 91 and 92. They were not specifically dealt with as other sections were.

**Senator Doody:** We could make an inquiry.

### FIRST MINISTERS' ACCORD—FEDERAL-PROVINCIAL SPENDING PATTERNS—FEDERAL POWERS AFFECTING BROADCASTING AND BANKING

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, a question was also asked on May 13 by Senator Grafstein regarding First Ministers' Accord—Federal-Provincial Spending Patterns—Federal Powers Affecting Broadcasting and Banking.

(*The answer follows:*)

> First, with respect to current federal-provincial spending patterns, the National Accounts for 1986 show the federal share of total current government spending to be 53.6 per cent (including transfers to provincial and local governments) and the provincial share to be 46.4 per cent. If transfer payments are included in provincial spending, the federal share stands at 43.6 per cent and the provincial share increases to 56.4 per cent.
>
> Second, concerning the question about the possible impact of the Meech Lake agreement on federal-provincial spending patterns, I would ask the Honourable Senator to identify which of the agreement's provisions he is referring to and in what respect.
>
> Third, there are no changes anticipated to federal powers affecting broadcasting and banking that arise from the Meech Lake accord.

● (1450)

### FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—MAINTENANCE OF OFFICIAL BILINGUALISM

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 13 last by the Honourable Senator Corbin regarding The Constitution—

First Ministers' Accord—Recognition Of Quebec As Distinct Society—Maintenance of Official Bilingualism.

**Hon. Eymard G. Corbin:** Honourable senators, I would like that answer read out, please.

**Senator Doody:** Very well.

Under the Meech Lake agreement, Parliament and all provincial legislatures are committed, in the exercise of their respective powers, to preserving the fundamental characteristic of the federation based on the existence of a French-speaking Canada, centred in but not limited to Quebec, and an English-speaking Canada, concentrated outside Quebec but also present in Quebec.

In addition to setting out this commitment shared by all legislatures, the agreement affirms the role of the legislature and Government of Quebec in preserving and promoting the distinct identity of Quebec.

Parliament thus maintains its ability, in the exercise of its powers, to protect the official-language minorities, and the Meech Lake agreement reinforces the federal government's commitment in this regard.

As a result of the Meech Lake agreement, all the legislative assemblies, among other things, have confirmed the commitment to the official-language minorities made in 1982, when the Charter of Rights and Freedoms guaranteed the right to minority language instruction under article 23.

Finally, although the National Assembly has jurisdiction only within Quebec, there is no doubt that, under the agreement, the affirmation of a strong Francophone community within Quebec will benefit Francophones throughout Canada.

## REQUEST FOR ANSWER TO ORDER PAPER QUESTION

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I wonder if I could ask the Deputy Leader of the Government when it is his intention to answer the question which I put on the order paper on March 12, 1987, dealing with Canada's commitments with respect to nuclear weapons.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincal Relations):** I saw that answer this very day. If it has not been filed today, we will do so tomorrow, if it is the question I am thinking of.

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## PATENT ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator David, for the second reading of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto.—(*Honourable Senator Gigantès*)

**Hon. Philippe Deane Gigantès:** Honourable senators, ever since the introduction of this bill, I have been puzzled as to why it was being introduced. Let us recall why compulsory licensing was brought in in the 1960s. It was brought in to stop monopolistic gouging of the consumer by the producers of pharmaceutical products. It was brought in following intensive study of the issue by three major government inquiries: an inquiry by the Restrictive Trade Practices Commission, an inquiry by the Royal Commission on Health Services, and an inquiry by a special committee of the House of Commons. All of those bodies recommended compulsory licensing, which brought about the existing legislation.

The existing legislation on compulsory licensing has worked and is still working. Prices fell by approximately 50 per cent on many items. Provinces which offer assistance to citizens in the purchase of medication will be very badly hit if the price compressing mechanism of encouraging competition by generic drug manufacturers against the pharmaceutical giants is removed.

British Columbia, Saskatchewan and Manitoba spend approximately $600 million per year on these programs and another $241 million in hospitals for medication used there. These costs to these provinces and to other provinces will go up.

Despite compulsory licensing, output grew. It did not stop production. In constant dollars the increase in pharmaceutical products was 133 per cent from 1967 to 1982, whereas for the whole of manufacturing it only increased 44.5 per cent. Therefore, the conditions were not so depressive for this industry that it was in any way going out of business. It was doing very nicely, thank you.

Also, investments grew. If the existing legislation were so terrible and traumatizing to this poor industry, why is it that the assets in the pharmaceutical industry grew from $256 million in constant dollars in 1967 to $1.3 billion in 1982? This is an increase of 410 per cent in their assets. The increase for the whole of manufacturing is approximately 350 per cent.

Employment also grew. The government is talking about employment prospects growing thanks to Bill C-22. The total employment in the industry rose 29 per cent in Canada between 1967 and 1982 compared with an increase of only 23 per cent in the drug industry in the United States. The growth rate for employment of Canadian manufacturing as a whole over this period was less than 4 per cent. Therefore, the drug industry did very nicely, thank you.

Moreover, the profits of the drug industry rose. We, as a government, did not gouge them. The average profits were among the highest of all Canadian industries during the years 1968 to 1982, and were also among the most stable. According to the Eastman commission, the profit levels appeared to be higher in Canada than in Japan, Germany, Britain, France and Switzerland, where most of the non-American multinationals reside. Profit levels in Canada have not been as high as

in the United States. That, of course, is why the multinationals are complaining.

Why are we trying to fix a situation that seems to be working? If it is working, don't fix it. However, we are trying to fix it. There seem to be three explanations: One is that we are afraid of being thought a kind of scavenger of intellectual property. We steal the intellectual property of those poor drug manufacturers and strip them of what they have invented.

The other argument is that if we give them greater opportunity of making profits through the monopoly exploitation of one of their inventions, they will invest in research and development in this country.

The third explanation that I have heard for this change in the present system is that if we are entering into free trade talks with the United States, our compulsory licensing is somehow going to upset our major trading partner of drug patents to the south.

● (1500)

I should like to address these three issues one after the other. Let us take intellectual property first. Intellectual property, even for authors and inventors, is not absolute, and it is not considered absolute, otherwise, there would not be a limit. I would lose all property rights 28 years after my book had been published, even if I produced a new edition. There are also certain aspects of intellectual property which are totally outside patent protection. We do not hear that the great ideas of Nobel prize winners are their property, and that they have the right to charge other nuclear scientists or mathematicians who then use the formulas developed by those Nobel prize winners. As far I know, Einstein did not collect a single cent for his contributions to the quantum theory which led to the development of nuclear power. Let's not talk of bombs!

This is the most telling evidence that intellectual property is not absolute but is something we own for a limited time, something we pay for one way or another. There is more than one way of paying for this intellectual property. One is to pay a royalty. Then one can argue that the royalty we have asked our generic drug manufacturers to pay to patent owners is too low. In Britain patent owners receive royalties of 21 per cent, but they do have compulsory licensing. In Mrs. Thatcher's Britain, they pay the drug manufacturers a guaranteed royalty for a limited period of time.

We are told that some of these drug manufacturers will not market some of their products in Canada because of Canada's legislation. Let us suppose that one of them invents a vaccine against AIDS, and that manufacturer says, "We will not make this available in Canada because we do not like the legislation in Canada." That is akin to somebody owning the only source of life-giving water in a community and refusing to sell that water to the citizens of that community. In all such situations, in all civilized societies, regulation steps in and says, "No, your property is not absolute when it is a matter of life or death." I put it to you, honourable senators, that medicine, which is necessary to save lives, cannot be allowed to be used as an instrument for gouging prices.

[Senator Gigantès.]

Does the pharmaceutical industry gouge? Go to your neighbourhood pharmacist and pick up a packet of generic aspirin and read the contents and the ingredients. It is 300 milligrams of acetylsalicylic acid. Then pick up something manufactured by one of the brand-name companies and look at the contents. You will see the contents are exactly the same, 300 milligrams of the same acetylsalicylic acid. There has been no research undertaken to change that acid in any way for years; the generic aspirin costs one third the price of the brand-name aspirin. Many of us are idiotic enough to buy brand-name aspirin. That is because we have been brainwashed through advertising. We should not, but we do.

**Senator Barootes:** You don't have to!

**Senator Gigantès:** I did not interrupt you, but you go right ahead. Heckling is one of the things I most enjoy.

Of all production by Canadian pharmaceutical producers 80 per cent is from subsidiaries of multinational firms. Nearly all of those are heavy importers from affiliates located abroad. That is also true with respect to ingredients which are processed in Canada and finished products. So, we pay for those products in more ways than one, and we pay for their research abroad because of the heavy price a subsidiary has to pay to the mother company, which is several times the world price in most instances. So, they are hardly being ill-treated by us.

There are other nations that have to deal with this problem, and all developed countries regulate their pharmaceutical industries both through controls and some inducements. In France, which now has a government that is not socialist, each drug company must negotiate prices with the French Transparency Commission. I think the title is extremely important. The pricing and how one arrives at it must be transparent. If one has a good set of accountants, one can make it very opaque. Applications are judged on the basis of research efforts in France; our legislation does not obligate the pharmaceutical companies to carry out a certain level of research here. In France the applications are judged on the basis of research efforts within France, improvements in efficacy, reduction in side effects, merits of form and suitability of presentation, dosage equivalence, length of treatments, and level of patients' contributions to the payments.

Spain is committed to stimulating domestic companies through preferential pricing, subsidies, custom treatment, registration, and supply contracts. Foreign companies are welcome as long as they do some manufacturing and conduct some research in Spain. There is nothing in our bill that obliges these pharmaceutical companies to do a certain level of manufacturing or research. Once a company in Spain depends on more than 30 per cent of its sales through foreigh technology, it is forced to begin manufacturing raw materials in Spain or lose its licences.

In the United Kingdom the Prescription Price Regulation Scheme specifies the level of profitability. If the generic manufacturer can sell for $1 what the brand-name manufacturer sells for $3, this commission looks at that, and quite rightly so, because this is not perfume, this is not an unneces-

sary garment, this is not jewellery, this may be a substance that may make the difference between life and death to an individual, and such substances are not, I submit, honourable senators, of the same kind as any other trading commodity.

In the Netherlands they have a dual scheme. There is a price for those who can afford it and a price for those who cannot afford it, but the pricing and how it is arrived at is tightly controlled.

In the whole of Latin America there is no patent protection for drugs, because the principle prevails that a drug is too important to allow someone to gouge.

I will pass to the second reason for allegedly proposing this bill—that is, it will boost research in Canada. The Canadian market for pharmaceuticals is dominated by multinational enterprises. Not one of them is Canadian based. The largest Canadian-owned firm ranks only twenty-third here measured by sales. Most drug research in Canada is limited to clinical testing to establish the safety and therapeutic effectiveness of drugs. There is no basic research. Such testing is required by Health and Welfare Canada. Few patent owners actually manufacture chemicals here; they import them from their headquarters. Manufacturing processes in Canada mainly involve the preparation and packaging of dosage forms from imported bulk drugs. What is there in this bill that will convince these multinationals to change these practices?

• (1510)

If the government wants to increase research in Canada in order to help Canadian scientists, fine! Finance research institutes within our universities, have them collaborate with Canadian pharmaceutical firms, have them market their resulting discoveries, and let the profits from such research go partly to relieve the burden on the health service, partly to improve the financial condition of universities, and partly to those private Canadian drug manufacturers who participate in the research and marketing. We do that elsewhere, and we do it successfully. There are major research activities in agriculture, energy, mining and fisheries. Why should we not follow that route instead of trusting that, without any compulsion whatsoever, the drug multinationals will change their fundamental habit, which is to do all the research at headquarters, and then to sell the product in bulk and let their subsidiaries in other countries simply do whatever clinical testing is required by the local health authorities.

Let me come to the last argument, which is that we should not upset the U.S. I have heard this argument; it has been given publicly by supporters of the government and by supporters of this bill outside the government. They say, "It would be better if we removed this irritant before the negotiations conclude." This is another of these strange tactics of giving up your aces before the bidding starts. This is what we did before we changed FIRA. We did not make them pay for anything—no conditions. We changed the National Energy Policy—and I do not object to those two changes—but since we are to negotiate alleged free trade with the United States, let us put those on the table and get something in exchange. But, no, this is another ace that we are prepared to give away so as not to upset the Americans.

Ninety five per cent of all patents in the Canadian patent system are owned by non-residents. All the evidence around the world shows that the big gainers from technological advances are those countries that use patents and not those countries that develop them. We should encourage the use of foreign patents here without giving the right to the owners of those patents to gouge—and we have means to exert pressure; we could say to a foreign company that has developed a vital drug, "If you refuse to market that in Canada, there is no protection for any of your patents—none; we will remove it!" We do not have the right to let a drug manufacturer put a price on the life of a single Canadian patient.

To sum up, what is our aim? More research? We can do it another way and a much better way, and ensure that the research occurs here by financing institutions of higher learning and having them go into joint research ventures with native Canadian drug manufacturers.

Is our aim more jobs? The number of jobs that are predicted is derisory—3,000 between now and I do not know how many years. Count them per month, or per day. And what jobs? Not jobs of fundamental research, no, just clinical research—the kind that we are doing now.

Is our aim fairness to drug manufacturers? I do not think that we are being unfair if we say, "We want to make sure that you do not gouge, but we want to pay your royalty." Why should a Conservative government that believes in competition try to restrain competition between multinational drug firms and Canadian manufacturers of generic drugs? For what? I do not know.

To calm us, the authors of this bill have produced a toothless tiger of a price review board, which can do absolutely nothing about the "entrance" price. They will be kept to the increase of the cost of living, we are told, after they introduce the drug at a given price. They multiply the fair price by five or six times, they introduce it, and then they get the increases commensurate with increases in the cost of living—and we have no way of rolling back that price. Every other country does, save the United States. Do we have to do as the Americans do? Is it absolutely necessary? Must we imitate the one advanced country in the world that does not have the kind of medicare that we have? Must we imitate the one country in the world where the concept of intellectual property as it relates to health matters is carried to the point where, in 1983, a man who was knifed in the stomach in Alabama was put into a police ambulance and taken to three hospitals in succession. He was refused admission because he had no money and no credit cards. He bled to death on the way to the fourth hospital. That was intellectual property in action! The hospitals had care to give, expertise to sell, and if somebody did not have the money to pay for it, too bad, let them die!

Here we are facing a situation that, I submit, honourable senators, is not without parallel to this Alabama example. We are facing a situation where we are not really taking measures

that would say to a drug manufacturer, "You cannot hold up a sick person who cannot afford it. You cannot wreck our health service by pushing up your prices." This is not a fantasy. The German health service is being wrecked this minute by the constant gouging increases by the drug manufacturers, until the drugs there are out of sight, and their cost is crippling their health service. Why? To give the drug manufacturers absolutely unfettered capacity to increase the prices at the expense of the public interest and at the expense of a health service that has to survive because health services must survive in civilized societies.

This is a bad bill. It does not fulfil any of the so-called objectives that we were told it was introduced for. I urge honourable senators to amend it when the time comes, or to reject it.

**Hon. Efstathios William Barootes:** Honourable senators, would my honourable friend entertain a question, please?

**Senator Gigantès:** All the questions that you would like to ask.

**Senator Barootes:** There are a lot that I would like to ask, but I will ask only two.

It was an interesting speech, and there were some interesting statistics which I do not challenge. I think, senator, that you said that the provincial governments which have publicly-assisted programs for drugs in the west are expending $650 million on these. I believe the honourable senator said that in those provinces where the hospitals tender for drugs, the cost is in the region of $250 million more. My friend's fear is that the cost to the provincial governments for the provision of these drugs would rise—and I do not know if he used the word "astronomically"—considerably if this bill were passed.

● (1520)

Is it so? My understanding is that the drugs now being purchased and on the market will remain as they are, whether they are made by generic or other firms, and that the prices of those drugs will not be allowed to rise any higher than the increment in the cost of living. Am I right or wrong in my understanding?

**Senator Gigantès:** You are perfectly right in that, but we hope there will be some important new discoveries, because we seem to have some important new diseases, and any discovery, improvement in the process or any new wrinkle to any particular drug is going to cost more. I will tell you one thing: The manufacturers of existing patent medicine will very soon withdraw drugs they already have on the market and replace them with new drugs so that they can jack up their prices—I do not say "astronomically", because that is too great an exaggeration—considerably as they did in Germany.

**Senator Barootes:** I believe the honourable senator said that the present list of drugs on these formularies, and being purchased by hospitals and drug plans, will remain at approximately the same level. Is it what will happen with the new drugs that my honourable friend fears?

**Senator Gigantès:** Yes.

[Senator Gigantès.]

**Senator Barootes:** I have another general question. I know that my honourable friend is an author and a fairly extensive writer of books. Should we remove the copyright on songs, music and books because they are also public properties, or should that innovator, the owner of that intellectual property, be allowed to retain that copyright?

**Senator Gigantès:** I am delighted that the honourable senator raises that point again, because I think this is at the crux of the matter. I tried to explain, but obviously I did not get through. I apologize for my lack of skill as a communicator.

We would not allow someone who owns a supply of water that is the only supply of water for a community to gouge that community and charge anything he likes. Traditionally, whenever there has been a monopoly, even in such things as communications such as that held by Bell Canada, regulations have been imposed.

Therefore, there is not just one kind of intellectual property; there are many kinds. I might very humbly admit that if someone never read anything I ever wrote, that person would not suffer at all. However, if people are suffering from AIDS and there is a drug that they cannot afford, then they would suffer. If they required to drink water and someone were charging a dollar a glass, then they would suffer. There are different kinds of intellectual property.

I do not mind protecting the perfume industry. We could protect them forever. We could protect a new way of treating furs or a design by Christian Dior. If no protection is offered for my books, that would not matter to me at all, because by now they are out of print. In any case, very few people buy them, and my publishers lose money.

**Senator Barootes:** I think I understand my friend, and I thank him for answering so explicitly that the matter of copyrights for music, authorship, and so on, should be considered protected property, but that we should not protect the invention of drugs by scientists and pharmaceutical people.

**Senator Gigantès:** I did not suggest that all rights be taken away from them. There is the system of royalties. In Britian there is the system of regulating profitability and stipulating exactly how much can be made in terms of profit. I believe, at 21 per cent, they have the highest rate.

However, no one, not even an author, is given absolute copyright protection. It lapses. The current Canadian legislation stipulates protection for a certain number of years. What we are talking about is how many years is fair. Against this fairness we have to balance the rights of the consumer. I am afraid that the rights of the consumer in matters of life or liberty must take precedence over every other consideration. Human beings count more than authors, musicians and inventors. Life and liberty come first.

That is why we do not allow our judges to market their intellectual property, which is their legal knowledge. That is why we, as legislators, are not allowed to accept money from someone in order to present a certain bill. I know that some people do accept money for certain things, but the theory is that a legislator should not behave in that way, and that a

judge should not be for sale. The particular editor of a newspaper, who is sitting beside you, was never for sale, although some may be.

On motion of Senator Doody, debate adjourned.

## CITIZENSHIP ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Hon. Peter Bosa** moved the second reading of Bill S-8, an act to amend the Citizenship Act (foreign spouses).

He said: Honourable senators, the purpose of Bill S-8 is to amend the Citizenship Act. At the outset I would like honourable senators to appreciate the limited circumstances in which the proposed amendment would apply.

The bill deals with the situation where an application for citizenship is made in the following special circumstances:

(a) the applicant is a foreigner who has been granted permanent residence in Canada;

(b) the applicant is married to and residing with a Canadian citizen;

(c) the Canadian citizen is required to live outside of Canada because of his or her duties either in the Canadian Forces or in the public service of Canada or of a province; and

(d) the applicant would like to continue to live with his or her Canadian spouse abroad while, at the same time, continuing to complete the three-year residency requirement for Canadian citizenship.

The remedy provided for in the bill is to allow the minister, in the circumstances I have just described, to treat the applicant's residence abroad as being the equivalent of residence in Canada for the purposes of the Citizenship Act.

As honourable senators will appreciate, the bill has a very narrow application in the sense that it is of potential benefit to only a very small number of people. However, for those particular people it is of tremendous importance.

Honourable senators may recall that it was in February of 1977 that Canada's present Citizenship Act came into effect. The 1977 act not only repealed the former act of 1946, it also revoked a certain concept of citizenship that formed the basis of that act. Prior to 1977 citizenship was considered a privilege, and it was, accordingly, subject to ministerial discretion. After 1977, however, citizenship ceased being a privilege and became a right.

Thus, under the present law a landed immigrant has the right to be granted citizenship once the immigrant has satisfied the conditions set out in the law. In other words, the minister has no choice in the matter. If the applicant satisfies the statutory conditions entitling that applicant to citizenship, then the minister is obligated by law to grant a certificate of citizenship. Under the old law, even if the statutory conditions were met, the application for citizenship was still subject to ministerial discretion.

• (1530)

One of the statutory conditions, of course, is that of residence; that is, the period of time during which an applicant must have resided in the country before becoming eligible for a grant of citizenship. The present law modified that condition requiring of the applicant three years of residence rather than the previous five years.

Since citizenship is now recognized as a right to be enjoyed, once the prerequisites of the act have been met, the principle of equality of opportunity to become a Canadian citizen is now a prominent feature of the present law. Underpinning that feature of the law is the concept of residence. If in an exceptional case the three-year residency requirement is to be relaxed, then I believe the relaxation should be on the basis of a discretionary power of the minister rather than on the basis of a right.

It is for this reason that I asked that the amendment proposed in Bill S-8, which is concerned with alleviating a problem for foreign spouses arising out of the residency requirement, be set out in terms of a privilege, subject to ministerial discretion, rather than in terms of a statutory right. This way of dealing with the matter is, in my view, more in keeping with the spirit of the act.

Honourable senators may be interested to note that the Citizenship Act, at present, provides for three types of situations where an applicant may be excused from the residency requirement. In one case the exception is set out in terms of a right. In the other two cases the exceptions are set out in terms of privileges; that is, they are subject to the discretionary powers, respectively, of the minister and the Governor in Council.

The exception that is set out in terms of a right is that of a child born outside Canada to parents who, at the time of the child's birth, were non-Canadian but who later became Canadian citizens. Under subsection 5(2), a minor in these circumstances is entitled as of right to obtain his or her citizenship without meeting the residency requirement.

One of the two exceptions that are set out in terms of a privilege is found in subsection 5(3) of the act. Under this subsection, the minister may waive the residency requirement on compassionate grounds in the case of any person who is suffering a disability. "Disability", for the purposes of the act, is defined by section 2 to mean minors and those who are mentally incompetent.

The other exception involving discretionary power is found in subsection 5(4). It confers on the Governor in Council the power to direct the minister to grant citizenship in order to alleviate cases of special or unusual hardship, or to reward service of exceptional value to Canada.

The amendment proposed in Bill S-8 would add a fourth exception to the residency requirement in the form of a new subsection 5(4.1). This fourth exception would allow the minister to treat residence abroad as the equivalent of residence in Canada in a case where the applicant is married to and residing with a spouse who is living outside Canada while

serving in the Canadian forces or employed in the public service of Canada or of a province. The proposed amendment, in effect, provides for a partial waiver of the residency requirement in the sense that it authorizes the minister to waive the location, but not the length, of residence required under act.

In other words, the amendment would allow the minister to count any period of residence abroad as residence in Canada in the case of an applicant who is married and is required to live outside Canada in the circumstances that I have already described. The important thing to remember is that the amendment applies only to a spouse who is a landed immigrant; that is, someone who has been lawfully admitted to Canada for permanent residence.

Such a person is described in the Immigration Act as a "permanent resident". In order to become a permanent resident, a person has to appear before an immigration officer at a Canadian port of entry for the purpose of being examined to determine if he or she will be granted admission as a landed immigrant. This means that the physical presence of the applicant on Canadian soil is required before the process provided for in the amendment I am proposing would apply. In other words, the three-year period of residence would have to begin in Canada. The bill would not extend to a foreign spouse married abroad who has not entered Canada.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Why?

**Senator Bosa:** That is so because they have to be landed first.

Honourable senators, as I have mentioned, this bill is quite narrow in its application. It would apply essentially only to foreign spouses of Canadians, and only to those foreign spouses who have already been admitted to Canada and who are required to interrupt their three-year period of residence in Canada because of the posting abroad of their Canadian spouses. It is not reasonable, in my view, that a person in such a situation should be expected to stay behind in Canada in order to complete the three-year residency requirement while that person's husband or wife is serving Canada abroad.

Honourable senators, this is not a new concept in the citizenship law of this country. The amendment I am proposing is based on a similar exemption that existed in the Canadian Citizenship Act of 1946. There are a few minor technical differences between what I am proposing and the original exemption contained in the 1946 act, but they can be explained in committee. The point is that Bill S-8 is not without precedent. I believe it is worthy of your consideration, and I suggest that the bill, if it is given second reading in this chamber today, be referred for further study to the Standing Senate Committee on Social Affairs, Science and Technology.

**Senator Frith:** Might I ask a question? Clause 2 of the bill states:

> Subsection 14(1) of the said Act is repealed and the following substituted therefor:



I do not have the present subsection 14(1) in front of me, so I am not clear as to how it fits into the scheme. However, the amendment states:

> Where a citizenship judge is unable to approve an application under subsection 13(2), he shall, before deciding not to approve it, consider whether or not to recommend an exercise of discretion under subsection 5(3), (4) or (4.1) or subsection 8(2), as the circumstances may require.

Does that mean that in order for someone to take advantage of section 5, subsection (4.1), he must first go to a citizenship judge, or is that only one of the ways in which it can happen? In other words, can the minister exercise the discretion that we will be giving him without going through a judge?

**Senator Bosa:** No, the person would still have to appear before a judge of citizenship. That person would appear before the judge with a document saying that that person has resided outside Canada as a spouse of a Canadian diplomat or a Canadian in the Armed Forces or in the service of a province who is working outside Canada. It is considered that a diplomatic post is an extension of the territory of Canada. Consequently, if that person has resided in such a place for the period prescribed in the act, then that person, at the discretion granted to the minister, would be given the necessary documentation to appear before a judge to say that he or she has, in effect, complied with the requirements of the act.

**Senator Frith:** I am simply asking about the procedure. Is it only on a recommendation of a judge that a minister can exercise discretion? In other words, does it always have to be a two-step procedure, an application to the judge, after which the judge recommends the exercising of discretion? Is that the way it works?

**Senator Bosa:** While I have not dealt at length with the mechanism of this matter, it would seem to me that it would be at the discretion of the minister to ascertain that that person has complied with the act.

• (1540)

I will be pleased to pursue these questions in greater detail in committee.

**Senator Frith:** I was hoping to avoid having this go to committee, but I guess I can't.

On motion of Senator Doody, debate adjourned.

[*Translation*]

## PRIVATE BILL

### REGIONAL VICAR FOR CANADA OF THE PRELATURE OF THE HOLY CROSS AND OPUS DEI—SECOND READING—DEBATE CONTINUED

On the order:

> Resuming the debate on the motion of the Honourable Senator Bélisle, seconded by the Honourable Senator Nurgitz, for the second reading of the Bill S-7, An Act to incorporate the Regional Vicar for Canada of the Prela-

ture of the Holy Cross and Opus Dei.—(*Honourable Senator Le Moyne*).

**Hon. Jean Le Moyne:** Honourable senators, I yield to Senator Hébert, while reserving the right to adjourn the debate subsequently.

**Hon. Jacques Hébert:** Honourable senators, I do not particularly relish my self-imposed task to shed some light on an organization that for more than half a century has preferred to flourish in the shadows of secrecy. I am referring to the Prelature of the Holy Cross and Opus Dei which, through the good offices of Senator Bélisle, is asking us to pass a special bill that would grant its Vicar privileges comparable to those already granted to certain churches.

I might add that I do not relish the thought either of challenging my honourable colleague, a man of great integrity and generosity, who I am sure was acting entirely in good faith. I find some consolation in the thought that he need not be overly concerned about my little exposé. It will not be the first time for Opus Dei, and besides, its members always have an answer ready and are admirably and implacably effective in scourging their adversaries, great and small. All the arguments I will give you today will be contradicted, all testimony challenged, witnesses discredited and facts denied.

No sooner had I commented spontaneously to a few reporters on the strong feelings of distrust aroused in me by Opus Dei than the organization had launched one of its typical counter-attacks. Letters were sent to the newspapers, often without any indication that the author was a member of Opus Dei. "Serious" articles were published, sometimes written by journalists who may or may not have been members of the organization. People are especially delegated to visit detractors of Opus Dei and, either directly or indirectly, to make every effort to convince them of the error of their ways. They are bombarded with books and documents, which has been my experience as well as that of Senator Le Moyne and several friends who dared to criticize what its less charitable opponents go so far as to call the "Holy Mafia". In fact, *La Sainte Mafia* is the title of a book by Yvon Le Vaillant, published by Mercure de France (1971), in which the author describes in detail Opus Dei's defence tactics.

After letters, articles and visits, writes Le Vaillant, there is "another, more efficient and more serious tactic: dossiers and files . . . As soon as Opus Dei see a "target", it mobilizes its "disorganized organization" (in the misleading words of its founder). This is a machine whose gears are well oiled, silent, discreet and effective. They start digging up details of peoples' private lives, asking apparently harmless questions at dinners and receptions . . . they start investigating, following trails . . . Then, discreet blackmail. Whisper campaigns spread insidious libel from ear to ear."

But why get involved in all this and waste enormous amounts of time examining a wealth of information that has been accumulating since 1928, the year in which it seems the organization was founded, when we know we are outnumbered by the powerful fanatic defenders of Opus Dei? Because we are entitled to the truth and because I believe this chamber should have more information, both for and against, before voting on Bill S-7.

In the last few weeks, I have read thousands of pages about Opus Dei, in French, in English and even in Spanish, some written by the founder himself, Msgr. Escriva, about whom my colleague and friend, Senator Le Moyne, will speak later with his usual erudition and verve.

Last April 7 Senator Bélisle summed up the objectives of Opus Dei as being, quite simply, "the promotion of the ideals of Christian holiness in the midst of one's everyday occupations". Praise the Lord! Alleluia! With the help of Opus Dei propagandists I have no doubt that our esteemed colleague will have an opportunity to tell us more about this pious association. To avoid duplication I will only point out the most frequent criticisms aimed at Opus Dei within and without the Church since its birth in Spain, under the shadow of the Franco régime.

I will quote authors, witnesses and journalists whose good faith is unquestionable. I systematically set aside anticlerical publications and sought the most responsible sources of information: the *New York Times*, *The Times* of London, such internationally known magazines as *The Tablet*, *The Economist*, and so on.

In any event, the hardest blows to Opus Dei in recent years came from Catholics, priests and laymen, who quit the organization after having been long-time active members. Perhaps one of the most famous is Oxford Professor John Roche whose revelations had prompted a devastating article in a newspaper well known for the quality of its inquiries, *The Times* of London.

I will quote at length this article of January 12, 1981 which has never been openly disproved, in spite of the attempts of Opus Dei.

[*English*]

> Serious questions about Opus Dei's fitness for the role it desires are raised by the disclosures of a former senior member who has shown *The Times* his private collection of secret official documents describing its hidden internal life and ultimate aims. His evidence has been supported by many other sources and papers seen during a detailed investigation by *The Times*.
>
> On the basis of these documents and his own experiences as a member, Dr. John Roche, of Linacre College, Oxford—who remains a practising Catholic—alleges that Opus Dei is a church within a church, ultimately loyal only to itself, and psychologically dangerous to its own members. "Personal identity suffers a severe battering; some are reduced to shadows of their former selves, others become severely disturbed. Opus Dei must be thoroughly and exhaustively investigated by the Church", he said. He has offered his evidence to Cardinal Basil Hume, President of the Roman Catholic Bishops' Conference of England and Wales.

He also produced instruments of mortification—a small whip and a spiked chain—which are a normal part of the rigid spiritual discipline which Opus Dei imposes on its members, including adolescents of both sexes.

There is an extraordinary history of antagonism between Opus Dei and the Roman Catholic chaplaincy at Oxford University. The present chaplain and assistant chaplain, and several previous chaplains, have spoken of the harmful influence which they believe Opus Dei has over its members, and students are now warned against it as a matter of policy.

[*Translation*]

As a member of Opus Dei Dr. John Roche held a very senior post, that of director, which gave him ready access to an internal and confidential journal called *Cronica*. He was able to make photocopies of this publication dealing with the members' basic spirituality: they simply did not have access to it unless the director was present, Dr. Roche, as it happened.

In that respect, again I would like to quote *The Times*:

[*English*]

Several senior Roman Catholic clergy have seen some or all the material in *The Times*'s possession. One was a member of the English hierarchy; one an academic theologian and a member of the Theological Commission of the Roman Catholic Bishops' Conference; and one holds a senior position in the Benedictine Order. Their views coincided, that it was "unhealthy" and psychologically and spiritually harmful. Doubts were raised about the orthodoxy of some of the doctrine. They were satisfied that it was in the best interests of the Roman Catholic Church that it should come to light.

● (1550)

From the pages of *Cronica* it is possible to deduce the internal philosophy and self-image of Opus Dei, and its relationship to the Church. The Church, *Cronica* makes plain, has fallen away from its true path, and the destiny of Opus Dei is to spread itself throughout the world by every means. The Church appears to have no other role than to be a vehicle for this process, the ultimate priority. No other means of salvation exists.

A characteristic teaching is "divine filiation", a doctrine repeatedly elaborated in *Cronica*. By God's direct appointment, Msgr Escriva had become the true earthly father of all Opus Dei members, and this was not to be understood as a sentimental metaphor. *Cronica* quotes from Ecclesiasticus, applying to Escriva the passage:

"When tested he was found loyal. For this reason God promised him with an oath that in his descendants the nations would be blessed . . ." It is a reference to Abraham.

*Cronica* is not ashamed to interpret Biblical passages as prophecies of Opus Dei's destiny, and uses for Msgr Escriva such biblical images as Father, Shepherd, and "he who spends his life so that we, his children, may have it in greater abundance". Traditional spiritual ideas are frequently taken over and re-applied in this way, both to Msgr Escriva and to Opus Dei itself. *Cronica* describes Opus Dei as sinless, perfect, "our Beautiful Mother", and as Christ's "Mystical Body".

Opus Dei is holy, unchangeable, everlasting; it will never die or grow old; it contains everything necessary for salvation, and no point of this "internal law" can ever be changed. Opus Dei could never need reform. In one of the very few references to the Second Vatican Council, *Cronica* states that Msgr Escriva anticipated the council in his creation of Opus Dei, and therefore Opus Dei has no need to turn to the council's decrees for its own guidance. It has spread everywhere, affirming the reign of Christ forever. It is the context of "God's work"—*Cronica* often plays on the words "Opus Dei"—and its vocation is universal.

[*Translation*]

Who is this Msgr. José Maria Escriva de Balaguer, the beloved founder and head of Opus Dei until he died in 1975, when he was succeeded by Msgr. Portillo, now called the Prelate? Without a doubt, an exceptional man, charismatic (in the didactic, not the theological meaning of the word), passionate, a man of great convictions and a very convincing man. To quote Yvon Le Vaillant:

"We have seen how important Escriva was throughout the history of Opus Dei: his immense influence, his creative intelligence, his activity as a visionary, and so forth. Ridiculed by some and worshipped by others."

We know he is about to be canonized, to the great delight of Opus Dei members. If it is true that having some pull in the Vatican doesn't do any harm his chances are not too bad . . . Unless, of course, the devil's advocate decides to take a closer look at the years of Escriva's life about which he says nothing, about the nature of his relationship with Franco, the quality of his mysticism, even some minor faults which, though innocent, are hardly compatible with sainthood: his strong love of adulation, honours, decorations, awards, which would seem to contradict other character traits of the founder of Opus Dei, including the rigorous discipline he imposed on his followers.

According to *The Tablet* of October 16, 1982, a Catholic periodical published in London:

[*English*]

Both his famous book of maxims, *The Way*—

In Spanish it is called *El Camino*

—and the constitutions of Opus Dei were compiled against the background of the Spanish civil war. Escriva was an associate of Franco, and a protagonist of "national Catholicism." His writings inculcate a sternly masculine discipline and a conservative outlook. The reader of *The Way* is encouraged to laugh at the "discredited liberal ideas of the 19th century." Superiors are best fitted to make decisions: they will not be questioned. The attitude of a subject to a superior should be that of a child to his father. The notion of charity consists more in "understanding" than in giving. Indeed Escriva recommends the

"apostolate of not giving" since: "It is human nature to have little respect for what costs but little." And do you not think, he asks, "that equality as some people understand it is synonymous with injustice?" There is little equality, it might be added, within the structures of Opus itself.

[*Translation*]

In fact, Opus Dei is set up as a real army, "una milicia", to fight against the devils of modernism which are gnawing at the Catholic Church from within. Monsignor Escriva demands obedience, blind obedience as evidenced by the maxims in his book *El Camino*, the Opus Dei bible, from which I quote two verses:

"617.—Obey, as an instrument in the hands of the artist—an instrument does not ask why it does this or that—with the assurance that you will never be asked for something which is not good and not meant for God's greatest glory."

"941.—To obey . . . The right road.—Blindly obey one's superior . . . the road of holiness.—Obey in your apostolate . . . the only road; because in a work of God the attitude must be to obey or to depart.

In a nutshell, this has to be quite reassuring to those who believe that Monsignor Escriva is a saint who has drawn his inspiration from God himself, but rather disquieting for others who might think he is a simple, error prone mortal.

Let us see now how this "milicia" is organized. Inspired by Dr. John Roche, *The Times* sums it up this way:

[*English*]

Structurally Opus Dei comes in threes. At the top are three priests, the President-General (known now as the Prelate), the Secretary-General and the Counsellor-General. Escriva died in Rome on June 26, 1975, and was succeeded as President-General by Father Alvaro del Portillo.

The order as a whole is divided into three, vertically and horizontally. There are three entirely separate sections for priests, laymen and women, the vertical division. Horizontally, there are three levels of membership. The most important is the numerary, itself made up of three grades which may be called inscribed electors, inscribed non-electors and simple numeraries. Only electors have access to the inner circles, the regular general councils (one for each vertical division) and the very occasional congress (the last known met in 1975 to choose Escriva's successor).

Numeraries must conform to three requirements: they must take the three monastic vows of poverty, chastity and obedience; they must be of high intellectual calibre and they must live in OD residences. They form the kernel in which priestly numeraries dominate: lay order or no, the clergy dominates OD.

Then comes a much larger number of supernumeraries who lead ordinary lives and follow a much simpler set of rules without vows. They are important because they embody OD's temporal influence and raise its funds. The third category comprises the associates (formerly oblates) who are to be found living in OD residences and doing the menial work. OD's "membership" of 75,000 also includes a special category of "co-operators", people regarded as sympathetic to its aims who may not even know they are so regarded and play no active part at all.

[*Translation*]

The essential components of this "militia", which has vowed to obey "like a musical instrument", are regulated by strictly secret Constitutions . . . as unequivocally stated in article 193:

"These Constitutions, the published instructions and those which may be published in future, as well as the other documents, must not be divulged; still more, without the permission of the Father, (*now of the Prelate*,) there shall be no translation, even in a common language, of those of the said documents which will be written in latin."

Should anyone dare make the reproach, Opus Dei will deny that it is a kind of militia, and yet it is written in so many words in the Constitutions, article 197:

Our institute, (*now Prelature*), is certainly a family, but it is also a militia. A family which is not saddled with the inconveniences of carnal affection; a militia with the strength of a very strict discipline, best suited to fighting.

Today, Opus Dei is trying to mitigate the bad impression that can be created by the concept of militia, especially among its young sympathizers. They prefer to refer to "modern-day knighthood", which is more reassuring, even though it is somewhat at variance with Section 197 of the Constitutions.

One of the numerous criticisms levelled at Opus Dei is its elitist nature. Members of the most exalted level are of necessity taken from candidates who are the most gifted intellectually, the most endowed with degrees and the best placed in the professional world, banking, politics, public service. And, supreme elitist coquetry, those super members must be very personable, sound of body and elegantly dressed.

Msgr. Escriva had no qualms anyway about telling his flock that their normal place was at the top of the social ladder, standing for example in Section 16 of his personal bible "*El Camino*":

"Reduce yourself to the common run, you, be part of the common crowd? But you were born to be a leader. Among us, there is no place for the lukewarm. Humble yourself, and Christ will inflame you with the fire of love."

That elitist attitude is especially visible in Spain where members of the Opus Dei are most numerous, and understandably so. In the above mentioned work, Yvon Le Vaillant refers to a new race of men that grew in that country: "the Opus Dei men". It is not easy to draw a composite picture of them. The components multiply and overlap. So much so that often they are used as alibis. There are the seniors, those who have faces like the founding Fathers', like Escriva's, like Escriva's family, like Escriva's entourage at the beginning. They are of the same

type as the "propagandists", somewhat run-of-the-mill type, physically rather dull, without any concern for impressing, appearing. Then there are the "moderns", the young, the new Opus generation, those who take much more care of their bodies and their clothes, with a rather American look. There is also the leaders and the foot soldiers. The leaders who know everything, who run everything, who manage the business, who are involved in legal or fraudulent operations, the leader caste nobody knows in principle. And then the infantry who are pushed to the forefront by the official propaganda—miners of the Asturias and peasants from the Andes, nursemaids and black African rugbymen, the lower class who know nothing, run nothing, who share only in the shallow mysticism.

According to Section 3 of the Constitutions of the Opus Dei, its first goal is to rechristianize the intellectual class and the leading class in society. To that end, they have more need of senior public servants, lawyers and engineers than of peasants or rugbymen. As Jean Saunier writes in "Histoire des personnages mystérieux et des sociétés secrètes", published by editions CELT in Paris in 1973, and I quote:

> In fact, one cannot deny that Opus Dei includes a certain number of people of low origin, who play the role that is held in other religious congregations by lay brothers; it is no less certain that those examples, incessantly put forward, cannot hide the true nature of Opus Dei, which essentially recruits in the aristocracy and the upper middle-class.

What about members of the Opus Dei in Canada? In the *Globe and Mail* of April 3, 1985, Stanley Oziewiez interviewed in that respect Reverend José Luis Soria, then head of the Canadian section, who has since been replaced by Reverend Gregory V. Haddock, "regional vicar for Canada of the Prelature of the Holy Cross and Opus Dei", the individual indeed who is applying to the Senate for a very special status.

And I quote:

[*English*]

> According to Father Soria, who carried the title of regional vicar, there are 500 to 600 Opus Dei members in Canada, roughly equal numbers of men and women in separate branches. Only eight are priests and the vast majority are married lay people.
>
> Father Soria refused a request to see the membership list, arguing that this should not be viewed as secrecy but a desire for privacy by Opus Dei members who wish to be seen merely as "ordinary catholics".
>
> John De Souza, an Opus Dei official, says that every profession is represented. Participants at a recent Opus Dei meeting in Montreal included a chartered accountant, chemist, biochemist, economic teacher, aeronautical engineer, programming analyst and university administrator.
>
> Father Soria said that he doesn't see any reason why Canadian politicians at all levels can't become Opus Dei members. He said that one Quebec MLA is a member, and he expects more politicians to join in the future.

[Senator Hébert.]

[*Translation*]

This could perhaps be seen as a discreet invitation to senators to apply . . . I will take their names after the sitting!

Bill S-7 qualifies Opus Dei as a prelature. For the benefit of those who may not be familiar with the jargon of the Vatican, perhaps it would be useful to provide some explanations gleaned from the *New York Times Magazine* of January 8, 1984:

[*English*]

> In November 1982, Opus Dei acquired the Status of a "personal prelature", the first and so far the only one of its kind authorized by the Second Vatican Council. It meant that Opus Dei became similar to a worldwide diocese, with a Prelate who, like heads of religious orders, has authority throughout the world over its members. Since Roman Catholic laymen are normally fully under the authority of their local bishops, this establishes a new principle of power sharing between diocesan bishops and The Prelate. In view of the Pope's evident favor, bold would be the diocesan bishop who, in case of conflict, sided against Opus Dei.

[*Translation*]

We shall see later on that a number of bishops and priests took the risk of acting according to the dictates of their conscience, especially when Opus Dei, acting in a manner reminiscent of the Moonies or other Krishnas, started working on children and adolescents who are poorly equipped to withstand brainwashing.

In fact, recruitment is a constant concern of Opus Dei members, a real obsession. As *The Times* writes in the article I referred to earlier:

[*English*]

> Recruitment to Opus Dei, called Proselytism, is the highest priority of every member: it is "the way, precisely the road, to reach sanctity". Not to proselytize is to be dead; members should hunger and thirst for proselytism. "Holy shrewdness" and "holy coercion" should be used to win recruits, who should be "pushed little by little, but constantly". It is taken for granted that candidates are already devout Roman Catholics, and *Cronica* does not use proselytism to refer to gaining converts for Christianity or Catholicism. In the material available, this is not discussed.
>
> OD's experience, especially since the internal tension arose between the spiritually minded and the materialist element who went for temporal influence in the 1950's and after, has been that the older the numeraries are when recruited, the more likely they are to defect and many of our sources bore this out.

That article further states:

● (1610)

> In recent years therefore, the emphasis has shifted to recruiting numeraries not at undergraduate level but at the minimum age allowed by the rules, 14 years six

months. With six months' probation and six years' training in an Opus Dei house, the recruit can become a fully fledged numerary at 21.

What most disturbs observers, critics and lapsed members of Opus Dei is the effect of the old-fashioned and strict quasi-monastic regime in an Opus Dei numerary residence on immature young people. Numeraries are expected to wear the Cilis, a strip of metal rather like chainmail, with the points of the links bent inwards, for two hours a day, usually around the top of one thigh so it, and the resulting contusions, cannot be seen.

Once a week, numeraries are required to apply the Discipline, a whip with five or six thongs, to their own buttocks in private for the length of time it takes to say the prayer *Salve Regina*. With special permission, they may increase the frequency to a maximum of three times a week.

These practices were once commonplace in monastic communities but have virtually died out. Several sources told us that these implements of self-mortification are given to recruits within weeks of joining, whatever their age. A member is expected to discuss all aspects of his life with his lay director, a senior Opus Dei numerary, in an intimate session known as a "confidence" once a week. This is in addition to regular confession of sins to a priest; and confession to a priest outside Opus Dei is discouraged.

[*Translation*]

In Canada as in other countries, Opus Dei has concentrated its attempts at recruitment on teenagers and even children from 10 to 12 years old, in recreational organizations connected with Catholic schools. The tactics and methods used are very similar to those of the sects and cults that, in the last couple of decades, have caused tremendous harm among young people in search of the absolute ideal. This was made very clear in a CBC report on *The Fifth Estate*, broadcast on January 22, 1985, which Senator Le Moyne and myself have recommended for screening to members of this chamber.

We hear, for instance, from a ten-year old boy who had been attracted to the *Boy's Club* at his Catholic school in Toronto by the prospect of learning carpentry and how to program a computer.

[*English*]

But what the boy received was a form of religious programming; what the boy went through, without his parents' knowledge, was the first stage of recruitment by the Opus Dei organization. Here is part of the interview:

CBC: Do you recall the theme of some of the religious talks?

BOY: Most of them were about sinning and being repentant about your sins, so every time you sinned you were getting farther away from God and getting closer to the devil. But when you joined them and started repenting for your sins and going to see them every night, then you were becoming closer to God.

CBC: Did you go home and tell your parents what you had done?

BOY: Well, we didn't tell them fully because we were told not to. We just told them that we had a benediction and that we prayed.

CBC: You were told not to tell your parents?

BOY: Yeah.

CBC: What specifically were you told?

BOY: Well, we were told not to tell them because they might not understand. Like, we could tell other people who belonged to this group, but our parents wouldn't understand and they might think they were kooks or that they were doing something illegal and they might call the police on them and we wouldn't be able to go anymore and we wouldn't be able to have fun and all that.

[*Translation*]

According to the testimony of his parents, who finally realized what was happening to their son, it was a very traumatic experience because he no longer knew whether he should believe his parents or his Opus Dei protectors.

A Montreal priest, Father Jim MacDonald of the parish of Pierrefonds, tells what happened to two of his nephews, students at Mary Mount Academy, who at a tender age came under the influence of an Opus Dei club.

[*English*]

Here are some extracts:

FATHER MACDONALD: The questioning and the concern began only several years later when the youngsters were in their mid-teens and when the Opus Dei movement that they now were members of began to take a larger and larger part in the life of the boys. We hoped that they would make up their own mind about their faith as they grew up and that they would have the freedom to do that with a variety of experiences, and this was one of those experiences that didn't seem to be nefarious at the time.

CBC: And now?

FATHER MACDONALD: And now we regret very much that they got involved with that club for boys back in those days, and certainly we're distraught.

CBC: You think it is nefarious?

FATHER MACDONALD: I think that anything that takes over the parental role in the lives of children very early and very gradually, in another undercover kind of way, that this is certainly nefarious. Now, there may be parents who got involved in the movement themselves and who didn't see it as such and who don't feel that this is the case, but certainly for parents who don't get involved in the movement themselves and buy the whole thing, it will eventually come between them and their children.

In the same program, CBC gives us another example of a young girl literally dragged away from her father and mother:

Archie Booklus says he had a loving relationship with his daughter as she grew up. At 16, in Mary Mount Acade-

my, one of her teachers, Father David Sands, suggested she learn Spanish at an Opus Dei centre. Sands is one of the group's leaders of Opus Dei. Since that time 10 years ago, she has never spent a night at home.

MR. ARCHIE BOOKLUS: So far as our experience as a family with Opus Dei is concerned, they are clandestine. Secondly, I am scandalized, as a Catholic, with what they have done in their handling of my daughter, particularly in the beginning when she was not yet of age. And thirdly, I think that they have connived at the breach of the fourth commandment, which is to honour thy father and thy mother, by counselling her and breaking that bond of confidence that had always existed and should have existed with my daughter.

CBC: Do you feel you have lost your daughter?

ARCHIE BOOKLUS: I don't feel that, no.

CBC: It sounds as if you have.

ARCHIE BOOKLUS: Well, I feel she's on a desert island somewhere and she needs a lifeboat, but I don't feel I've lost her.

CBC: Is she happy?

ARCHIE BOOKLUS: That's impossible to tell.

CBC: You're her father.

ARCHIE BOOKLUS: I know, but she doesn't live with us. She came to spend Christmas with us: she came on the train at midday, had Christmas dinner with us, had to sleep in an Opus Dei house that night, I had to deliver her there, pick her up in the morning and take her back to the train to go back.

CBC: That was Christmas?

ARCHIE BOOKLUS: That was Christmas.

Archie Booklus has been trying for many years to get help from the archdiocese of Montreal with his case, but with no result.

QUESTION TO MR. BOOKLUS BY CBC: Has it shaken your faith as a devout Roman Catholic?

ARCHIE BOOKLUS: No, it hasn't. Now I've come to the point where I am not able to get the support within the church to have a proper hearing for my point of view, and no hope of having this thing put right. But what I also want to make quite clear is that I would like other Catholic parents with children to be extremely vigilant about what happens to them until they're of age, when they are in Catholic schools where they may be coming under the same influences that may be leading them to groups under the auspices of Opus Dei.

CBC: But do you realize what you are saying? You, a Roman Catholic, are warning other Roman Catholic parents . . .

ARCHIE BOOKLUS: To be vigilant of their children.

[*Translation*]

In England, Opus Dei, in line with its policy of recruiting a young intellectual elite, was, of course, eager to get a foothold at Oxford. However, Catholic chaplains on the campus were systematically opposed to having a house set up by the organization. In the fifties and sixties, this action was led by Father Michael Hollings. His successor, Father Crispian Hollis, even went so far as to describe the influence of Opus Dei as pernicious. Finally, a third chaplain at Oxford, Father Walter Drumm, stated to the *Times* that he had taken it upon himself to warn new students against recruitment campaigns by Opus Dei.

However, the most scathing and the most damning statement came from an eminently respected prelate, Cardinal Hume, Archbishop of Westminster, who publicly gave Opus Dei a number of strict instructions, the text of which was published in *The Tablet* of December 12, 1981:

• (1620)

[*English*]

(1) No person under 18 years of age should be allowed to take any vow or long-term commitment in association with Opus Dei. (2) It is essential that young people who wish to join Opus Dei should first discuss the matter with their parents or legal guardians. If there are, by exception, good reasons for not approaching their families, these reasons should, in every case, be discussed with the local bishop or his delegate. (3) While it is accepted that those who join Opus Dei take on the proper duties and responsibilities of membership, care must be taken to respect the freedom of the individual; first, the freedom of the individual to join or to leave the organization without undue pressure being exerted; secondly, the freedom of the individual at any stage to choose his or her own spiritual director, whether or not the director is a member of Opus Dei. (4) Initiatives and activities of Opus Dei, within the diocese of Westminster, should carry a clear indication of their sponsorship.

[*Translation*]

Let us now deal with another worrisome aspect of this pious association dedicated to the sanctification of the soul: its political influence, striking in Spain but ever stronger in other countries of Europe and Latin America.

Opus Dei screams when this delicate subject is raised, and it proclaims that the individual activities of its members does not compromise it in any way. As Yvon Le Vaillant wrote:

It is false to claim that the infiltration of Opus Dei members in the higher echelons of public life is simply due to chance, to the natural orders of things, to the competence of those gentlemen.

It was expected. Article 202 of the Constitutions states:

Public responsibilities, particularly those which include active management, constitute a particular means of institute apostolate.

If Spain is invaded by Opus ministers, if there are four Opus ministers in Venezuela, a number of Opus members in the entourage of former President Allessandrini, a presidential candidate in Chile, other Opus ministers in Southern Ireland, in Portugal; if these gentlemen are everywhere to be seen in

the corridors of power, it is simply because it happens to be a deliberate conquest, a kind of lasting small conspiracy.

Opus Dei may very well deny that it plays a political role, but it has to admit that the simple fact of having members practically everywhere in government, academic and business circles does give Opus Dei an opportunity to influence decisions which affect the whole society, without having to answer for its activities.

It is false . . .

Le Vaillant goes on to write,

> . . . to say that Opus Dei does not belong to any régime, does not follow any political trend, and cannot be identified with any political movement whatsoever. Everything is political, even apolitical attitudes, especially from the moment one has a minimum of impact on the civic reality. Which is the case of Opus. And it is clearer still for Opus when we know that article 7 of the Constitutions (unpublished and secret) states:
>
> Members have great respect for the legitimate laws of civil society.
>
> Valid respect for civil—therefore political—societies of countries where Opus Dei "legally" operates . . . In friendly countries no attempt is ever made to question the society, the establishment( . . . ) Everybody must "obey all the laws of the land".
>
> Particularly the laws of Spain. More specifically, at the time, the laws of the pro-Franco régime. In 1947, when the Constitutions were being drafted, Opus Dei really existed only in Spain and "civil society" to be respected was the direct product of civil war, it was the Francoism of combat. These Constitutions were drafted in a Spanish atmosphere of triumphant Fascism: they will make respect for a dictature mandatory.
>
> Indeed the dictator, Francisco Franco, did not err. Beginning in 1957, he will authorize and cover the ever growing wave of Opus members in his successive governments and his ministries, tolerate their pressing presence in his entourage and in the alleys of a power over which he has full control, arbitrate conflicts and arguments in their favour, at the very least without heaping opprobrium or disgrace on them. He needs them.
>
> As it was denying involvement in politics, Opus Dei literally invaded Spanish society during the dark and long night of Francoism. In his book *Histoire de l'Espagne franquiste* published in 1975 by Robert Laffont in Paris, Max Gallo wrote about this period, and I quote:
>
> And so does Opus Dei, through the men it places, contribute to the interpenetration of the positions it conquers, the thoughts it spreads, religion-politics-academics, and thus it tends to make Catholicism the bond that ties Spanish society, while at the same time making sure it has in this society—and soon in the Church, some will say—a position of hegemony.

As early as 1951, indeed, Open Dei members held almost a quarter of university chairs and, as American journalist Paul Blanshard pointed out in his book *Freedom and Catholic Power in Spain and Portugal* published by Boston's Beacon Press in 1962, a good many of the other professors felt they had to co-operate with Opus Dei if only to pursue their careers. Some of the professors interviewed by Blanshard considered that Opus Dei was the most serious threat to intellectual freedom under the Franco régime.

Government support and Opus Dei influence in Spanish universities made it possible to train excellent technocrats—members of Opus Dei—who in the early 50s held key positions in the Spanish government and financial circles. Although they did spread the influence of the organization, there is no denying that Opus Dei technocrats did contribute to modernizing Spain in the economic sector. Some people even claim that Opus Dei allegedly contributed to the liberalization of Spanish society in the late 60s, whereas in fact it was the contrary: Opus Dei fought against such liberalization.

This happens to be the conclusion of a study on Spain published by London's *The Economist* magazine in its March 1, 1986 issue. According to the author of the study, the aim of Opus Dei technocrats was to create such prosperity as to encourage citizens to forget all about politics and leave the destiny of their country in the hands of a non-elected elite.

In its October 16, 1982 issue, the Catholic magazine *The Tablet* had this to say about Opus Dei members:

[*English*]

> Their political preferences have been recorded. Some distinguished members were associated with the Government of Spain in the 1960s. When the Spanish hierarchy distanced itself from the Franco regime in 1971 there was an Opus-backed attempt to stop the bishops from doing so. B.H. Smith's *Church and Politics in Chile* has recently drawn attention to Opus's opposition to Allende, and to the support given by some of its members to the Pinochet regime. José Comblin has spoken generally of their backing for military governments in Latin America.

[*Translation*]

In his book, *Catholic Cults*, published by Griffin House in Toronto in 1982, André McNicoll tends to agree:

[*English*]

> There are other facets of Opus Dei that are equally troubling, such as its unambiguous inclination for right-wing politics. A few weeks after the violent military coup that brought Augusto Pinochet to power in Chile, the founder of Opus Dei was warmly received in the capital of Santiago. Two members of the present ruling military junta in this conspicuous dictatorship are rumoured to be full-fledged members of the Mundo Obrero.

[*Translation*]

This fact was confirmed by *Time* in its June 11, 1986 issue, which repeated that the Pinochet Government had appointed several members of Opus Dei to key government positions,

especially in education, while other members had taken control of newspapers and periodicals.

Clifford Longley and Dan van der Vat expressed similar views in *The Times* of January 12, 1982:

● (1630)

[*English*]

> The late 1960's in Spain were "the age of the three Lopez's"—Sr Lopez Rodo, Minister of Economic Planning, Sr Lopez Bravo, Minister of Industry and later Foreign Minister, and Sr Lopez Letona, Minister of Commerce and later of Finance. They were all OD members and they worked as a team to revive and expand the Spanish economy at a speed which won the amazement and applause of much of the rest of the world. It was not done by Opus Dei as such but by three of its members whose presence in the government nonetheless brought OD influence in Spanish politics to its peak in the period 1969-73. An elitist body with a strong sense of discipline can reasonably be said to have a lot of political influence when three of its members sit in the same cabinet at the same time, jointly running a booming economy.
>
> If the fresh air of post-Franco democracy in Spain has blown away OD's influence at the political summit, though not at still significant lower levels of the state apparatus, its connections with big business are very large and continue to grow.

[*Translation*]

And that brings us to another reason for which Opus Dei is criticized: its financial power. It is of course particularly obvious in Spain, as explained by the same reporters of the London *Times*:

[*English*]

> The largest conglomerate in Spain's private sector is RUMASA (Ruiz-Mateos Sociedad Anonima), a holding company with more than 300 subsidiaries including 21 banks and 13 firms which appear in the list of the top 1,500 Spanish enterprises. With about 37,000 on its combined payrolls, RUMASA is the largest employer of labour in Spain's private sector. Its resources amount to about £300m, its annual sales to about £600m and deposits at its banks to about £1,800m. Its shares are not quoted and its profits are not disclosed. In Spain it is often called "Octopus Dei."
>
> Sr. José Maria Ruiz Mateos Jimenez de Tejada owns half the shares in RUMASA and made it what it is. He is a devoted supernumerary member of Opus Dei and one of its main benefactors who also pays more personal income tax than any other Spaniard.

[*Translation*]

The answer given by Opus Dei is that although it rejoices in the financial success of its members, it is not responsible for them, anymore than it is for their failures. And it certainly is not responsible for the many financial scandals that have tarnished the reputations of some prestigious members of Opus Dei. It is not responsible for the Matesa scandal that rocked Spain. Not responsible for Ortega Pardo, a crook and great benefactor of Opus Dei. Not responsible for Louis Meleux, a French member of Opus Dei who was found dead in the forest of Fontainebleau in March 1965 after a major financial scandal. Not responsible for Prince Jean de Broglie, a member of the National Assembly and right-hand man of Giscard Valery D'Estaing, whose father, Edmond, was a prominent member of Opus Dei. After some shady transactions with Opus Dei members in Spain and Luxemburg, the Prince and member of the National Assembly was killed in Paris on December 24, 1976, in circumstances that remain mysterious. Not responsible for Roberto Calvi, who was linked to the scandal involving Msgr Marcinkus, formerly the Vatican's banker. Roberto Calvi was found hanged in London on June 18, 1982, and his widow still insists he was murdered.



It is possible that some press groups have exaggerated the role of Opus Dei in these scandals, that it was accused on the basis of circumstantial evidence alone, that the organization was right to protest indignantly that this was libel: "It isn't Opus Dei, but individual members!" Maybe so, but the organization's recruitment policy is precisely to focus on the political, business and administrative elite. Now, these financiers, politicians and senior officials have often made a vow of absolute obedience to Opus Dei. This is all very ambiguous and, it seems to me, hardly compatible with sound democratic principles.

One thing is certain that in a country like Spain, Opus Dei, or rather, since they prefer it that way, members of Opus Dei, have created a veritable economic empire, especially in the banking sector, credit unions, financial corporations and insurance companies. This is all described in detail in a book by Jésus Ynfante, *La Prodigiosa aventura del Opus Dei*, published in Paris, in Spanish, by Ruedo Ibérica, in 1970.

And of course all these bankers, these financiers, these administrators, Opus Dei members, lead the good life although they made three vows—obedience, chastity, poverty. How can they reconcile their behaviour not only with their vows but also with the very mission of the Church on earth? According to Yvon Le Vaillant, Opus Dei's answer is of disarming simplicity:

> Genuine poverty does not consist in not owning material things but in being detached from them, in voluntarily renouncing their domination. This is why some poor are truly rich, and vice versa.
>
> (Another deep thought of Monsignor Escriva!) Genuine poverty is a state of mind: it is an *affective detachment* from wordly goods. Since members live in the world, they must show themselves as they feel, as the world sees them.
>
> From this we can therefore conclude that, depending on the case, a member will have the right and duty to use one car, two cars, no car at all. To buy one suit, two suits, eighteen suits. The vow of poverty, of the vice-president of a major bank, is reflected in an expense account sent to the treasurers of Opus Dei: one chauffeur, 6,000 pesatas; four maids, 22,000 pesetas, and so forth.

With Opus Dei, money acquires an odour of sanctity. However, this virtuous justification is not taken very seriously. In Spain, people tell the following story: One day, the rector of the University of Salamanca, a member of Opus Dei, invited a professor to his home, hoping to persuade him to become a member as well. He received him with such pomp and circumstance that the professor smiled and said: "Done, I'll become a member. If that is poverty, then chastity is Brigitte Bardot."

Well established in eighty-seven countries with 75,000 members, Opus Dei possesses a number of media institutions and organizations. According to Jean Duflot and Jacques Kermoval, in their book *Entre Dieu et César*, published in Paris by Éditions Mégrelis in 1982, Opus Dei controls the following:

497 universities or colleges strung across five continents, 696 publications and newspapers, thirty-eight information agencies, fifty-two radio and television programs, twelve film production agencies, and an impressive number of cultural centres.

In all countries, Opus Dei never uses its name to acquire property or institutions. It invents names as reassuring as they are vague, obviously to avoid scaring off customers. In fact, this is entirely in line with Article 9 of the Statutes, which says that:

Opus Dei associates act either individually or through associations which may be of a cultural, artistic or financial nature, and so forth, which are called auxiliary companies. These companies are also, in their activities, required to obey the hierarchic authority of the Institute.

In fact, this is another cover-up operation that confirms Opus Dei's love of secrecy, which of course its defenders deny to their last breath.

In this respect, in an open letter published in the *Catholic Register* of March 2, 1985, Father J. Lynch, SFM, of Scarborough, Ontario writes:

[*English*]

Opus Dei affirms that, "all allegation of secrecy, as well as all allegations that Opus Dei does not carry out its activities openly but rather acts under camouflage, using the names of other organizations, have no basis in reality. If that is the case," writes Father Lynch, "then it would be nice if someone in that organization would explain to me why they are registered in the province of Ontario as the Wellspring Cultural Foundation!"

[*Translation*]

In Quebec, Opus Dei chose a name that has no chance of raising suspicions among the working classes: La Fondation pour la Culture et l'Éducation. Over the recent years, it has bought large properties in the most beautiful districts. I have obtained the folder for the Riverview Centre, located at 3618 Museum Avenue, in Montreal, right in the prestigious "Square Mile". Various services are proposed to students, who "must excel in their studies and have a high degree of maturity". The centre "encourages among young people the practice of Leader skills", provides them "with an opportunity to meet people already involved in the labour market", and finally offers "a course on faith deepening". There is as yet no reference to the whip or the cilice—this must be the privilege of the best candidates. Those who like myself like to read the fine print can also learn that:

Riverview operates under the auspices of the Foundation for Culture and Education, a non-profit corporation registered with the Federal Department of Revenue as a charitable organization.

And they add, almost timidly:

The spiritual activities of Riverview are directed by Opus Dei.

Well now!

In Quebec alone, by interposed foundation Opus Dei has bought a number of real restate properties worth $2 million. In Montreal they are all located in the nicest neighbourhoods: Louis-Colin Street, Plantagenet Street, Pine Avenue, Redpath Crescent; outside Montreal, in Côteau-du-Lac, Opus Dei's address is the Manoir de Beaujeu, classified as a historic monument.

How many Canadians realize that the main purpose of all these houses is to recruit Opus Dei members, by the most crafty means, particularly among the very young?

And Opus Dei supporters continue to affirm that the organization has nothing of a secret society, an expression which usually makes them jump out of their skin. But why, after more than half a century of existence, should Opus Dei members maintain their defence against this criticism which seemingly hurts them more than any other? And among those who insist on blaming the organization for its excessive taste for secrecy, there are not only non-believers. Here are the remarks of London *Times* religious writer Clifton Longly in a January 26, 1981 article where he sincerely wished Opus Dei would accept criticisms and reform for its own greatest good and that of the Catholic Church:

● (1640)

[*English*]

Opus Dei professes to abhor secrecy, so there is no barrier to the publication of its constitutions. That would eliminate the persistent rumour that those constitutions do in fact demand secrecy: sceptics could search for such a rule, and not find it.

Secrecy generates neurosis, both inside and outside any organization which practises it. It exposes it to unpleasant surprises when curious journalists discover some curious facts, and publish them. Secrecy stands as a barrier between such an organization and those whose proper business it is to know what goes on, in this case the bishop of any diocese in which Opus Dei operates.

Secrecy generates its own unhealthy magnetism to certain types of personality, and repels others; no organization which has an air of secrecy can also claim to attract a

cross-section of human types. Secrecy, above all, points to a lack of real confidence.

[*Translation*]

Clifton Langley has obviously hit a sore point: if it has nothing to hide and if it is not a secret society, why does Opus Dei consistently refuse to publish its statutes? The answer is obvious: by doing so, Opus Dei would prove it has many characteristics of a secret society. We have already quoted Article 193 of these statutes which formally prohibits their publication. In fact, they were finally made public in 1970 by a former member of Opus Dei, Jésus Ynfante, in a book published in Spanish in 1970, which I mentioned earlier.

In several other articles, the excuse of "collective humility" is given for ordering members to "be discreet in discussing Opus Dei with non-members" (Article 6), and since Opus Dei "wants to live hidden", it will not have "a common name or a designation by which members are designated". (Article 189) furthermore (Article 190), "everything the associates do is not attributed to Opus Dei, but all the good they do is attributed to God". It sounds wonderful! And finally (Article 191), "lack of discretion could be a major obstacle for apostolic work, or lead to problems within their own family or in their professional life. Numerary and supernumerary members must be determined to remain prudently silent regarding the names of other members and should not reveal to anyone their own membership in Opus Dei, even with the intention of making the institution known, without special permission from the local director. The same discretion is particularly binding on members of the Institute and associates who have left the Institute for any reason, and so forth."

As we can see, Opus Dei has some excellent reasons for prohibiting the publication of its statutes. But then, the organization should not get upset when its opponents, both inside and outside the Catholic Church, refer to it as a secret society or Holy Mafia. Mystère oblige . . .

That being said, I am glad I live in a democratic and open country where the Little Sisters of the Poor, the Knights of Columbus, the Moonies and Opus Dei are free to express their beliefs. But when somebody asks me to grant special status, that of a corporation sole, to a mere priest, the reason given that Opus Dei is a very special organization, I protest. Sure, Opus Dei is a very special organization and I think I have proved it, but it is the kind that makes me sick.

Consequently, I will vote against Bill S-7, and I hope all my honourable colleagues will do likewise.

Amen.

On motion of Senator Le Moyne, debate adjourned.

## ENERGY AND NATURAL RESOURCES

### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

That the Standing Senate Committee on Energy and Natural Resources have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

Honourable senators, this committee meeting was scheduled for 5 o'clock this afternoon.

[*English*]

**The Hon. the Speaker** *pro tempore:* Is leave granted to introduce the motion, honourable senators?

**Hon. Senators:** Agreed.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, with leave of the Senate and notwithstanding rule 45(1)(*a*):

That the Standing Senate Committee on Energy and Natural Resources have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Duff Roblin:** No, it is not, honourable senators. At least, I do not agree with adopting this motion. This makes the fourth committee of the Senate of which I am a member meeting at the same time this afternoon, or having the power to do so. I present my protest once again. I would like some assurance from those who are setting up these committee schedules that this sort of conflict will be taken under consideration. It seems to me to be quite unreasonable to have four committees of the Senate, served by members other than myself, meeting at the same time as the Senate itself is meeting. That contradicts the clear rule of the Senate that committees should not meet when the Senate is sitting—although we very often give permission to ignore that rule—and it certainly seems to be quite contrary to the policy that the whips have been following that these Senate committees are staggered in scheduling so that we do not get this kind of conflict. But such appears not to be the case.

I myself let the first instance pass without raising a protest in the emphatic manner in which I do at present, but I am not prepared to do the same thing now. Although the Senate may decide that this motion will be approved, that will certainly be done without my consent.

**Senator Frith:** It cannot be done without leave.

**Senator Roblin:** I have not refused leave. I believe the Speaker asked whether leave was granted; I said nothing on leave. I think that is obscurantism, or something. I am not prepared to stand on that, but I am prepared to stand on the substance. As far as the substance is concerned, I am against it.

**Senator Frith:** Honourable senators, speaking to the motion, I understand the concerns of Senator Roblin, and the points he has raised are well taken. However, I do point out that this committee was not scheduled to meet at the same time as the others. It was scheduled for 5 o'clock, and it was hoped that the Senate might be adjourned by that time. While his points

are well taken, it is not exactly in the category of the other committees, which were, as he said, overlapping.

**Senator Roblin:** Perhaps I could make a brief comment. That may well be true, but the effect of the matter is precisely as I have described it, that four committees are authorized to meet at the same time as the Senate itself is meeting, and if one is a member of each one of those four, one has to have some reservations about the procedure.

**Hon. Gildas Molgat:** Perhaps Senator Frith could indicate whether there is a reason. Is it because there are witnesses appearing before the Energy Committee? Can he say why the committee meeting was scheduled?

**Senator Frith:** No, it is not for that reason. As I understand it, the meeting concerns witnesses, but it is *in camera* and it proposes to sit to deal with the business of the committee, and particularly to decide on hearing witnesses this week. It has to know whether they are to tell witnesses if they are to appear this week. So, while the meeting of the committee will deal with witnesses, it is not because of the presence of witnesses today.

**The Hon. the Speaker** *pro tempore:* So, is the motion carried, on division?

**Senator Roblin:** On division.

Motion agreed to, on division.

## SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE BILL

SECOND READING—DEBATE ADJOURNED

**Hon. Duff Roblin** moved the second reading of Bill C-37, respecting the imposition of a charge on the export of certain softwood lumber products.

He said: Honourable senators, this is a bill which will perhaps require some debate in the Senate, and at this stage I am moving that it receive second reading.

Several days ago the Standing Senate Committee on Banking, Trade and Commerce tabled its report covering a pre-study of Bill C-37. I must say that the committee tackled its responsibilities on pre-study very seriously, indeed, and held a number of meetings right across the country to ensure that there was an opportunity for all views to be expressed, regardless of the citizens' place of residence in Canada. The report, for those who read it—and I hope that some have done so—gives a pretty full review of what transpired at the various hearings of the committee. It is apparent from reading the list of those who gave evidence that, apart from the usual departmental briefs, almost all of the witnesses represented the management side of the softwood lumber industry in Canada, apart from the notable exception of Mr. Jack Munro of the International Woodworkers Union of America, who is the head of the principal union in the forest industry, and who appeared before us at our meeting in Vancouver.

Following those extensive—perhaps I might even say exhaustive—hearings, the committee concluded that despite the flaws it detected in the legislation, it would advise the Senate to pass Bill C-37 without any amendment. I agree with that conclusion, and therefore I am pleased to present this motion for second reading.

The history of events which led up to the writing of Bill C-37 is a melancholy record. It is a melancholy record, in one respect at least, to the shifting and stiffening protectionist sentiment in the industrial sector of the United States of America—a movement which, in my view, many of us in Canada failed to recognize in time as being stamped with the character which it ultimately displayed. In this issue I think that Canadian hopes were placed in respect of a happy issue on the softwood lumber dispute that was adjudicated in the United States in 1983.

In 1983 complaints similar to those that were raised at the adjudication of 1986 were dealt with, following the usual procedure in the United States trade dispute system. On that occasion in 1983 our interests received favourable consideration. I believe I am not being unfair in saying that in 1983 facts were still important in the American investigative process, and there was a set of objective criteria—certainly in my view more objective criteria than those which have prevailed recently—and, at the same time, Canada had allies within the United States system, the combination of which was able to produce a verdict which I thought was certainly favourable and also fair in respect of the issue in question.

But by 1986 things had greatly changed. Canadian lumber exports to the United States had been rising, assisted in two particulars, at least, by an increase in the efficiency of the industry in this country, which was quite significant, and also by the falling Canadian dollar. Those two factors enabled our exports of softwood lumber to the United States to reach record levels, and the domestic American lumber interests responded to the situation by putting together a combination of political and economic muscle that certainly could not be ignored.

In the process a new interpretation of American trade law was developed, an interpretation which is quite different from that which was in force in 1983, and an interpretation which was supported—and, indeed, if not manufactured—by a protectionist mood evident not only within the American lumber industry but certainly within the American Congress itself.

So, where we succeeded in 1983, we failed in 1986, and given the political momentum which protectionism has received in the American Congress, the Government of Canada concluded—although some may say rather late in the day—that our best interests would be served by interrupting the process of adjudication of a trade dispute under the American rules, and attempting a political solution by way of negotiation.

From the evidence before the committee it was clear that the Canadian lumber interests did not agree with that decision on the part of the government. If I understand their position correctly, those interests opposed negotiation, and they preferred to take their chances on the due process, as they

described it, in the American trade adjudication system, and, indeed, the American courts. They were prepared, failing success in that venue, to make an appeal for a decision under GATT.

In my opinion the Canadian government chose the better alternative, because with the political momentum for protectionism riding so high in the United States as it is today, it seems to me that it was idle dreaming to expect substantial relief either through the American trade system or through the American courts. Of course, if that failed, and we had recourse to GATT, and our recourse was successful, the power of enforcement would leave something to be desired so far as GATT is concerned. In fact, one might say that it is lacking. It seems to me that on this study of the situation, the industry seriously misread its chances of success if it had followed the course it recommended.

The government did something else: It decided to move by negotiation. But this Canadian domestic difference of opinion had unfortunate consequences, because for a short time, and at a critical time, communication between the government and the industry was not what it should have been. It is alleged in the report of the committee that it broke down. Perhaps that is going a bit far, but it certainly was not as close as it could have been, and that was to no one's particular benefit.

The government then proceeded on the path of what proved to be very difficult negotiation, and at the last moment the two governments, the Government of Canada and the Government of the United States, reached an agreement on a Memorandum of Understanding, which is now enshrined and is the basis of Bill C-37.

I will touch briefly on some of the principal clauses of that Memorandum of Understanding which we now find in the bill. One of them was that the Canadian government would levy an export tax of 15 per cent on lumber exports to the United States. This was the alternative to the Government of the United States levying an import tax of its own on imports from Canada, presumably also of 15 per cent. As this levy of 15 per cent is likely to realize around $600 million, which under the memorandum of agreement Canada would retain, and as it would not find its way into the American treasury, the advantages of that are considerable.

The United States government also agreed to refund about $82 million which had previously been deposited by the Canadian industry pending the solution of the complaint, and that money has, I believe, found its way back into the books of the Canadian softwood lumber industry.

The 15 per cent tax was to be based on the final mill price. Understandably enough, this did not suit many Canadians, because they were hoping that the tax would be based on the value-added figure which would amount to a smaller tax than what was eventually decided in the Memorandum of Understanding. That certainly was not helpful. In the Memorandum of Understanding certain exemptions were granted by the United States to some remanufacturers and other special groups in the Canadian industry. The tax could also be converted from a levy, to be raised by the federal Government of Canada, on exports to the United States to provincial stumpage charges, provided that this conversion was approved by mutual agreement between the two governments. There was a 30-day cancellation clause in the agreement.



● (1700)

The government believes that the Memorandum of Understanding has certain advantages which redound to the credit of Canada. The fact that we are able to keep the $600 million of duty or export tax money in Canada, and that it is not money to be transferred to the American treasury, is certainly an advantage, particularly as arrangements are being made to transfer that tax from the federal treasury to the treasuries of the provinces from which the exports are being made. That will allow them, I hope, to put some of the money toward improving their forest assets. The agreement also limited the intrusion of the U.S. government and U.S. industry into Canadian provincial and industry concerns—a demand which was very strongly pressed by the U.S. industry, but which does not appear in the Memorandum of Understanding. The Canadian government also believes that by reason of this agreement we have avoided, at least for the time being, if not permanently, the establishment of certain precedents in connection with United States trade rules, which might have an undesirable effect on other items of commerce between the two countries. I think it can be said that clearly from the Canadian point of view the Memorandum of Understanding is a damage limitation exercise, and if we cannot get the best to happen, we can certainly try to prevent the worst. I think that has been achieved by the Memorandum of Understanding.

As I have said, the committee heard industry complaints on this question of process. The industry opposed negotiation, and stressed the desirability of determination of the final issues through the American trade dispute system. I am quite satisfied that the government was right on this occasion, particularly in view of its responsibilities, which are not limited to the particular industry in question but which are national in scope. Therefore, they must consider the implications of the agreement as opposed to the American adjudication process on the totality of the Canadian trade situation. As a result, the government concluded, as I do, that negotiations were the way to go. I note in passing that Mr. Jack Munro, whom I have mentioned before, thought so, too. His criticism was that the Canadian government should have started negotiations sooner.

I want to tell the chamber that there are real flaws in this Memorandum of Understanding, and it is no use trying to overlook them. For example, there are a large number of small exporters in the maritimes which are—unfairly, in my view—caught in this 15 per cent net. It is perfectly true that they represent a very small proportion of the trade with the United States—very small, indeed—but, nevertheless, they have been caught in this particular situation in a manner which is not fair. Some of the exporters had been exempted under previous negotiations with the United States and some had not. That certainly is not a satisfactory situation. Remanufacturers of lumber, too, are in a difficult position. Some of them were

excluded by the previous arrangement with the United States and some are not excluded. Those who are not excluded are paying a 15 per cent tax which they deem to be unfair. Canadian producers who import logs from the United States, turn them into something else, and export them back to the United States, believe it or not, are also being asked to pay this 15 per cent tax. It seems to me that these deficiencies in the Memorandum of Understanding are real and that we ought to take note of them.

The government is trying to make some progress in having the Memorandum of Understanding amended to take care of these complaints, which I regard as legitimate. I am quite sure that it will be very difficult to secure the kind of changes in the Memorandum of Understanding that are wanted, because the American industry is still as hawkish on Canadian trade in softwood lumber as they ever were. The prospects of success in negotiations are not certain, but they are certainly not hopeless either. So I have to believe that we will make some progress in that connection.

Despite the shortcomings—and I think I have described them quite frankly—which were ventilated at the meetings of the committee across the country, it was the strong consensus of all the witnesses, even those who felt they were being unfairly treated, that we would do well to accept the Memorandum of Understanding, and thus Bill C-37, rather than not to do so. I think that is an intelligent conclusion to have reached. The committee agreed with that point of view, and their recommendation is that the bill should pass without amendment.

I offer some concluding reflections on the whole of this matter. One is that, fortunately, the 15 per cent tax is not likely to cause serious or widespread job loss or unemployment in the industry. As a matter of fact, Mr. Jack Munro testified that he did not expect that more than 1,000 to 1,500 jobs would be affected over several years. You can say that certainly for the people concerned it is a serious matter, and there is no mistake. He pointed out that improved technology in the lumber industry was affecting unemployment and job loss far more than this particular measure is doing, which I think is cause for some reflection. I can also say that so far—and I do no more than to say "so far"—the economic effects of the 15 per cent tax have been tolerable to the Canadian lumber industry. The American consumer up to the present has been paying part of the levy. Certainly the Canadian lumber industry tycoon—and I will not give his name, because he would not like me describing him in that way—who said that the industry would be an "industrial paraplegic" as a result of this bill has not been an accurate forecaster to date. Heaven knows what will happen in the future, and I make no prophecy with respect to it.

We can also console ourselves—and I suppose that is the correct phrase—that some unexpected dollars could very well go into the improvement of and investment in the forest industry across the country. If the provinces use the substantial sums they will be receiving from the federal government—totalling perhaps some $600 million in the course of the year—it may turn out to be a very good thing.

It is a long road that has no turns, but perhaps there are some aspects about which we may console ourselves.

Nevertheless, the whole experience must be described as highly distasteful to Canadians. It has exposed us to the raw power of American special interests, in this case the lumber industry, and the inclination of Congress to let them have their way. That is food for thought. Probably from the American point of view, in the medium-term, and perhaps in the not so medium-term, this arrangement will turn out to be quite unnecessary and unproductive insofar as the United States economy is concerned. I certainly hope that some study will be given to that issue in the councils of that nation. Above all, it will certainly lend a powerful impetus to find a fairer and better system of managing our mutual interests in trade. We cannot afford to quarrel on this question of trade, because both sides have too much at stake. We have to look for better ways. We have to find some system of tempering the manifold difficulties that American protectionism holds for fair trade between our two countries, and we have to look at our own posture in the matter, because while we hear a good deal about American protectionism and the problems it brings to us Canadians from time to time, we have to remember that in all this, as in so many other aspects of life, there are two sides to the story.

While at this time I have been presenting the Canadian case, I am sure American spokesmen would ask certain questions of us as to what we are doing in order to bring about a fairer system of international trade between our two nations.

So, there we have it, honourable senators. We have Bill C-37. It is not a happy bill to bring to the chamber. However, it is one that it is essential we should accept, because in my view it represents the best issue from what was certainly a very difficult and trying situation. I think we can hope with some justification that the ingenuity and the technical capacity of the Canadian industry will be such that they will be able to rise above this impediment, which we hope will not be a permanent feature of the trade situation between our two countries, and to make sure that that exceedingly important industry, with its ramifications for the welfare of so many Canadians, does prosper and grow in the days ahead.

**Hon. Senators:** Hear, hear!

On Motion of Senator MacEachen, debate adjourned.

## CANADA'S INTERNATIONAL RELATIONS

ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator MacEachen, P.C., calling the attention of the Senate to Canada's international relations.—(*Honourable Senator Doody*)

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I ask that this order stand in the name of Senator Doyle.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

Order stands in name of Senator Doyle.

The Senate adjourned until tomorrow at 2 p.m.

**APPENDIX**

(*See p. 1048*)

ADDRESS

OF

**FRANÇOIS MITTERRAND**
**PRESIDENT OF FRANCE**

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

ON

MONDAY, MAY 25, 1987

*The President was welcomed by the Right Honourable Brian Mulroney, Prime Minister of Canada, and thanked by the Honourable Guy Charbonneau, Speaker of the Senate, and Honourable John A. Fraser, Speaker of the House of Commons.*

**Hon. John A. Fraser (Speaker of the House of Commons):** Order, please.

Mr. President, on behalf of all Members of the Senate and the House of Commons, we welcome you to the Parliament of Canada.

• (1510)

[*English*]

We are honoured to have you in our midst.

[*Translation*]

I now invite the Right Honourable the Prime Minister to introduce our distinguished guest.

**Some Hon. Members:** Hear, hear.

**Right Hon. Brian Mulroney (Prime Minister):** Mr. President, it is a profoundly moving occasion for me to introduce you to the Members of our House of Commons and Senate. Your presence in this Chamber marks a highpoint in relations between our two countries.

The visit you embark upon today is without doubt inspired by friendship. Yet we know it must be viewed equally in a broader context, one that embraces both continuity and change.

Your purpose in coming here was to affirm the enduring ties that bind us: language and culture, our allegiance to the values of freedom and democracy, and the solidarity that has drawn us closer in times of crisis.

From the trenches of Picardy in one war, to the beaches of Normandy in the next, thousands of Canadians have made the ultimate sacrifice for liberty.

As they are remembered in the hearts of their fellow citizens in Canada, so is their memory honoured in France, from Vimy Ridge to Beny-sur-Mer. One is a famed memorial, and the other a simple country cemetery where French and English-speaking Canadians, officers and enlisted men, without distinction as to language or rank, have found a final resting place together.

Nowhere is our nation more united, Mr. President, that in such small corners of yours. In rendering homage at our National Cenotaph this morning, you have not only honoured all Canadians, but also the memory of those brave souls.

The durability of France, the constancy and creativity she represents, are personified today in one of her most distinguished sons, a great President who has our respect and admiration and whom we welcome.

**Some Hon. Members:** Hear, hear!

**Mr. Mulroney:** Yet at the same time, your official visit comes amid the irreversible tide that sweeps all shores and demands a new perspective.

[*English*]

Our country has taken decisive steps in the course of an intensive but necessary evolution which has made us more aware of our own identity.

We have summoned the national resolve and the clarity of purpose to face the vital challenges of our time. We resolved them in our own country, among ourselves, as we should, in the full exercise of our sovereignty. In so doing, we have found the way to a new national consensus. Today, Canada is following that path with determination, fully aware of our responsibility toward the future.

Twenty years after General de Gaulle's visit, you will find, Mr. President, a Canada at peace with itself, aware of its diversity and resolved to recognize it with respect, tolerance and generosity. In the week ahead you will cross a country that spans a continent, a nation confident of its role and eager to contribute its share to world peace and justice.

For the first time a President of the French Republic will officially travel across Canada to the heartland of the Prairies and then on to a great metropolitan area in Toronto. For the first time he will bear France's greetings to Canadians of Acadian descent after renewing the special cordial ties between his country and Quebec.

Today we turn a new page in the history of the relationship between France and Canada. We cannot change the past, but we can shape our future. What matters is the chapter we write together. It holds great promise for political *rapprochement*, industrial co-operation and increased trade.

Mr. President, on behalf of all Canadians may I tell you that your presence here today will contribute enormously to the renewal of that relationship.

[*Translation*]

Another way to fulfil these hopes is by achieving francophone solidarity. History will credit you as the artisan of the Paris Summit, where heads of state and government from some 40 countries, and all five continents, gathered last year.

The agreement we reached with the Governments of Quebec and New Brunswick, as you know, removed the final obstacle to building a new solidarity within the French-speaking community. The Government of Canada eagerly joined this worthy venture.

The interests of Canada as a whole, embracing both French and English cultures, demand that we foster our participation in La Francophonie and the Commonwealth. This double window on the world makes Canada the meeting-place of two of the great currents of international relations.

As a manifestation of our commitment to La Francophonie, it was our desire that Quebec City be the site of the second Summit this coming September. Let no one overlook the significance of holding the Summit on the banks of the St. Lawrence. It is a clear and serene recognition of Canada's, and Quebec's, role in the francophone family.

We desire to fulfill this vocation as equals, following an approach focused on modern and concrete objectives.

Other, equally pressing considerations, warrant and require closer ties with France.

These stem from Europe's importance in international politics and economics. As an inexhaustible reservoir of human resources and skills, and as an enlarged Community, Europe plays a pre-eminent role in world affairs.

How could anyone overlook th unified domestic market of 320 million consumers the Europe of the 90s will become? And how could anyone not see that France lies at the very heart of the grand design of Europe?

[*English*]

That is another reason why we are working to develop even closer ties with your country.

• (1520)

But our co-operation must be nourished with substance, and must develop around initiatives that touch the basic interests of our two nations. We must expand the scope of our bilateral activities, involving scientists, for example, and business leaders. Above all, we must never relent in the persistence of our efforts. For we are only at the beginning of the road, which is as long as the successes awaiting us can be far-reaching.

And there shall be problems, perhaps some serious problems, along the way. The issue of fishing quotas and the fixing of the boundary line for the offshore limits around St. Pierre and Miquelon constitute a test of our political maturity and ability to resolve our differences through the promotion of our mutual interests. France must surely be aware of the difficult nature of this controversy, and of the seriousness of the issues it raises for our fishermen in Atlantic Canada, as well as for Canadian sovereignty. I know, Mr. President, you share my view that this matter be resolved fairly.

[*Translation*]

Your stay among us comes at a moment in history when the dynamics of the situation and our own aims have converged. We have before us a wide field of responsibilities. We have before us opportunities which history, and our own peoples, will not permit to slip away.

The time has come not only for awareness, but for action; not only of renew promises, but to fulfill them; not only to evoke our roots, but to make them bear fruit.

We canadians cherish our unique heritage from France, her elan, her culture, her humanism. We cherish her as one of our two mother countries.

Loyal as they are to the values of the past, we are also mindful of the realities of tomorrow. That is why Canadians choose to go forward together, with you, with France.

Mr. President, I speak on behalf of all Canadians in saying how happy and delighted we are to have you among us.

All week long, Mrs. Mitterrand and you will receive the special welcome we reserve for our fondest friend. At every stop, you will reminded that Canada is, for France, a land of friendship and brotherhood.

Members of the House, distinguished Senators, I am honoured to present to you the President of the French Republic, Mr. François Mitterrand.

**Some Hon. Members:** Hear, hear!

**Mr. François Mitterrand (President of the Republic of France):** Speakers of the House and the Senate, Prime Minister, ladies and gentlemen. I am moved by the tribute I have just received on behalf of France and I am honoured by this most cordial welcome to your Parliament.

After meeting this morning with Her Excellency the Governor General and with the Prime Minister, I now have the privilege of speaking to you, ladies and gentlemen, the elected representatives of Canada and guardians of the institutions that have made your country one of great democracies of the world.

Actually, I was a parliamentarian in my country for thirty-five years, in the Senate and the Chamber of Deputies. Since 1981, however, when I was elected President of the Republic, I have had to leave all that behind me. I do not have the right to enter the very precincts where I worked for so many years and where, in fact, I seldom received such a unanimous welcome. Sometimes there are feelings of regret, and when visiting one of our friends, as I am doing today, I like to compensate. I take a personal pleasure, as well as pride, in representing my country before assemblies like yours, and I want to thank you once again.

Perhaps I may comment, first of all, that Canada's political structures, that your country's economic and social framework and the positions you defend at the international level, reflect a focus on common ideals.

France and Canada share the conviction that they cannot conceive of a future without pluralism, without alternating majorities, the unrestricted expression of divergent views, and the rule of a majority that respects minorities.

On behalf of the French people, I would like to transmit to you, and through you to every man, woman and child in this country, the feelings of friendship of our country for yours. The message that France sends you is one of friendship and solidarity. And I could repeat, word for word, what was said by the Prime Minister, and I thank him for saying them. Because of the kind of society we have chosen, and notwithstanding differences that are grounded in our respective history, geography and customs, dialogue is second nature to us.

Indeed, our past has made the relationship between Canada and France a rather special one. Since the beginning of modern history and the time of the great explorers, the French have played a major role in the life of your country. The descendants of those who came here originally, who today number several million, represent over one quarter of the population and occupy a unique and inimitable position alongside their English-speaking compatriots. We see communities that are dynamic and enterprising, faithful to their traditions but also very much of this modern day and age and this continent. Unique and, at the same time, universal, they contribute to the rich diversity of this great country of yours. Canada's bi-cultural dimension brings joy to the heart of every Frenchman, and to my own, I can assure you, and perhaps I may also say a few words, although there would be so much to say, about the sacrifices made by your fathers and brothers in two World Wars. Whatever their origins and wherever they had their homes, whatever opposing sides they may have taken in the past, they were now fighting on the same side, with us. Would victory and freedom have been possible without the presence of these young men from all over the world, and particularly from Canada?

Prime Minister, you mentioned several historic places where the memory, suffering and death of so many are mourned, and where tragedy is still present in the hearts of so many mourners. It was the price we had to pay for freedom.

• (1530)

Ladies and gentlemen, we owe so much to your soldiers, and I would like to take this opportunity, at this solemn moment, to address these words to your compatriots who are listening to us now.

If I may, I would like to comment on some of the major issues of the day. My choice will be rather arbitrary, because otherwise there would be too much to say, and too little time to say it.

The world is in a crisis. Some people would say it always is. In any case, we have the feeling that the crisis we are experiencing today may be worse than at other times in our history. Our problems are similar. We have to fight unemployment. We have to create a new environment to create new jobs and to prepare our countries for the next century. We must intensify all forms of intellectual creativity, we must intensify research and increase the capabilities of our intellects from childhood onward, so that we will finally have the means to master the secrets of the material world and thus enhance the human condition. We have to modernize our production equipment. We have to make our economies more competitive, since we are largely dependant on external trade. We have every interest in further developing trade between our countries. One imagines that Canada's natural tendency would probably be to trade mainly with the United States of America, while ours would be to trade with our Common Market neighbours. Nevertheless, I think that considering the modest level of our trade relationship, our two countries could do far more and far better. I hope that during this visit, we will be able to explore some possibilities for the future.

In fact, various agreements concluded in recent years have provided for increased co-operation in space, oceanology, oceanography and biotechnology, all of which involve new procedures that will stimulate industrial innovation. In January, we agreed to facilitate relations between our small business groups. Although relations between our scientists, industrialists and business people are little developed, there has been definite progress, both bilaterally—I am thinking of the SPOT satellite—and in connection with multilateral projects, and I refer to the European Eureka project. When our interests clash, on occasion, as on the fisheries issue, I believe that with a little common sense, concern for the law and the political will to settle disputes, we should be able to resolve these problems.

Ladies and gentlemen, at this point I would like to comment briefly on the world economic situation. The problems have been identified, and a response is of the essence. Prime Minister, in two weeks or so, we will be meeting again in Venice, where we shall have to deal with some of the problems that are of international concern.

I want to stress the urgency of some of the decisions to be made, and on an occasion that would seem entirely appropriate for discussing, in full recognition of the sovereignty and equality of our respective countries, the major problems we share, I would like to take this opportunity to outline four principles.

The first of these directions would be for countries with a trade surplus to use whatever leeway they have to boost their own growth and stimulate the growth of other countries.

The second direction would be to promote the recovery of the international monetary system by taking steps to stabilize exchange rates with respect to mutually agreed reference zones, to lower interest rates and to better co-ordinate efforts to control market speculation.

Thirdly, we should try to remove protectionist barriers in every area, since protectionism is present everywhere, in the

services, industrial and agricultural sectors. I know that discussions are under way with your neighbour, the United States of America, a special free trade agreement within the framework of GATT and along common rules. I wish you the best of success, granted that we have accepted common rules that apply to you as to ourselves. However, let us be open on this. Let us quit fighting over deadlocks between Europe and the American continent or Third World countries. Let us admit that protectionism is found in each and every country, and that what may be left for us to do is to compare and identify where protectionism is openly allowed in legislation or regulation, where it hides in hypocritical fashion behind the customs and traditions, where it takes the form of imperialist action, or simply where it so often appears by way of laisser-faire when leaders responsible for managing the world should in fact strive to reach an agreement for the well-being of all nations.

I have mentioned those three directions, but what I have is foremost in my mind at the present time is the fourth one. It is a concern with the future of the Third World, of developing countries, and especially with the problem of indebtedness. One may consider postponing the date of payment, extending repayment schedules for the most indebted countries. One could think of designing more generous procedures in the Club of Paris. But in my opinion, at the present time, we should mostly consider, without excluding any other solution, recycling on a multilateral basis part of the financial surpluses of those countries which do have surpluses. We should think of Japan, we might after all think of Germany too. Whoever reaches that stage, enjoys a fairly prosperous economy, should become very clearly aware of a new stage of responsibility. We would then increase the means of the international monetary fund. We would increase the capital of the World Bank and help those countries of the Third World which are among the poorest get through this tragedy which will eventually hurt the whole world.

I frequently tell my fellow citizens that there are probably two major war threats for the next century: The atomic bomb or nuclear war with unending confrontations leading to a competition that may reach a paroxysmal stage, but also the widening of the gap between rich and poor countries. Both our countries, though, are among the few which have decided to assign a significant percentage of their national product to the co-operation with the least developed countries.

I am aware of the increasing share of the Canadian revenue which is set aside every year throughout the world, through private initiatives or through the actions of public agencies, to fight under-development, and I thank you for that. I thank you, for that cause has been a deep, longstanding concern of mine.

• (1540)

As for France, it has significantly increased its assistance, especially in the past six years, and is intending to reach as quickly as possible, as recommended by international institutions, the figure of .7 per cent of its Gross National Product to be used for development assistance.

But what is the reality we are facing today? Southern countries or so-called southern countries are hurt more than others by the slowing down of international growth, by the dramatic fall in the prices of raw materials, and by the burden of their debt.

Is it normal that the poor countries should be forced to refund every year more than the new amounts getting in? Can they ask their populations to produce more and more all the time while receiving an ever smaller share of the product of their work?

Remember when a procedure was set up in the early 1980's, when some countries in the Middle East had considerable surplus capital. Let us do it again, let us follow that procedure. Since the end of the Second World War, those circumstances have occurred several times. I hope your country as well as mine are willing to take a leadership role in this vast initiative which will lead responsible, industrial, advanced nations to understand that there lies the answer for themselves as well as for others to the great question mark of our time.

Of course, ladies and gentlemen, the future of our planet does not only depend on the capabilities of states to ensure an adequate economic growth for the world. That will not solve all the needs of mankind. That future depends even more immediately on their capacity to preserve peace.

I made some comments on the organization of markets, on the fight against monetary disorder, on the necessary assistance to the development of poor countries. But I would like to say a few words about peace.

Having been invaded three times in 75 years, France is very much aware of the drama this represents, I can assure you. I referred to the help of Canadian soldiers. I lived through World War II myself, and I was born during World War I. How could my generation not be essentially marked by this nearly cyclical return to confrontations which, in the case of Europe alone, were the signal of a tragic civil war from which we are barely beginning to recover!

Shortly after the second conflict my country became a signatory to the Charter of the United Nations and its underlying principles. As a permanent member of the Security Council, France never hesitated to support the international organization. She helped it fulfil its duties, she denounced encroachments upon the rights of nations and individuals, she contributed as required to the peacekeeping operations. On behalf of the United Nations, France is still present on sites where the strongest passions clash.

The fact remains that the ratio of military strength, especially between the two most powerful nations, has led to massive stocks of weapons and a dangerous imbalance.

Despite efforts, the disarmament negotiations have not made it possible to limit, let alone reduce the massive strategic

arsenals of the United States of America and of the Soviet Union.

The so-called ABM treaty, to this day the only major arms control agreement still in force, is the object of vigourous debates which make us fear it may be weakened and even disappear.

Only the negotiations on so-called intermediate nuclear weapons, which do not cross the Atlantic but can reach all European countries, now show some signs of progress. And I say loudly from this podium that France hopes they will be successful. Let us not forget, incidentally, that the object of disarmament is to increase rather than to decrease security, to maintain rather than to compromise balances.

Our hope is that an intermediate nuclear weapons agreement is only one step towards disarmament, a step linked with the strategic disarmament on one hand—some 11,000 nuclear warheads in the Soviet Union, 12,000 to 13,000 in the United States of America—a step linked with the strategic disarmanent on one hand and, on the other, with the disarmament of conventional forces, chemical weapons, or any other kind of weapon of whatever range which may lead to confrontation. All this within the limits of control, of flawless verification, that is to say of full respect for previous commitments.

France, as you know, is not party to the ongoing negotiations. She was not asked to sit at the disarmament negotiation table. Had she been asked, she would have refused. Indeed, as long as the two major powers remain at the stage where they are now, with the number of nuclear warheads I just mentioned, before asking others, particularly Great Britain or France which do have weapons, of course, but barely one hundred or two hundreds, great progress would have to be accomplished. Such is the theme I developed before the United Nations in 1983. But my country, like her neighbours, simply has to be concerned over a conflict or over the ongoing disarmament negotiations. And if we aim to preserve our independent strategy of nuclear deterrent, upon which we believe our security rests, we want to add our efforts to those of others to reduce tensions.

Ladies and gentlemen, France lies only a few hundred kilometres from the world on the other side of this Europe cut in half, from Teheran to Yalta. With her immediate neighbours she founded a community, six at first, a specifically continental group, then nine, ten, twelve. This Europe, we would like it to be able to organize its economy, 320 million people, a wider market than that of the United States of America, much wider than that of the Soviet Union, a body of technical and scientific competence, larger than Japan's, a historical capacity not to dominate—for henceforth such words cannot apply to the world's future—but to guarantee the presence of each of the states and nations of which it is made up.

• (1550)

Such is our first choice, our first will, our first objective. We want to build Europe and we are dedicated to this end. We are confronted with many obstacles. I was a young parliamentarian in 1948, nearly 40 years ago, attending the first European Congress, three years after the end of World War II, a congress chaired by Churchill. The Germans were there, and in each of our families grief, sorrow, separation and suffering still marked our mind when they had not marked our body. And yet a few of us were seeking reconciliation, to begin by France-Germany reconciliation, to help the other nations of Europe. Building Europe as we are doing today is not to dream nor to project onto an unknown horizon the too well know difficulties we are experiencing today. Europe is our main objective, but not the only one. The other, as I have already said, is to contribute to world harmony, to make sure that France, a country which maintained a presence for so long in Africa and elsewhere, as it still does, but differently, uses every opportunity to bring cultures closer together. Hence the importance of *La Francophonie*.

By the way, I am coming back shortly to your country to take part in the 2nd Francophone Summit, in Quebec City, next September. You will have seen much of me within two seasons, but I am not complaining and I am not expecting to return the following year to Ottawa, where the Seven will meet again according to the agreed schedule, under a somewhat systematic *moira* which makes us meet year after year, always to face the very same problems, but in different locations.

Europe, the francophone brotherhood, universal enlightenment through peace and development, all these issues bring me to say that I could not conclude these remarks before your Parliament without raising with you the issue of human rights. In doing so, according to a theme which I have often developed in my own country, I shall borrow a quote which was also used by Hemingway in the title of one of his major works, *For whom the bell tolls*: When a freedom somewhere in the world is lost, when the right of a man is denied, when a life is unfairly broken, the bell tolls not only for that individual, but also for all of us. The struggle for freedom which you may lead, together with a great many others, in your daily actions is consistent with the major battles which have been fought for centuries to liberate man and every individual in the states where freedom would be secured. That may also be part of learning about democracy; in view of the present state of the world and current trends, we have every reason to fear for freedom. How good it makes me feel to be able to say that in a forum of free men and women! It is certainly the secret reason behind this deep understanding which unites us, above and beyond our conflicts and quarrels. We are part of that family. I am well aware of the problems you have to face in your own country, as you certainly are of those which are spreading in mine.

I am not forgetting the special duties of my country—I will stress them tomorrow and the day after—to that part of Canada which once belonged to France and which, to this day,

continues to reflect its culture, language and tastes. I send very warm greetings to all the men and women who are listening to me and who have lived and are still living that experience, but I fully realize that a country as great as yours needs to collect all its varied components to stand up and act.

The ideals which I have tried to define are in line with those expressed by the Prime Minister and make up our heritage—and when I say our heritage, I mean yours and mine.

Let us be proud of this heritage. Let us not try to impose it, but let us try to convince. If Canada and France are seen by the world to be taking together simple but necessary action, as they did in the past and as they will even more in the future, along the path which we have chosen, then a visit such as this will have its place in our destiny, one which our conscience dictates, one where friendship and brotherhood prevail, one which will see Canada and France as two countries and nations increasingly associated in their daily progression and able to propose to the world a few remedies to the ills of the world, a world which is concerned and dying, but also a world which is born in each of your regions, provinces, states, everywhere from East to West, and from North to South, a huge country where the future is being born. There are, at times, a few men and women lost in the immensity . . . but there are cities, large centres, an industry, a growing agriculture, there is hope everywhere and a capacity to overcome obstacles. Yes, you have a lot going for you, ladies and gentlemen. Let me tell you simply this, without trying to lecture anyone: Know how to harvest your grain and make your flour.

A country like France, an older country, which has suffered a lot and will suffer again, has also unlimited potential and opportunities, because everything remains to be done for the coming century. That is why I often ask my fellow citizens to unite, not to ignore their own differences—everyone is entitled to his or her preferences, and I have mine—but to unite every time it is necessary to stand for the country or for mankind.

• (1600)

Well, I said everything I wanted to tell you, ladies and gentlemen, I would have liked, not to speak much longer, but participate in a much broader exchange. I was very gratified by the warm welcome from the Prime Minister whose speech was well structured and, moreover, delivered in two languages. How pleasant it would have been, with you . . . Naturally, there is an opposition and a majority and I know both, ladies and gentlemen. I do not know which side is best. Depending on the circumstances in which I was involved, opposition or majority appeared to be better. But there is nothing worse than speaking for others. You are a sovereign country . . . How pleasant it would have been to be able to talk with you, with each of you, to become a parliamentarian again for a short while, lose probably this magnificient unanimity . . . But let us not lose it, ladies and gentlemen. I am through. Thank you for your warm welcome. Long live Canada! Long live France!

**Some Hon. Members:** Hear, Hear!

**Hon. Guy Charbonneau (Speaker of the Senate):** Mr. President, Madam, we would very much have appreciated hearing more, because in this Federal chamber French is familiar to us and even custumary in the legal sense of the word, but it is a very rare occasion indeed to hear in this place a voice from France that is of recognized literary value, especially if it is that of the President. We were aware of that dual capacity in which you spoke, and we were assured that the clarity and the contents of your comments would testify to it in this exclusive place where we are highly honoured by your visit. I thank you on behalf of my Senate colleagues.

We wish that your stay among us be surrounded by an atmosphere of cordiality, because our relationship with your country could not be bound in formality. Our countries are unique, but so are our bonds, and this perhaps is what makes them more delicate on occasion.

Approximately one third of Canadians are culturally linked to France. Those indestructible bonds forged in the past have unfortunately not been paralleled in the economic field for reasons history tries to explain. As you yourself often suggested, we must on both sides strive to recreate those flows between our two worlds, and the impetus at least has been given. We know very well that in the area of international trade, you must reckon with a number of partners since you succeeded in that bold Common Market experience. Of course, that did not happen without many difficult adjustments. For our part, we would also like to offer you an enlarged market of continental scope.

As you know, we are negotiating with our neighbours down South, and the outcome is still uncertain. In the event of success, our language duality would be an asset for you to gain access to a North American market.

To come back to cultural exchanges, would you allow us, Mr. Speaker, in your quest of a multimillenial past, to visit with you the Solutré Rock in a lay pilgrimage? As I suspect that you do not miss the opportunity to enjoy the gifts of nature offered by Pouilly on the one hand and Fuissé on the other, you could count on us to also partake in that pleasure.

With the near bicentennial of your Revolution, I would like to recognize before the statesman you are what Canada owes France.

[*English*]

The outbreak of the French Revolution and the fear that disturbances would spread to Canada encouraged the British Government to institute a more liberal form of government in the colony. The Constitution Act of 1791 divided Canada into two colonies, Upper and Lower Canada, and provided each with an elected legislature. Although the Constitution was cautious in the democratic powers it conferred, it represented the first step in Canada's path to nationhood and eventual independence. In those days, toasts were drunk to the French Revolution at a banquet held to celebrate the coming into effect of that Constitution.

[*Translation*]

Mr. President, for your 1789 Revolution, for our cultural heritage, for the example set by your Pan-European economic expansion, for your eloquence here, may we express our deep gratitude.

[*English*]

**Mr. Speaker:** Mr. President, we are especially honoured to welcome the President of the Republic of France, not only as the leader of a great nation, but as a special friend of Canada.

Your visit marks an historic moment in the life of our Parliament. It is a reflection of the lasting friendship and special relationship binding our countries.

[*Translation*]

France is not only the ancestral homeland of million of Canadians, it is also a sacred land where our soldiers died to make on two occasions right and freedom triumphant.

The cultural heritage left by France in Canada is an essential constituent of our nation.

Our attachment to the strength and influence of the French language and culture in the world has been clearly shown in the Francophonie whose summit is a privileged tool.

The action of parliamentarians complements government measures as could point to you our colleagues in this chamber who actively take part in the proceedings of the International French-speaking Parliamentary Association.

The Canada-France Interparliamentary Association and France/Canada friendship groups include women and men who are eager to contribute to the strenghtening of bonds in all areas of activity.

[*English*]

Your visit to Canada, Mr. President, provides us with an unique opportunity to celebrate the deep friendship shared between France and Canada. It also serves as a means for us to explore ways of expanding our relations, particularly with respect to economic and trade matters and to seek common ground to respond to the challenges facing our two nations.

• (1610)

[*Translation*]

On behalf of my colleagues, I wish to reiterate how pleased and honoured we are in welcoming you and Mrs. Mitterrand in this House. We ask you to convey our fraternal greetings to parliamentarians of your country and to all fellow citizens.

Thank you, Mr. President.

I now adjourn this meeting.

# THE SENATE

**Wednesday, May 27, 1987**

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

Prayers.

## THE ESTIMATES, 1987-88

REPORT OF FOREIGN AFFAIRS COMMITTEE ON EXTERNAL AFFAIRS AND NATIONAL DEFENCE ESTIMATES PRESENTED

**Hon. George van Roggen,** Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

Wednesday, May 27, 1987

The Standing Senate Committee on Foreign Affairs has the honour to present its

SIXTH REPORT

Your Committee, to which were referred the expenditures set out in External Affairs Votes 1, 5, 10, 15, 20, 25, 30, L35, L40, 45, 50 and 55 and National Defence Votes 1, 5, and 10 of the Estimates for the fiscal year ending the 31st March, 1988, has, in obedience to the Order of Reference of Wednesday, March 11, 1987 examined the said expenditures and now makes the following interim report.

In undertaking its review of the 1987-88 Estimates for these two departments, the Committee has chosen to focus its attention on particular areas of responsibilities of the two departments, specifically arms control and disarmament; security and sovereignty in the Arctic; and the bilateral trade negotiations.

To pursue its examination the Committee has arranged a series of hearings with officials from the two departments concerned and from the private sector.

The first two witnesses, on the subject of arms control and disarmament, were from the Department of External Affairs. Mr. David Peel, Director-General, International Security and Arms Control Bureau and Mr. Ralph Lysyshyn, Director of the Arms Control and Disarmament Division appeared before the Committee on May 12, 1987.

During the initial hearing it became evident to the Committee that verification procedures to ensure compliance with arms control agreements are becoming increasingly important factors in encouraging the confidence-building measures that are themselves critical to success in arms control and disarmament negotiations. The Department of External Affairs has been active in this field. Its Verification Research Program has a current annual budget of $1 million which provides funds, in cooperation with Canadian industries and universities, for research into techniques for verification in a number of areas. These include the modernization of a seismic array in Yellowknife to help develop a monitoring process for a comprehensive nuclear test ban; a portable kit to investigate the use of chemical or biological weapons; the investigation of techniques required to verify a space weapons agreement; and research into the technical and legal aspects relating to arms control and outer space.

Mindful of the requirement to report the Estimates before the end of May, the Committee is submitting a brief interim report at this time, a practice followed in recent years by the National Finance Committee. The intention of the Committee is to pursue its assessment of the activities of these departments in the area of arms control and disarmament as well as the several other areas of responsibility mentioned above.

Respectfully submitted,

GEORGE C. VAN ROGGEN
*Chairman*

Honourable senators, I ask that this report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

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

On motion of Senator van Roggen, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## DOME PETROLEUM LIMITED

PROPOSED SALE—ENERGY AND NATURAL RESOURCES COMMITTEE AUTHORIZED TO PERMIT COVERAGE OF PUBLIC PROCEEDINGS BY ELECTRONIC MEDIA

**Hon. Earl A. Hastings,** with leave of the Senate and notwithstanding rule 45(1)(*e*) moved:

That the Standing Senate Committee on Energy and Natural Resources be empowered to permit coverage by the electronic media of its public proceedings on the study of the proposed sale of Dome Petroleum Limited, with the least possible disruption of its hearings.

Motion agreed to.

## THE CONSTITUTION

FIRST MINISTERS' ACCORD AND AGREED TEXTS—REFERRAL TO COMMITTEE OF THE WHOLE—NOTICE OF MOTION

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I give notice that tomorrow, Thursday, May 28, I will move the following motion:

> That the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to the Committee of the Whole for the purposes of hearing witnesses and making a report.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Who will speak for the Liberal Party?

**Hon. Royce Frith (Deputy Leader of the Opposition):** Wait and see. It's a cliff hanger.

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# QUESTION PERIOD

[*English*]

## AGRICULTURE

GRAIN—1987 CROP YEAR—LEVEL OF PAYMENT—GOVERNMENT ACTION

**Hon. H.A. Olson:** Honourable senators, I should like to follow up on the questions I asked yesterday. Now that the Minister of State for Federal-Provincial Relations is aware of the discussions which took place at the premiers' meeting in Humboldt, Saskatchewan, yesterday, it is not necessary for me to repeat what was said by Premier Devine, Premier Getty and Premier Pawley, from the grain growing regions—and supported by the Premier of British Columbia—that they expect the federal government to respond to what they described as desperate conditions suffered by the grain growing producers in the prairie provinces.

Can the minister give us a little more specific answer so that producers may have some confidence that his government will not abandon them when they find themselves in the trough, at the bottom of the most severe difficulties they have experienced for some time? Some people have described the conditions as being worse than those in the 1930s. We can add to that the comparison of the value of the dollar then and now in order to reach that conclusion. Can the minister give us a little better answer than the one he gave yesterday, because all he said yesterday was that when it is appropriate to make an announcement, he will do so?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, there is not much that I can add to what I said yesterday. The government is consulting with provincial governments and with the leadership of farm organizations on the question of what further assistance may be appropriate. I may say that the Prime Minister will be meeting with the farm leaders within a week, I believe on Friday.

[Senator Hastings,]

[*Translation*]

## THE CONSTITUTION

POSSIBILITY OF SIMULTANEOUS PRESENTATION OF REVISED OFFICIAL LANGUAGES POLICY AND TEXT OF ACCORD

**Hon. Eymard G. Corbin:** Honourable senators, I have a question for the Leader of the Government in the Senate. Last week, on May 13, when I asked him when the government intended to introduce its revised policy on official languages in Canada, Senator Murray answered:

> —during the present session of this Parliament.

However, today in an article in *Le Devoir*, under the headline:

> Ottawa fears offending the rest of the country.

. . . reporter Michel Vastel writes:

> —the new Official Languages Act which will not be tabled until this fall.

Mr. Vastel goes on to say:

> The Minister of Federal-Provincial Relations, Senator Lowell Murray, blocked attempts to table the Official Languages Bill, which had been promised for January, at a recent meeting of the federal Cabinet's Priorities Committee at Meech Lake.

Could the senator confirm again today that the bill will indeed be tabled before the end of this session, as he said last week?

Could he go even further, and I am repeating a request I made previously, to let us have the text of this bill at the same time as the official texts of the Meech Lake accord?

I believe, and there are others who agree with me, that there is a very real link between the two for French Canadians living outside Quebec.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, as far as the personal comments in this article are concerned, this is hardly surprising, considering the source. I can say quite frankly that the allegation is just not true.

Last week, I repeated the government's commitment to table the bill to amend the Official Languages Act during the present session of this Parliament.

Yesterday afternoon, I advised honourable senators of the Government's intention to try to table this bill before the summer recess.

If Mr. Vastel would pay as much attention to the proceedings in the Senate as he does to his anonymous and scarcely reliable sources, he would be doing his readers a service.

**Senator Corbin:** I could not agree more with the last part of the statement by the Leader of the Government in the Senate. However, there is still a problem. The commitment to table the text of a bill to amend the Official Languages Act before or towards the end of the present session—Does anyone know when that will be?—is another aspect of the same question and does not satisfy me completely.

I think the senator will understand why, since we have worked together on the Standing Joint Committee on Official Languages in the past, and I don't think it would be very useful to have the bill tabled at the very end of this session.

I want the Leader of the Government in the Senate to understand that I am reluctant to approve a constitutional proposal without knowing what will happen to official language minorities. The two issues are intertwined. The sooner you table this bill, the sooner I will be able to guarantee my co-operation.

**Senator Murray:** I accept the senator's representations. For the time being, I can only repeat the government's commitment to table the bill to amend the Official Languages Act during the present session of this Parliament, and the government's intention to do so before the summer recess. The exact moment when we will table the constitutional proposal has yet to be determined.

• (1410)

[*English*]

FIRST MINISTERS' ACCORD—SENATE REFORM—RECOMMENDATIONS FOR APPOINTMENT—SOURCE OF PROPOSAL

**Hon. Gildas L. Molgat:** Honourable senators, my question is to the Minister of State for Federal-Provincial Relations. Prior to the Meech Lake accord, it was common knowledge that the Province of Alberta was going to propose a Triple E Senate as a proposal for reform. It was also known that the Province of Quebec was going to make some suggestions regarding the structure of the Supreme Court. However, there had been no indications of anyone proposing that the members of the Senate henceforth be appointed by provincial governments. I wonder if the minister could tell us whether or not that proposal came from a province, or was it a federal government proposal?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I can only tell the honourable senator that the federal government and the ten provinces agreed, as he knows, to an interim arrangement for the appointment of senators.

**Senator Frith:** He knows that.

**Senator Murray:** The Prime Minister will recommend to Her Excellency the appointment as senators of persons whose names are on lists submitted by the provinces and who are acceptable to them. Because I was not in the room at the time, I am not in a position to give first-hand information as to who made the precise proposal or how it evolved during the discussions at Meech Lake.

**Senator Argue:** Not even a rough cabinet meeting?

**Senator Molgat:** In view of the fact that the Leader of the Government in the Senate, in his role as Minister of State for Federal-Provincial Relations, prior to the meeting at Meech Lake, had been charged by the Prime Minister with negotiating the advance discussions with the provinces, then obviously he would know whether any of the provinces put forward this proposal during the negotiating period. Can the Leader of the Government tell us whether or not that was the case?

**Senator Murray:** I can say that that precise proposal was not put forward by any of the provinces. There were various variations on that kind of interim arrangement suggested by various people in the run-up to the Meech Lake meeting up to and including the day before and the morning of that meeting.

## OFFICIAL LANGUAGES

PROPOSED ADVISORY COUNCIL—CONSULTATION ON COMPOSITION WITH JOINT COMMITTEE

**Hon. Dalia Wood:** Honourable senators, I have a question for the Leader of the Government in the Senate. After reading his reply of yesterday on official languages, there still remains an important question which I would like him to try to answer today, before it is too late for us and we are faced with a fait accompli.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I am sorry, we are faced with what?

**Senator Wood:** I said, before we are faced with a fait accompli, will the Standing Joint Committee on Official Languages be consulted as to the make-up of this proposed advisory council?

**Senator Murray:** Honourable senators, I just do not know the answer to that question. I think it will be equally important that the government consult the various interested parties across the country as to the make-up of such an advisory council.

However, when the reform package and the amendments and regulations are brought forward, there will be ample opportunity for the honourable senator to ask those questions and have answers brought forward by the government.

ROLE OF COMMISSIONER OF OFFICIAL LANGUAGES

**Hon. Dalia Wood:** I have a supplementary question on the same subject. The Secretary of State officials said yesterday that we do not really have a channel whereby input from society is relayed to government. My question is: Has that not been the role and mandate of the Commissioner of Official Languages and, if it has been, are we going to dispense with this role and give it to the advisory council?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** My honourable friend is asking whether this had not been the role of the Joint Committee on Official Languages?

**Senator Wood:** No, of the Commissioner of Official Languages.

**Senator Murray:** Not really. The commissioner's duties are outlined in the act, and that act makes him rather a watchdog over the implementation of the Official Languages Act and policy by the federal government and the agencies of the

federal government. That is his principal role and, as I say, it is outlined in the legislation.

I saw a new report this morning which indicated to me that Mr. Fortier, the present incumbent, had responded rather positively to the general idea of an advisory council, as had the president of the Fédération des Francophones hors-Quebec.

## THE CONSTITUTION

FIRST MINISTERS' ACCORD—ROLE OF FEDERAL-PROVINCIAL RELATIONS MINISTER

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, in answer to a question asked a moment ago by Senator Molgat, the Leader of the Government in the Senate said that he had not been in the room at Meech Lake when the agreement was made. He has been hailed in some quarters—not all—as an architect of the Meech Lake accord. To continue that metaphor, do I take it that he merely made some drawings, and was not there to actually supervise the building? Is he telling us that he was not present when any agreements were made?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I was not in the room with the First Ministers. The First Ministers were alone, save for two notetakers.

**Senator Perrault:** Carpenter's helpers.

● (1420)

**Senator Frith:** For the entire period at Meech Lake?

**Senator Murray:** That is correct.

**Senator Frith:** And at the meeting prior to that? Was there not a dinner meeting prior to the Meech Lake meeting?

**Senator Murray:** The meeting included a dinner, or the dinner included a meeting.

**Senator Argue:** The latter!

**Senator Frith:** These are all interesting footnotes for history, I am sure, and subjects for M.A. theses in due course, but I understood that there had been a dinner held prior to the Meech Lake meeting. Is that not so?

**Senator Murray:** They had lunch that day, too.

**Senator Frith:** So the accord was actually arrived at in one day, with a meeting starting in the morning, a break for lunch, and an afternoon session. Then the accord was arrived at and the Prime Minister announced it. During that entire period the First Ministers and these two notetakers were present, no lawyers and no ministers of state or others from any provincial governments.

**Senator Murray:** Honourable senators, the honourable senator will recall that immediately prior to the Meech Lake meeting, several letters were sent to the premiers, one from the Prime Minister and one from me, indicating what we thought the emerging consensus among the federal government and the provinces was on the various points at issue.

[Senator Murray.]

**Senator Frith:** That is what we might call the "drafting room" part of the architecture.

**Senator MacEachen:** Before the deal!

## FINANCIAL INSTITUTIONS

STATUS OF NEGOTIATIONS WITH PROVINCES ON REGULATION

**Hon. Ian Sinclair:** Honourable senators, my question is for the Leader of the Government in the Senate. At the end of April the Honourable Tom Hockin announced an agreement between the federal government and the Province of Ontario regarding a method of regulating the financial industry. He said at that time that he hoped that would be a basis for similar agreements with other provinces.

In view of the fact that June 30 is the target date for that significant change in financial institutions in Canada, can the leader advise us whether there has been any progress made in reaching agreements with other provinces?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** My honourable friend will be aware that on the part of at least one other province, and perhaps more, there has been some dissent as to the applicability of the agreement reached between the federal government and the Province of Ontario.

My colleague, the Minister of State (Finance), is in the process of getting in touch with all of the provinces now to see if it might be possible to hold an early meeting to resolve the matters that are at issue.

## THE CONSTITUTION

FIRST MINISTERS' CONFERENCE—ABORIGINAL RIGHTS—AGENDA ITEM

**Hon. Charlie Watt:** Honourable senators, I should like to put a question to the Leader of the Government in the Senate relating to aboriginal peoples and the matter of unfinished business from the First Ministers' meeting held in March.

In relation to the Meech Lake accord, what is the position of the Government of Canada with regard to aboriginal issues that were not completely exhausted at that First Ministers' Conference? Will the government consider placing this on the agenda for the next meeting? If this is not placed on that agenda, then there is a good possibility that this will not be spoken about for another decade.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, we do not exclude for a moment the possibility that we will place the matter on the agenda for the second round of constitutional talks, but we will not place it on the agenda until we have some clear indication that we can achieve success this time. We do not want another failure.

**Senator Watt:** If I understand the leader correctly, he is saying that if a positive move is made by the aboriginal

peoples, the government has no problem placing this item on the agenda so that it will be dealt with at the same time.

**Senator Murray:** I am not sure what my honourable friend means by the words "at the same time." There is a meeting scheduled for June 2, which we trust will ratify the Meech Lake accord, after which we will proceed in the various legislatures to have this resolution debated and passed. The Meech Lake accord provides for an annual meeting of First Ministers on the Constitution. The agenda includes such matters as Senate reform, fisheries, and other matters.

We would be quite willing to come back to aboriginal rights in the second round, but there must be some indication of progress and that further discussions would succeed. For the moment the Government of Canada, with the support of the Governments of Ontario, the three maritime provinces and Manitoba, has left a proposition on the table; that is our proposal. There would have to be some movement both from the aboriginal side and from those provinces that did not agree to our proposal in March before we could justify the calling of another constitutional conference on aboriginal rights.

Meanwhile, we should all consider what lessons we can draw from the failure of the Constitutional Conference on Aboriginal Rights last March, and the apparent success of the First Ministers' Conference at Meech Lake. It may be that the kind of process that was successfully used in the run up to Meech Lake might serve us well in the consideration of problems relating to aboriginal rights.

## VETERANS AFFAIRS

### HONG KONG VETERANS ASSOCIATION—CLAIM FOR COMPENSATION FROM JAPANESE GOVERNMENT

**Hon. Stanley Haidasz:** Honourable senators, I would like to ask the Leader of the Government in the Senate whether the federal government is aware of a claim made by the War Amputations of Canada on behalf of the Hong Kong Veterans Association asking for $13 million compensation from the Japanese government—a claim which was made today at the United Nations.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Yes, honourable senators.

**Senator Haidasz:** I have a supplementary question. I would like to ask the Leader of the Government whether the federal government is inclined in some way to support, fully or partially, this claim.

**Senator Murray:** Honourable senators, the War Amputations of Canada have made it clear that this is not a matter that the Canadian government should be involved with at present. They have been advised by authorities of the United Nations that claims of this nature can only be put forward by non-governmental organizations.

## SENATE REFORM

### APPOINTMENTS—SUBMISSION OF NAMES TO PRIME MINISTER

**Hon. Philippe Deane Gigantès:** Honourable senators, I would like to ask the Leader of the Government whether any consideration has been given to a proposal made in the other chamber that any province which wishes to elect its list of potential senators and submit such a list to the Prime Minister should be encouraged as a step for giving this body legitimacy and making it an elected chamber.

**Senator Argue:** What a hope!

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** No, honourable senators.

**Senator Gigantès:** Would the honourable Leader of the Government ask his experts to study the implications of this suggestion and kindly instruct us, at a time convenient to himself, as to this situation?

**Senator Murray:** Absolutely, honourable senators.

**Senator Frith:** He will get ditto on this!

**Senator Argue:** Ask the premiers!

## ABORIGINAL PEOPLES

### POST-SECONDARY EDUCATION—STUDENT ASSISTANCE PROGRAMS

**Hon. Len Marchand:** Honourable senators, I have a question for the Leader of the Government in the Senate regarding the Indian Post-Secondary Student Assistance Program for 1987-88. I should like to refer to a press release of the Minister of Indian Affairs and Northern Development, dated May 14 of this year. I am most concerned about the policy announcement contained in this press release as are a number of the native leaders across the country with whom I have spoken. Under the heading of "Priority to Continuing Students and Deferred Approvals" two categories are outlined. Under category No. 1 it states:

• (1430)

> Indian and Inuit students who were enrolled in post-secondary studies in 1986-87 and are continuing in 1987-88.

Under category No. 2 it states:

> Students whose applications for assistance were deferred in 1986-87.

It goes on to state:

> Applications from these two categories of students will be approved as they are submitted. Should fewer applications than anticipated be received, the excess funds will be re-directed to meet other post-secondary priorities.

The other post-secondary priorities are outlined in category No. 3 which states:

> Eligible high school graduates or mature students who are enrolling in post-secondary studies for the first time.

Honourable senators, that applies to one of our best groups of young people, that is, those who have graduated from high school this year. This policy means that if there are enough funds left over, they might have an opportunity to go on to university. That is a ridiculous policy.

Honourable senators, under the former government we had what was essentially an open-ended funding policy with respect to post-secondary education for Indian and Inuit students. It was a good policy because the field of education is where progress can be made by our native peoples. I notice that Senator Watt is nodding his head in agreement. This policy stifles young people who may want to seek higher education.

Would the Leader of the Government look into this matter?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Yes, I will do that, honourable senators. I take note of the representations of our colleague and I will bring them to the attention of the minister.

## POST-SECONDARY EDUCATION

REQUEST FOR PROGRESS REPORT ON PROSPECTIVE NATIONAL FORUM

**Hon. John B. Stewart:** Would the Leader of the Government in the Senate undertake to tell this house at some early date what progress is being made in the planning of the National Forum on Post-Secondary Education later this year?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Yes, I will be glad to do that. I believe my honourable friend is aware that it is to be held in Saskatoon. I believe the dates have been set. I shall bring further information from the Secretary of State in a day or two.

## THE CONSTITUTION

FIRST MINISTERS' ACCORD—UNDERTAKINGS OFFERED TO OBTAIN AGREEMENT BY PROVINCES

**Hon. Jerahmiel S. Grafstein:** Honourable senators, I have a question for the Leader of the Government in the Senate. Did Mr. Mulroney or he, on behalf of the Government of Canada, in exchange for obtaining the agreement of the Province of British Columbia to the Meech Lake accord, give a separate and private undertaking to introduce an amendment to the Constitution respecting property rights?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** No, honourable senators, but I hasten to say that the government, through the former Minister of Justice, Mr. Crosbie, many months ago indicated that the Government of Canada would be quite receptive to a proposal for including property rights in the Canadian Constitution.

**Senator Grafstein:** Did the Prime Minister, Mr. Mulroney, or my honourable colleague obtain from Mr. Bourassa a separate undertaking for his support for a comprehensive free-trade agreement with the United States in exchange for the federal government's initiative respecting the Meech Lake accord?

**Senator Murray:** Honourable senators, I must say quite frankly that I find the kind of imputation in those questions to be contemptible.

**Senator Frith:** Why?

**Senator Murray:** What you see is what you get. There have been no secret deals or secret bargains struck by the Prime Minister of Canada or the Government of Canada with anybody with regard to the Meech Lake accord.

The Meech Lake accord represents an honest attempt by the 11 leaders of this country to arrive at a proper consensus to govern this federation in the future, and to put behind us the confrontation and discord of years gone by. I hope the honourable senator, if he cannot accept the details of the agreement, will at least respect the good faith of those who participated.

**Some Hon. Senators:** Hear, hear!

**Senator Grafstein:** I take it, in response to my questions, that the Leader of the Government in the Senate is giving assurance to this chamber that there were no similar undertakings given to the premiers of the provinces that were not expressed or not made public immediately following the Meech Lake accord, such as questions dealing with tax reform.

**Senator Murray:** What kind of suspicion, misunderstanding, discord and poisonous innuendo is the honourable senator trying to sow here? I have answered the question, and I ask him to respect the good faith of the Prime Minister of Canada and the ten provincial premiers who participated in arriving at the Meech Lake accord.

**Senator Grafstein:** I take it, laying aside the *ad hominems* of the Leader of the Government in the Senate, that, on the substance, everything that appears on the table with respect to the Meech Lake accord and the commitments dealing with the follow-up constitutional conferences were the total package, and there were no similar, private or separate undertakings given by the Government of Canada.

**Senator Murray:** The honourable senator is asking whether, as a price for agreement, the Government of Canada or the government of any province was asked to make some hidden, secret commitment. I find that suggestion as contemptible as it is false.

FIRST MINISTERS' ACCORD—SUGGESTED COMMITTEE STUDY

**Hon. Peter Stollery:** Given the reply of the Leader of the Government and the point he makes about this agreement being made in good faith by the premiers and the Prime Minister, I wonder if he would like to put that good faith to the test of a more thorough going over by some form of parliamentary committee, which process would not come to an end in the month of June?

If the operation were done in such good faith, and everything is on the up and up, surely it would stand the test of a more close examination by a parliamentary committee.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** There is now a notice of motion under the name of the Honourable Leader of the Opposition to refer the Meech Lake accord to a Committee of the Whole. We will be dealing with that in a day or so.

Meanwhile, I can only repeat what I said yesterday, that is, I expect the First Ministers, on June 2, will address themselves to the question of when they will, each and all of them, try to get these resolutions through their respective legislatures.

**Senator Argue:** It will take at least a year.

DATE OF SIGNING OF ACCORD

**Hon. Peter Stollery:** Honourable senators, my next question is seeking clarification, because the whole situation seems to be filled with vagueness. I understood the Leader of the Government to have made the point during preceding Question Periods in this chamber that this process will come to an end in the month of June, or at least very quickly. Can I take it from his reply that, in fact, this process may not terminate as quickly as that, and the premiers and the Prime Minister have not decided that it will be resolved in the month of June, and they may well, in fact, be looking at a longer timetable?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** That is a matter for the First Ministers to discuss on June 2.

**Senator Frith:** Will Parliament have a say, or will the First Ministers decide the parliamentary schedule?

**Senator Argue:** Mulroney wants a rubber stamp.

FIRST MINISTERS' ACCORD—FUNDING FOR CULTURAL INSTITUTIONS—ABILITY OF QUEBEC TO OPT OUT

**Hon. Jerahmiel S. Grafstein:** Honourable senators, I have a further question on the Meech Lake accord and how it might affect federal institutions. Would the Leader of the Government in the Senate, when he pursues the other questions asked in this chamber, also add to the list this question: In the event that national cultural institutions such as the Canada Council and the National Museums come forward for additional funding from the federal government in the future, will this allow, particularly, the Province of Quebec, because of its symbolic response to the "distinct society" definition, to opt out of those federal cultural institutions and at the same time obtain the money for spending in the province of Quebec?

● (1440)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not know where to start to deal with a question like that. What has it to do with new shared-cost programs, to begin with? I will have some kind of reply prepared for the honourable senator if I can find someone to make sense of his question.

## INTERNATIONAL FINANCIAL SYSTEM AND INSTITUTIONS

CANADA'S PARTICIPATION—REPORT OF FOREIGN AFFAIRS COMMITTEE—REQUEST FOR RESPONSE FROM DEPARTMENT OF EXTERNAL AFFAIRS

**Hon. Peter Bosa:** Honourable senators, I have a question for the Leader of the Government. On May 13, 1987, the chairman of the Standing Senate Committee on Foreign Affairs tabled a report entitled "Canada—the International Financial Institutions and the Debt Problem of the Developing Countries". I recall that the honourable gentleman was a member of that committee before he was elevated to his present position of prominence, power and prestige. In fact, it was he who suggested that the topic be studied by the committee. Would he consider asking the appropriate department to provide a response to this very worthwhile report?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I had already indicated on behalf of the government our pleasure and satisfaction with the study done by the Foreign Affairs Committee. It seems to me that it has already done part of its work in helping to sensitize and alert public opinion to the issues involved and to their importance for Canada.

I will see whether it is possible for the Department of External Affairs, or other departments, to provide a more detailed commentary in due course; but in the meantime I assure my honourable friend and all honourable senators that the government welcomes this report and has nothing but praise for the excellent work done by the committee.

## THE CONSTITUTION

FIRST MINISTERS' ACCORD—REQUEST FOR TABLING OF CORRESPONDENCE

**Hon. Gildas L. Molgat:** Honourable senators, I have a question for the Minister of State for Federal-Provincial Relations. Earlier in a response to Senator Frith he indicated that in the process leading up to the Meech Lake accord there had been correspondence from him addressed to the premiers, and there was also such correspondence from the Prime Minister. Has that correspondence been made public?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** No, honourable senators.

**Senator Molgat:** In view of the many questions that have been asked and the interest in the subject, would the minister be prepared to table that correspondence?

**Senator Murray:** Honourable senators, the correspondence was of a private nature between the Prime Minister and premiers, and between me and premiers; so I would have to

reflect a good deal more before consulting with the provinces as to when and whether those letters could be made public. I do note, however, and draw my honourable friend's attention to the fact that great swatches of those letters seemed to find their way into the media in the days leading up to the Meech Lake meeting.

## OFFICIAL LANGUAGES ACT

STATUS OF BILL TO AMEND

**Hon. Eymard G. Corbin:** Honourable senators, I should like to come back to the question I put earlier to the Leader of the Government. He has not told us that the bill to amend the Official Languages Act was not ready. So I wish to put to him a direct question and find out if the i's of the bill have been dotted and the t's crossed. Is it ready to be served? Is it all cooked up? Or is the government waiting for more consultation with interested groups before proceeding? Is that part of the problem?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** It is not quite ready.

## ANSWER TO ORDER PAPER QUESTION

## EXTERNAL AFFAIRS

DEPLOYMENT OF NUCLEAR WEAPONS AFFECTING CANADIAN SOVEREIGNTY—GOVERNMENT POLICY

Question No. 10 on the Order Paper—**By Hon. Allan J. MacEachen**

12th March, 1987—1. Is there any existing commitment by the Government of Canada to accept contingency deployment of nuclear weapons in Canada, and does the Canadian Government retain the right to refuse such deployment at all times?

2. When notification of overflight by foreign military aircrafts of Canadian territory is given to the Canadian Government (i) is the Canadian Government notified at the same time whether the military aircraft concerned carries nuclear weapons; (ii) does the Canadian Government authorize such overflights as a matter of course; (iii) if not, are there criteria; (iv) are there agreements with our Allies concerned determining the conditions for such overflights; (v) which Canadian authority authorizes overflight with nuclear weapons?

3. Is it a fact that nuclear capable naval units of NATO nuclear weapons powers enter Canadian ports without notification of nuclear weapons aboard because of the "neither confirm nor deny policy", and (i) if so, why is there a different approach for aircrafts; (ii) why is the same policy not applied to ships?

4. Does the Canadian Government support the initiatives for a North European nuclear weapons free zone and a Balkan nuclear weapons free zone, bearing in mind the statement made by the Canadian Ambassador for Disarmament to the Third Review Conference of the Non Proliferation Treaty which reiterated "Canada's strong sympathy for the concept of regional nuclear weapons free zones where these are feasible?"

5. In the light of this statement by the Canadian Ambassador for Disarmament, why is Canada not a party to the Antarctic nuclear weapons free zone?

6. Is the Canadian Government supporting the Tlatelolco Treaty and the Rarotonga Treaty, and has the Canadian Government the intention of formally recognizing the Latin American and the South Pacific nuclear weapons free zone?

*Reply by the Secretary of State for External Affairs:*

1. There are no existing commitments by which the Government of Canada would be obliged to accept the deployment of nuclear weapons in Canada. Furthermore the Canadian Government has the right to accept or refuse to deploy any weapon or weapons system in time of peace or in time of crisis or war. No commitment exists that negates the government's right to protect Canadian security including the right to alter the present policy in any manner it sees fit.

2. When permission for overflights is requested, foreign aircraft must specify if they are carrying nuclear weapons. Because overflights of Canadian airspace by foreign aircraft with nuclear weapons are not permitted such requests would be denied. The Government of Canada is the only authority which can change this policy.

3. The possession of a credible nuclear deterrent, of which the sea-based component is an essential element, is considered the ultimate guarantee of Alliance security, and the Canadian Government supports the measures necessary to protect that deterrent. Accordingly, Canada endorses the policy of allies that possess a sea-based nuclear deterrent of neither confirming nor denying the presence of nuclear weapons aboard their warships. The acceptance of port visits to permit resupply and crews shore leave is a modest contribution that Canada freely makes to the Alliance's collective defence. In addition, all such port visits are, of course, subject to prior notification and approval by Canadian authorities. Regulations governing the transit of Canadian territory whether by sea or air were each arrived at independently over time and for logistic or security reasons are not interchangeable.

4. *North European and Balkan NWFZ's*

Consistent with Canada's long-standing commitment to containing the proliferation of nuclear weapons, the Canadian Government supports, in principle, the concept of nuclear-weapon-free zones (NWFZ) where they command the support of the countries in the area and promote regional and international stability. While the Government does not consider such zones as an alternative to adherence to the Non-Proliferation Treaty, their establishment could make a significant contribution to prevent-

ing the proliferation of nuclear weapons provided that the above-mentioned conditions are met.

There are major obstacles which must be overcome before NWFZ's could be established in Northern Europe or the Balkans. The idea of a Nordic NWFZ has been under discussion for almost 30 years. The primary impediment to its establishment is that such a zone is not considered viable without the inclusion of the Baltic region and parts of the Western USSR in the geographically designated area. The USSR has provided no indication it would accept the inclusion of its territory owing to the military significance of the Kola Peninsula.

The creation of a Balkan NWFZ appears even more remote despite expressions of interest of all the Balkan states on various occasions. The major obstacle is that the removal of USA nuclear weapons from the area would create a destabilizing regional imbalance since nuclear weapons on neighbouring Soviet territory would remain untouched. The various intraregional conflicts and multilateral differences (e.g., the region includes two NATO and two Warsaw Pact members and the rest non-aligned) further complicate this issue.

5. *Antarctic nuclear-weapon-free zone*

The question relates to the Antarctic Treaty which *inter alia* prohibits all military activity, nuclear explosions and the disposal of nuclear wastes in Antarctica. Although Canada is not a party to the treaty, we do not engage in activities having the potential to violate its provisions.

6. *Tlatelolco and Rarotonga Treaties*

Consistent with Canada's approach to the establishment of nuclear-weapon-free zones as outlined above, the Canadian Government has supported the establishment of NWFZ's in Latin America and the South Pacific. Although Canada does not accept the concept of the explosion of nuclear devices for "peaceful purposes" as allowed under Article 18 of the Treaty of Tlatelolco, the Government has supported measures that would consolidate the establishment of a NWFZ in Latin America under the treaty. Canada also supports the South Pacific Nuclear Free Zone which came into effect under the Treaty of Rarotonga in December 1986. Canada's views have been made known to the countries of the two regions and the international community. As a country outside of and without colonial ties in the regions in question, "formal recognition" of these treaties is not considered necessary.

## SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Doody, for the second reading of the Bill C-37, An Act respecting the imposition of a charge on the export of certain softwood lumber products.—(*Honourable Senator MacEachen, P.C.*).

**Hon. Raymond J. Perrault:** Honourable senators, we have before us Bill C-37 respecting the imposition of a charge on the export of certain softwood lumber products. Yesterday in this chamber we were treated to a speech by the Honourable Senator Roblin. I must say that he lacked his usual enthusiasm for government legislation. His speech was somewhat lacking in rapturous terms. He kept his enthusiasm well under control, and I think it suggests that despite our political differences from time to time, he is a senator of great integrity. He used terms such as "the whole experience must be described as highly distasteful to Canadians," in addressing the idea of this softwood lumber bill. He said that it was a difficult and trying situation, but that perhaps we could console ourselves because the Americans let us keep the money. He said that the bill had shortcomings, that it had real flaws. He went on in this very lugubrious vein, and at the end of the process he asked us to support the bill as being something which was the lesser of two evils.

Out in the country, on the hustings, the supporters of the government describe this as a victory almost tantamount to the size of the victory at Waterloo. They say that this is a tribute to the skilful negotiating abilities of that wily Canadian team that went down to the United States and slipped one by the Yankees. Listen, the Canadian team was left standing in a wooden barrel after this process was over, and the Americans will try to tax that as well, if they can put their 15 per cent on it.

In terms of an historic agreement to end a bitter controversy relating to the export to the United States of Canadian forest products, it is not at all a triumph. If by the government's definition this softwood lumber agreement constitutes a triumph, then one must also accept the fiction that the farmers in Saskatchewan, Manitoba and Alberta have never had it so good, that they are not suffering at all from some sort of depression; or we would accept the myth that the maritimes and the west coast are not suffering some of the highest unemployment rates in history, despite the promises of the Prime Minister in the last election that he was going to lead us to new heights of employment. Well, he sure has done that! He also said that he was going to give new meaning to the matter of patronage. Well, he has done that as well! He has kept some promises. We are also expected to believe, I suppose, that the Brooklyn Bridge is again up for sale at a bargain price!

The fact is that we lost our negotiations with the United States because of an awkward, bumbling negotiating procedure by the Government of Canada. When it came to a shoot-out at the Okay Corral, we lost, we backed down, we blinked, and we were humiliated. As honourable senators know, the Standing Senate Committee on Banking, Trade and Commerce did a pre-study on Bill C-37. I had the opportunity

of working with that committee, and to visit various centres in Canada. We went to six key centres across the country, there were 55 witnesses, and numerous written submissions were received by the committee.

When that process was completed, no one on that committee hailed the agreement as a victory, historic or otherwise. Everyone felt it to be a defeat. Some felt that it was a necessary compromise; others felt it was humiliating, embarrassing and unnecessary. Not a soul on the committee hailed it as a victory, the term employed by the Minister for International Trade.

Our lumber industry, with a pitifully few exceptions, will pay and is paying 15 per cent export tax on every bit of softwood lumber going to the United States, and that is one of the most important industries in this country. It will cost our Canadian lumber industry about $600 million per year, and if this tax is converted into a timber-cutting fee or stumpage fee at the provincial level—and some provinces are now moving in to get more revenue by going to stumpage—the ultimate cost to the lumber industry may well amount to $950 million to $1 billion per year, year after year. And this is described as a victory! With this kind of victory we will not be able to withstand many more victories in Canada! The economy simply will not be able to survive. This is cause for celebration? Yes, the money will stay in Canada, an attraction for the cash-starved provincial governments, but a bullying U.S. lumber lobby insists that not one penny shall go to our forest industry. It is telling Canada and an industry faced with lay-offs and closures what we should do with our money.

● (1450)

Then we get these kinds of headings in Canadian newspapers: "U.S. Warns Canada to Speed its Tax Bill." One of the spokesmen for the United States said, "We don't understand the Canadian political system, but, by golly, if you do not get moving, you are going to get punished." We are being pushed around like that, and this government says that this agreement is a victory. A Canadian press story says:

> U.S. trade officials have told Canada it will be a technical violation of the U.S.-Canada lumber agreement if legislation implementing the 15 per cent export tax is not passed by the end of February.

Threat, bullying and suggestion that we will get it even worse unless we get into line. I cannot recall any such incidents of bullying of this kind during the term in office of any previous government in Canada. We simply would not take it. We simply would not stand by and allow Canadian sovereignty to be abused in this fashion.

What about our sovereignty? In fact, our neighbours to the south have the right to set the price of our lumber exports, to set the tax against it, to review how the tax is converted into a fee, and to reach into all the documentation necessary to buttress that position. Yet, Ms Carney says that this is a victory. This was not a victory; it was a sell-out, a substantial blow to our sovereignty, one of the biggest blows in recent memory.

[Senator Perrault.]

Who has created the crisis? First, the fact is that the Canadian forest products industry, happily, is one of the most efficient in the entire world, because the industry has reinvested in plants and facilities to make it world-price competitive. It is important to all of us that this industry remain vigorous and competitive. It is well run. The workers in that industry are very productive. Since the 1950s, because of these factors, and more latterly, assisted by the status of the Canadian dollar, we have been obtaining an increasing share of the U.S. lumber market. In 1961 Canadian softwood lumber accounted for 12.7 per cent of the U.S. market. By 1977 this share had doubled to 24.3 per cent of the market. It rose to 32 per cent in 1985 as a result of Canadians in that industry who produced well, produced efficiently and cut efficiently, and provincial governments that were supportive of that industry.

The U.S. lumber producers reacted strongly against this vigorous Canadian competition. In 1962 a petition was filed with the Tariff Commission seeking relief. It was rejected because it had no merit. In October, 1982, 350 U.S. lumber producers united under the quaint banner of Coalition for Fair Canadian Imports and filed a petition with the U.S. Department of Commerce requesting countervailing duties on imports of Canadian softwood lumber, shingles and fences and shakes. November 17, 1982, the United States International Trade Commission ruled that these imports of wood products were materially injuring the U.S. industry. An investigation was launched to determine whether Canadian wood producers were being unfairly subsidized. In March, 1982, the ITA found in a preliminary ruling that Canadian stumpage practices did not constitute countervailing subsidies, and that other types of programs either conferred no subsidy at all or else the subsidy conferred was less than .5 per cent, or *de minimis*.

In March, 1983, the U.S. Coalition appealed the preliminary determination to the United States Court of International Trade, but the appeal was dismissed. Again, no merit, no proof. The allegations by the American lumber producers were not substantiated by fact. In May, 1983, the ITA upheld its initial decision and the case was terminated, with no countervailing duties assessed against Canadian lumber. During that entire process the then Liberal federal government provided the fullest possible support and was determined to make sure that the lumber industry in this country was not pushed around unfairly. The U.S. Coalition did not appeal the final determination of the Court of International Trade because they were caught with their facts down. That is the truth. On May 19, 1986, an organization named, ironically—they changed the name, but the cast was the same—the Coalition for Fair Lumber Impact, purporting to represent U.S. softwood lumber associations and forest products companies, filed a petition with the International Trade Association for a 27 per cent countervailing duty on lumber. The coalition argued once again, loudly, that allegedly lower Canadian stumpage fees constituted a subsidy to the Canadian industry. The facts had not changed, and again they came croppers.

But the political climate had changed. Senator Roblin referred to it yesterday. I am referring to this new protectionist

mood down there. On June 26, 1986, the U.S. International Trade Commission delivered a unanimous preliminary ruling that Canadian softwood lumber exports were causing material harm to U.S. producers. This ruling triggered the next stage of the countervail process requiring an inquiry by the International Trade Administration on the question of whether Canadian lumber enjoyed a subsidy as defined under U.S. trade law. June 17, 1986—this is a sorry chronicle from here on, let me tell you—Canada, with a very strong case, took the position that the United States countervailing action was unfair, that the basic facts had not changed. Oh, the government then took the position that it was going to lead the charge and save the industry from decimation by those Americans. Let me tell you, in terms of political acrobatics on this issue the government would have won a gold medal, a ten point rating in any parliamentary Olympics in the world. They were all over the map with verbal contortionism that boggled the mind. On June 9, 1986, the Secretary of State for External Affairs made a comment which I would like to read into the record:

> We have a guarantee that this court-like procedure—

He is referring to the investigation of Canadian softwood lumber exports by the U.S. Commerce Department.

> —will be conducted in a court-like way. Canada's case will be judged on its merits, not on the basis of politics.

That has to rate as a line good enough for "Laugh-In". On June 17, 1986, Canada made its formal statement to GATT, the General Agreement on Tariffs and Trade, concerning the U.S. countervailing duty petition against Canadian softwood lumber. Canada's statement reads in part as follows:

> Natural resource pricing policies, because they relate both to matters of national sovereignty as well as comparative advantage are of fundamental importance to GATT Contracting Parties.

Amen! Correct! The statement goes on:

> All GATT members, be they producers or consumers, have an interest in ensuring that the sovereign right to develop natural resources and maintain the general comparative advantage of resource producing countries continue to be recognized.

Again correct! In fact, we had perfect grounds to proceed to exhaust the full potential of GATT to resolve this difference with the United States, and we opted not to. On June 26, 1986, the U.S. International Trade Commission ruled that softwood lumber imports from Canada were damaging American lumber companies. Mr. James Kelleher, Minister for International Trade, said, "We are going to fight it and we are going to win it." There was a round of enthusiastic applause by his audience.

• (1500)

On July 2, 1986, Prime Minister Brian Mulroney said:

> Now you watch Pat Carney go. She's got the ball and you just watch her run and hang onto your hats.

Honourable senators, we are trying to hang on to our pocket books, not our hats.

On August 13, 1986, Ms Carney charged that the American investigation of Canadian softwood lumber exports amounted to "trade harassment." She was beginning to complain; she saw the task as somewhat larger than merely catching a ball and running with it—and hanging on to her hat at the same time, which is rather difficult.

On September 8, 1986, after B.C. announced its stumpage rates, Ms Carney formally asked U.S. Commerce Secretary, Malcolm Baldridge, to please delay a preliminary ruling on softwood lumber exports. Mr. Baldridge said, "Thanks, but no thanks," and he turned the request down.

On September 10, 1986, presumably Ms Carney was still running with the ball. U.S. Trade Representative, Clayton Yeutter—and he is a colourful individual—stated that the decision to review stumpage fees amounted to a recognition that the dispute was serious, and is "not a charade of any kind and the concerns on the part of the United States are valid ones." He also said, "We're obviously pleased," with the way things are going. That is somewhat ominous!

On September 30, 1986, the Minister of International Trade proposed increased stumpage fees and other charges to end the dispute. The proposal would increase lumber prices by approximately 10 per cent. In a release put out by the Minister of International Trade on that day the minister is quoted as saying:

> "It is our only offer, it is done on a 'without prejudice' basis to our legal case, and it is not open to negotiation.
>
> I have made it very clear that this is our only offer," Carney said. "There will be no further offers."

That is the way to talk to those Yankee traders.

On October 2, 1986, the U.S. lumber industry rejected the offer as too low, but they said they were willing to talk. On October 3, 1986, Ms Carney said this:

> We made our only offer to the Americans and, as expected, that only offer has been rejected in part by the American producers. At the same time they have said that they wish further information.

That is a sign of hope. In a newspaper article the minister was quoted as follows:

> We are expecting a lot of outrageous statements from the U.S. industry to make us move.

She said this in a telephone interview from her Ottawa office. She then continued:

> But we'd look like bloody fools if we kept upping the ante. It's not an unlimited pot of money.

On October 8, 1986, the October 9 deadline for a decision by the U.S. Commerce Department was postponed. Earlier in the week the minister stated:

> A negative countervail decision would create such an adverse reaction in Canada, I think the free-trade talks would be imperilled.

She then added:

> Canadians feel any time you do anything helpful to the United States, they turn around and kick you in the face.

That is hardly the way to talk about a neighbour.

Honourable senators, this is taking a little more time than I wish to take, but I think these things should be on the record.

On October 9, 1986, Ms Carney was quoted as threatening retaliation if there was a negative decision. Honourable senators, this whole business reminds me of Teddy Roosevelt. It is said of Teddy Roosevelt that he talked softly and carried a big stick. In this entire lumber negotiation we have talked loudly and carried a small stick!

**Senator Frith:** A rubber one.

**Senator Perrault:** Yes, it is made of foam rubber, probably. On that day Ms Carney was quoted as threatening retaliation if there were a negative decision, and she said the following:

> I think you can expect a strong response, but I'm not going to tell you what it is.

People said: "Come on, tell us, Miss Minister," and she said, "No, I am not telling." She continued, "I've got something up my sleeve."

On October 16, 1986, the U.S. Department of Commerce announced a preliminary subsidy determination of 15 per cent. Ms Carney made a statement in the other place as follows:

> I deplore the measures taken today by the United States. We believe it was not the right decision to make . . . .This decision cannot be justified either under U.S. law or GATT rules.

Honourable senators, why did we not take it to the U.S. courts and fight it? We had the facts on our side. Why did we not take it to GATT and fight it? Ms Carney herself said that it was not justified under those rules. She added:

> We are going to fight this all the way.

And the Tories in the House of Commons pounded their desks to splinters. Then she added:

> We will pursue all avenues available to us to argue against this determination.

And another gale of enthusiasm swept the other place. She was also quoted as saying:

> The issue here is that the U.S. is telling us how to run our forests, and that's what we have to fight.

Honourable senators, look at the agreement that we have in front of us today. The Americans are, in effect, in our books, in our forests, and determining just exactly whether or not we are collecting the 15 per cent, according to their stance. Are we not being told how to run our forests?

Ms Carney claimed that the decision was based on reasons she described as "contrived and ludicrous." The Prime Minister also vowed to fight. He had not been heard from for some while on this issue. However, on October 17, 1986, he said:

> We have an excellent case and we will put it forward and ultimately I'm satisfied that we'll persevere.

That is very Churchillian, actually. He then continued:

> We'll persevere without stridency, without juvenile conduct, but with determination, vigour and forcefulness.

In effect, he was saying: "I have nothing to offer but blood, sweat and tears."

The Prime Minister also promised "strong vigorous action," though he declined to become specific.

On October 21, 1986, after meetings with lumber industry officials and her provincial counterparts, Ms Carney stated:

> We've all agreed that the ruling is deplorable, artificial and contrived and does not stand up to objective analysis . . . .We are determined to fight this decision with a view to having it changed when the final decision is made on December 30. This decision, we feel, strikes directly at the sovereign right of governments to manage their own natural resources for the benefit of our own people.

That is exactly bang on, and one of the accurate statements she made in that historic year of 1986.

On October 22, 1986, in a speech in Boston, Ms Carney said:

> The tariff decision shocked us . . . We view it as an unacceptable attempt to impose U.S. views on how other governments should manage their natural resources.

She also said:

> The decision raises questions in the minds of Canadians about the feasibility of seeking better relations with the United States.

On November 5, 1986, the U.S. lumber industry formally requested the Commerce Department to increase the duty from 15 per cent to 23.2 per cent. On November 20, 1986, Prime Minister Brian Mulroney said:

> The Canadian and U.S. governments have reached a tentative agreement to settle the controversial softwoods lumber dispute . . .

As we all now know, no agreement was in fact reached. However, negotiations continued as the government desperately sought a deal.

On November 21, 1986, as word leaked out that the government was considering appeasement by raising the export price of lumber instead of contesting the American action as promised, the Canadian lumber industry reacted angrily. Adam Zimmerman, Chairman of MacMillan Bloedel Ltd. and of the Canadian Forest Industries Council, expressed his shock at the 180 degree turn that the government had taken and stated that if actually carried out, it would be

> . . . probably the most serious thing that has happened in the economic affairs of this country for a very long time.

Dan Smith of Gillies Inc., a subsidiary of Consolidated-Bathurst Inc., said:

> I find it completely unbelievable that the Minister of International Trade could consider this a good deal for the industry . . . It is completely wrong. It looks like the politicians have really bungled it this time.

On November 25, 1986, there was a statement by Mr. Clark. Remember Mr. Clark's first statement? He said that Canada's case will be judged on its merits and not on the basis of politics. The procedure will be conducted in a court-like way. On November 25, 1986, he said:

> We think it is an illegal proposal.

Of course, he did not go to court with it.

> We think we would prevail upon the process. We think there is a risk, given the nature of the process, that we might not. During the long period of risk there would be a draining away of hundreds of millions of dollars from Canada. We think it is better to keep the money in Canada, to keep security in Canada, and to try to bring a sense of stability back to the Canadian softwood industry.

Honourable senators, he was preparing Canadians for the big let-down.

On November 27, 1986, Premiers Vander Zalm and Peterson expressed opposition to any export tax and said they would oppose it. After a private meeting, Peterson and Vander Zalm told reporters that such a tax sets a dangerous precedent for the resource-pricing policies of all provinces, and would be one of the least attractive options to provincial governments, and Premier Vander Zalm of B.C. said:

> It's a bad precedent.

However, he went on to say that the provinces may have to reluctantly accept some sort of export tax, because it is being forced upon the federal government by the United States. He stated:

> It appears as though the Americans are again perhaps dictating what it is we might have to do.

On December 4, 1986, Mr. Zimmerman again talked about the Canadian government botching the case. On December 5, 1986, the Prime Minister said this:

> This is no place for juvenile delinquents. This is no place for facile slogans and easy "my father is bigger than your father" kind of talk. This is serious business, and we are conducting ourselves in that kind of light, and I hope eventually we shall prevail.
>
> We believe it's the right way to go—it's a reasonable, thoughtful approach to a very difficult problem. We hope reason and reasonableness will prevail, and we think it should.

Well, it did not. So, we go on, and on, and on.

• (1510)

On December 30, 1986, the Honourable Gerald S. Merrithew, Minister of State (Forestry and Mines), and the Honourable Robert de Cotret, President of the Treasury Board, admitted that jobs would be lost. Adam Zimmerman said the deal "at one step creates an industrial paraplegic out of the lumber industry." What does this add up to, honourable senators? It adds up to the fact that the Memorandum of Understanding of December 30 was the result of panic on the part of our government. We backed off from GATT, our legal access to the courts, despite the fact that the facts supported our position. We were bullied and harassed into surrender, and the Minister of International Trade describes it still as a victory, a victory like Chamberlain's at Munich, when he bleated the words, "Peace in our time."

Then there were more headlines. One such headline was, "Canada violating tax deal, U.S. lobby says." The article below that headline states:

> The U.S. Coalition for Fair Lumber Imports has accused Canada of violating terms of the lumber agreement on four fronts.
>
> In a resolution passed in Washington Tuesday—

And this is within the past 30 days:

> —the coalition said lumber tax revenue in Canada is "substantially below" what it should be, and the tax is not being collected on some lumber products that are covered in the agreement.

The fact is that there is a whole sector of the lumber industry which is being treated terribly unfairly, such as the remanufacturing sector which was referred to yesterday by Senator Roblin.

Incidentally, honourable senators, the Americans demanded that the moneys be collected before the legislation had been passed by the Senate. They said that they did not understand the Canadian political system, but that they wanted the money on the line, and we complied with that request. So, the Government of Canada has been collecting moneys since the first of the year, notwithstanding the fact that the legislation has not yet been passed.

There are many sectors of the lumber industry which, by the government's own admission, and by the admission of Senator Roblin yesterday, are being harshly dealt with as a result of the way this agreement was slapped together. Other demands are following from the Americans. This is the kind of mistake, this is the kind of blink, the kind of backing down that could cost the Canadian forest industry almost a billion dollars a year if it goes to the stumpage alternative, certainly a minimum of $300 million a year in my home province of British Columbia.

The senators who attended the committee hearings learned of an incredible breakdown in communications between the lumber industry and the government. At a time when all consultation between industry and government was essential in the effort to negotiate the problems confronting $4 billion in annual exports, we heard horror stories of Canadian forest industry representatives being ignored—absolutely locked out of the meetings—and kept out of the critical phases of the negotiation process while representatives of the high-powered U.S. lobby group, the Coalition for Fair Lumber Imports, were present as the U.S. government negotiated.

Why was Jack Munro of the IWA not there? Why was Adam Zimmerman not there? Why were representatives of the Canadian forest industries from the provinces of Canada not there? Why could they not have played the same role in assisting the Canadian negotiating team as the American coalition played for the United States team?

The result of this tragic failure in communications is a second-best, badly-flawed deal, a deal which sees real problems with respect to the completeness of the list of Canadian remanufactured products and possibly the application of the tax on lumber products made from U.S. logs or lumber, or from a number of other categories which are too detailed to go into at this time. These and other problems would have been avoided had the government consulted the industry. What happened to all of the talk of team play?

Well, we recall the overblown oratory of the last federal election campaign and the promises to consult with every sector in every province. Where was consultation when the fate of a critical Canadian industry was at stake?

The flaws in the agreement, admitted to by the government itself and by its spokesman in the Senate, must now be removed with Canada placed in an impossibly weak bargaining position. Since this bill is based upon the Memorandum of Understanding, it cannot be amended in the view of the committee, and I concur with that view, in any matter of substance without breaching the terms of the agreement itself. Any changes must be the result, unfortunately, of a generosity of spirit on the part of the United States, which has not been evident up to now. We are depending on U.S. mercy, Yankee compassion. How far are we going to get in our efforts to help the firms being unfairly taxed at the present time?

The Memorandum of Understanding is flawed in many respects, but I do not believe—and I think this is the view of other senators who attended the committee meetings—that it would be sound in this case for the Senate to seek to abrogate an agreement reached between two sovereign nations. Perhaps we can learn something from this experience—that is, that we must not permit ourselves to be out-negotiated again. We should seek to proceed with the passage of this bill, in my view. We have learned our lesson painfully. We should not proceed to amend the bill but attempt to amend the Memorandum of Understanding to remove the anomalies and inequities.

**Hon. Duff Roblin:** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Honourable senators, I must inform the Senate that if the Honourable Senator Roblin speaks now, his speech will have the effect of closing debate on the motion for second reading of this bill.

**Senator Roblin:** Honourable senators, in closing the debate I must inform my honourable friend that he presented me with no real reasons to change my mind. I was waiting for the conclusion that my honourable friend was going to present to us when he finished his remarks, because judging from the force and vigour of the criticism that he has of this piece of legislation, I wondered how he could possibly bring himself to vote for it.

**Senator Frith:** We just hold our noses.

**Senator Roblin:** Then he must have a large nose.

**Senator Frith:** You need one for this bill!

**Senator Roblin:** Well, you have one. Honourable senators, I had better not get into personalities. Personalities are never a becoming subject for discourse in this chamber. I certainly do not intend to get into that, if I can possibly help it.

I enjoy my honourable friend's rhetoric. I enjoy the interest he takes in prefacing his attack on the bill as a whole by bringing into consideration all of the subjects at issue between the government and the opposition these days, to rehash the election campaign of 1984, and other interesting little deviations from the task of criticizing the bill.

When my honourable friend came to criticize the bill, what were the things he had to say? Well, he had a lot to say. I cannot deal with all of what he said, I am sure, but there are one or two points I should like to dwell upon for a moment.

His first point is that the government lacked the courage, the integrity, the common sense to pursue this matter in the way in which it should have been pursued, namely, by following through on the American trade adjustment procedures and taking our chances in their adjudication system. That is what he wanted us to do. That is what he says we should have done. He says we should have been stronger, and any time the minister in charge, Ms Carney, or whoever was dealing with the particular subject, made a statement which stood up for Canadian rights, my honourable friend quoted it with contempt, with scorn, saying that they should never have said that.

**Senator Perrault:** I did not say that at all.

**Senator Roblin:** In that case, I take it back. If he did not say that at all—

**Senator Perrault:** She should not have said it if she did not mean it.

**Senator Roblin:** What is the difference? She meant it. Of course she meant it. She was in the course of international negotiations, some of which, unfortunately, had to be conducted through the newspapers. Of course she meant it. But my honourable friend comes to the conclusion that if she meant it, she should never have changed her mind or altered course. I think that is a fair conclusion to draw from his remarks.

I defend the minister. I say that her activities and the activities of other ministers who put forward the Canadian case with as much emphasis and vigour as they could were proper activities. The fact that they did not make their points is another matter altogether, and we will come to that in due course.

Why did they fail? It seems to me the root of the problem was that there had been a sea change made in the whole of this discussion. My friend went to great lengths to go through the whole procedure over the past 20 years or so, until he came to 1986. But did he tell us what happened in 1986 that made it so different, and why it was so difficult for Canadian ministers to deal with this matter? And this was after Mr. Clark spoke, by the way.

What happened was that the Americans changed the rules of the game. They brought in a new definition of what constituted unfair trading practices on the part of countries like ours. That is what happened. They changed the rules of the game; everybody knows that. That is why we were unable

to succeed in 1986 as we have succeeded on previous occasions—because they changed the rules of the game. Not only that but then the sea changed in the general approach of American industry to international trading problems.

• (1520)

The zeal with which protectionism is pursued in the United States today is something that we have not seen since 1930. The change that has taken place in their attitude toward international trade is something that none of us ever expected to see. Certainly, one never expected to see it in its present virulent form; in a form in which, if Congress is to be believed, they will pass new protectionist legislation which will make the things that they have done so far look pretty mild. Will my honourable friend blame the Canadian ministers for that? I suppose he will. He forgets that there are two sovereign nations here: ours and theirs. We can have our say and we can take our righteous stands as much as we like—and we may be right, as I still believe that we were right in this issue—yet, when you are dealing with another sovereign nation, you have to decide how to handle the matter. If we had wanted to go through their courts, that position was open to us. We could have done it, but we did not, because, on a judgment call, it was considered that the odds were not favourable. As I said yesterday, I believed that to be the case, and that we did the right thing, compelled by the force of events—let us be frank about it—to seek negotiations, which is a more productive line of approach to this problem than the way in which the industry suggested that we should proceed and the way in which my honourable friend apparently thought that we should proceed as well.

What happens when we get to GATT? We can get to GATT all right. We can get a nice ringing declaration in our favour without much trouble, perhaps. But what happens then? Does the United States have to pay any attention to GATT? Is there an enforcement procedure there that we can rely on that would help us? A moral force, perhaps, but not much more than that.

You are faced with this situation, senators. Either you go for negotiation, as the government did, or you follow the course through the American trade adjustment system and through GATT. It is a judgment call. My friend is perfectly justified to express his opinion. I respect him for it; I believe he means it. But I say on my part that I think it would have been a mistake if we had taken that advice. We did better going the way that we did. There are important questions in this whole issue: What was the Canadian government facing? How did it react to the problem that it was faced with? And was that reaction reasonable in the circumstances— indeed, was it appropriate in the circumstances? When one considers all of those things, the answer must be yes.

I want to deal with another rather touchy matter, because it concerned me, too, and that is this communication between the government and industry. There was good communication between government and industry up until the last moment, let us say; that was made clear in the evidence given to the committee. The question arises: Whose fault is it that this communication was not as complete all the way through as I for one would like to have seen it? Is it the fault of the government alone? Was it the fault of the industry? Were they not as forthcoming as they should have been in the latter stages? When one considers the hidden undercurrent of the feelings between the gentleman who has been mentioned, Mr. Zimmerman, and the minister, obviously personalities were involved, and obviously Mr. Zimmerman was, in my opinion, open to the same criticism that he wants to attach to the minister. Where was he when cooperation was required? Well, he may have been there. I was not there; I cannot tell. I can only give the impressions that came to me when I heard the evidence before the committee, such of it as I heard—and I did not hear it all. I do not wish to be too dogmatic, nor do I wish to be too critical. I admit that it is not a question of judgment. It is a statement that communication could and should have been better toward the end. I am not inclined to say, however, that the fault is exclusively that of the government, as has been intimated in the statement that we have heard here this afternoon. Mr. Zimmerman is not an infallible prophet; he is the author of the statement that the industry would be an industrial—what was it—a basket case?

**Senator Perrault:** Industrial paraplegic.

**Senator Roblin:** An industrial paraplegic, he stated last January. Well, it is not. Some paraplegic! It is still going strong; the stocks of those companies are doing rather well, including Mr. Zimmerman's. The "unemployment boogie" that was waved around is not to be dismissed, but it certainly has not reached the size or proportion that some alarmists would have had us believe at that time. The trade with the United States has not been destroyed. It has been severely handicapped. I do not like it and I do not want it; but I would much rather have that 15 per cent, or $600 million, collected by governments in Canada rather than by governments in the United States. But the trade has not been destroyed.

When we come down to it, I am guilty of tedious repetition, because I come back to the same point that I tried to deal with in my speech of yesterday, namely, that—as I have been candid to say—I do not like this agreement; I wish it had never been necessary, but things being what they are, and forces and powers and influence and sovereignty being what they are, we have to make the best deal we can to protect our people in the circumstances.

The facts speak for themselves. We have secured the money, $600 million, in the form of an export tax by Canadians, which is much better than an import tax by Americans; we have resisted the insistence of the American industry, in spite of what my friend says, to have an open door into the books and accounts and records of Canadian companies. And there is no loss of sovereignty—unless you say that every time you make a trade agreement you lose sovereignty, because somebody has to give something up, which both sides do, as a rule, in these issues.

Could it be described as a victory? I would not call it that—that goes too far—but it is the best solution that can be obtained in the circumstances. I think that is the case. So

much do I think so that I feel that this house should follow the advice of the committee and, indeed, the advice of my honourable friend—whether you hold your nose or not—that this bill should be supported in the best interests of Canada. While the conduct of nobody on either side of the border can be described as perfect, we can say that our administration, dealing with facts as they developed, performed in a credible manner and made what I think is the best possible deal that could be made under the circumstances in a trying situation for an important Canadian industry.

Motion agreed to and bill read second time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Roblin, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## THE CONSTITUTION

### MEECH LAKE COMMUNIQUÉ—AGENDA FOR SENATE REFORM—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Flynn, P.C.
>
> That it is timely for the Senate of Canada to take into consideration the agenda set out in the Meech Lake communiqué on the subject of Senate Reform including the following:
>
> - the functions and role of the Senate;
>
> - the powers of the Senate;
>
> - the method of selection of Senators, and
>
> - the distribution of Senate seats.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I yield to Senator Olson.

**Hon. H.A. Olson:** Honourable senators, I would like to make a suggestion along with those suggestions made by Senator Roblin when he introduced the motion that is contained in Order No. 6, where he stated:

> That it is timely for the Senate of Canada to take into consideration the agenda set out in the Meech Lake communiqué on the subject of Senate Reform including the following:—

He then lists a number of things, including the functions and role of the Senate; the powers of the Senate; the method of selection of senators; and the distribution of seats.

Honourable senators, in my province of Alberta the matter of Senate reform has risen significantly in profile and in terms of the expectations of what can be achieved and accomplished to deal with the feelings of frustration and alienation felt by many Albertans.

● (1530)

I think it is fair to say that for the last four or five elections the people of Alberta have elected the Progressive Conservatives, but when a Progressive Conservative government was elected, it was only a few months before they felt betrayed by that government in that it did not stand up for their interests in the fields of agriculture and, particularly, energy.

As a consequence, there is a renewed feeling that the political structures in Canada are working against western Canada. I have heard that there are other places, such as the Atlantic provinces, where there is a feeling that something is wrong with the structure of the federal institutions. Therefore, in western Canada the profile of the subject of Senate reform has risen tremendously.

We hear of such things as a Triple E Senate. One of the unfortunate aspects of that is that very capable and articulate people, who have voiced the frustrations of farmers and of the energy sector, are now holding up a Triple E Senate as a panacea which will solve all of their problems.

**Senator Roblin:** It is not a panacea.

**Senator Olson:** Is that the right word?

**Senator Roblin:** It is the right word, but it is not a panacea.

**Senator Olson:** I agree, but I know that some people in Alberta are holding up the Triple E Senate as being a means of solving all of their problems.

**Senator Roblin:** They will be disappointed.

**Senator Olson:** I agree with Senator Roblin. He did not make that claim in his speech, but he did claim that an elected Senate would add some legitimacy to our present structure. He seemed rather concerned about legitimacy. Honourable senators, I do not feel illegitimate. Legitimacy was the main concern running through Senator Roblin's speech, and he put forward the concept that the only way to solve that was to have an elected Senate, one which would be elected by proportional representation. Honourable senators, I will deal with that later in my speech.

At the outset, I want to deal with this concept of a Triple E Senate which would be equal, elected and effective. That is what the three E's stand for.

I will deal first with the word "equal". I may be right in suggesting that there is a 100 to 1 difference—or perhaps it is only 85 to 1—between the smallest province and the largest province. That argument is sometimes put forward, because that is how it was done in the United States.

**Senator Doody:** Not to that degree.

**Senator Olson:** I doubt if they would have done that in the United States if they had foreseen the consequences.

**Senator Frith:** Or in Australia?

**Senator Olson:** For that matter, my comment also applies to Australia.

Honourable senators, if we do go beyond that, then we would come to the next stage, which means an elected Senate. Honourable senators, let us look at this squarely. Do you really believe that the Government of Canada and the House of Commons are going to vote for an elected Senate? Think of

the enormous transfer of power, that is, real power from the House of Commons and from the cabinet to the Senate. You cannot avoid it.

When this was done in the United States in 1913, there was no anticipation of how the Senate in the United States would be acting today. They have all that power, residual power, with only limited responsibility for administration.

Since I came to Ottawa some 29 years ago I have been involved in a number of discussions where many people have said that they are in favour of an elected Senate. The most important reason I see for saying that is that the idea is a popular one. It sounds good. However, when they are asked to consider the practical application of that idea, and the transfer of power that I am talking about, they back away from it very rapidly.

I now turn to the third E which stands for "effective". In western Canada I know that, for example, Jim Gray from Calgary is running around all over Canada, but mostly western Canada, talking about what a great thing it would be if we had an effective Senate that could stand over the House of Commons and the government, and if they did not do all of the things that were perceived to be fair and reasonable and in western Canada's interests, then this effective Senate could bring the government and the House of Commons into line. I was going to say, "to heel." The view is that we would superimpose the view of the Senate, in terms of western Canada's interests, on an elected House of Commons and cabinet. Honourable senators, if anyone believes that that is what an effective Senate will do, it is so preposterous that it is hard to even carry on a discussion. Yet, that is what Jim Gray is saying is going to happen. He is saying that it is going to be a watchdog, and that it is going to have enough power to do that. He is saying that it is going to be elected, and that it will exercise that power in such a way that people can be re-elected to the Senate. When we suggest that it is going to be effective enough to stand over the other institutions, namely, the House of Commons and the cabinet, and to keep them in line in the regions' interests, it is really difficult to believe that anyone can carry that argument very far. But they are trying to do that, and I think that we should at least try to answer some of the questions which arise.

This subject does have a high profile. The Premier of Alberta is promoting a Triple E Senate. When he arrived at Meech Lake, he announced before the meeting started that he was there to get an agreement from the federal government that Senate reform would be put at the top of an agenda for the next and subsequent constitutional conferences until it was done.

He came back to Alberta after the "love in" at Meech Lake, which is now coming apart—at least, there were a couple of days when everyone agreed that there was a great victory—and said that the Prime Minister had agreed that it would be at the top of the agenda until it was achieved. What he led them to believe was that it would be at the top of the agenda until a Triple E Senate is achieved, not just Senate reform, because, as you know, there are many degrees of Senate reform.

Honourable senators, I have a suggestion to make today. However, at the outset, I want to say that I listened to Senator Roblin's speech on May 13. He worried about legitimacy, talked about an elected Senate being the only way to solve the legitimacy problem, and then he went on to the discussion of proportional representation with a single transferable vote, and all of that. I would like to make one other suggestion to go along with the proposals that everyone is making. That is that perhaps the senators themselves could do what the Senate was designed to do, which is to have as its highest priority the interests of the regions, so that the "rep by pop" concept that the Fathers of Confederation knew was going to turn out could be offset by a Senate that would look after those interests. But that has never happened in the Senate. Oh, we give some lip service to it once in a while. I am really pleased to see the table sitting in the aisle that was put there especially to enable people to appear before the Senate when the Atlantic provinces had a regional problem that was serious. We should be doing that all the time. Why are we not doing that with respect to the agriculture sector in western Canada today? I will explain why we do not do it. It is because we are not structured to do it properly. We need to restructure ourselves in such a way that we can. I know that it is going to be difficult, and that some senators will shake their heads.

● (1540)

**Senator Doody:** Are you saying it was not done properly?

**Senator Olson:** You will, too. I used to sit where you are sitting now. I know exactly what is going on. It is your responsibility to get the government's program through.

**Senator Doody:** The implication is that this was not done properly.

**Senator Olson:** It was, but we have not followed it up. The government, including the deputy leader, has been dragged, kicking and screaming all the way, and resisted the motion for the Senate to take up the question—and unless there was a demonstration of numbers to show that we were going to go to the defence of the Atlantic provinces respecting fisheries—

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, on a point of order, I would like the record to show that I did not oppose, nor did the government oppose, the examination of the Atlantic fish problem a few months ago. What we advocated was that the proper place to deal with that particular issue was in the Fisheries Committee. I said so then and I still feel that that was the right way to do it.

**Senator Olson:** You can think that if you like, and you know very well what would have happened. We on this side believe that the problem was so severe, that the magnitude and interest was such that the whole Senate should get into it—and you resisted that. I have not the time now, but I could go back in the record and show that the Deputy Leader of the Government resisted doing what we did with respect to that. But I do not want to be diverted from the suggestion I want to make,

which is that we should restructure ourselves along regional lines.

I enjoy working with Senator Barootes, but he gets tangled up in his highest priority to the political party that he supports once in a while, and it gets in the way of his being as enthusiastic in supporting things that we should do for the prairie region.

**Senator Roblin:** You sure ought to know. You are the best party man that I can see.

**Senator Olson:** I sat right next to where Senator Doody is now sitting. I had a job to do—I do not deny that for a moment—and Senator Roblin had that job, too. When he was Leader of the Government in this place, his primary job was to get the government's legislative program through the Senate. Will he now deny that?

**Senator Roblin:** No, and a very good job I did of it, too.

**Senator Olson:** He probably did a good job in doing what he did, but the consequences of it were probably not all that great. Anyway, I also had that job, and I too had a degree of success in getting the program through. Never mind how good the program was; with regard to the actual process of getting it through the Senate, we both probably did equally well, because I believe that both of us got the entire program through all the time.

**Senator Roblin:** But I believed in my program. I wonder about you.

**Senator Frith:** What a confession to make!

**Senator Olson:** Anyway, I think that we should restructure the Senate along the lines of the intent of the Fathers of Confederation to look after the regions. As a matter of fact, I believe that Senator Roblin made that point at page 1045 of *Debates of the Senate*. He said:

> but if we want a Senate that effectively is going to perform the tasks which the Fathers of Confederation gave it, and which some people in this country are demanding today,

That is important, because the Triple E fad that is running across western Canada has got into Manitoba. I will continue:

> —then one must proceed with the principle of election.

Well, I disagree. The reason I have quoted that is because there are people in this country who are demanding that the Senate do what it was designed to do, which is to stand up for the regions and regional interests on economic matters. I do not suppose that in the past 50 years we have had a more severe problem in the three prairie provinces in both agriculture and energy than those which we have had in the last 12 to 16 months. What has the Senate done about it? I admit that the government has done a few things, the most important being to claim credit for the programs that were put in by the previous government, such as the crop insurance, the Western Grain Stabilization Fund, and so on. On top of that—

**Senator Barootes:** Be partisan!

**Senator Doody:** Put party stuff behind you and get regional!

[Senator Olson.]

**Senator Olson:** They came along with another $1 billion. They have not paid it yet—at least, I do not think it has been paid, unless it was paid in the last few days. But they have been promising it ever since last November. So far they have paid 30 per cent of it.

**Senator Doody:** All part of the restructuring.

**Senator Olson:** Honourable senators, I was going to make a very brief speech, because I just wanted to make a proposal that we do what the Fathers of Confederation recommended; and Senator Roblin agrees with me that we should get on with doing what people today are demanding we should do. That means that we have to restructure. Senator Barootes would agree that we have to be a little less partisan in doing that. We need caucuses from the regions. We should get together so that we can make the point to define the problem, to articulate it, and then make the representation—to use our power to make sure that happens.

I notice that we have a number of committees sitting. We have 12 standing committees and a number of special committees. Some of the committee work is useful, but it leads me to think that we do everything but look after the regional interests. We have committees on agriculture, banking, energy, fisheries, and so on.

**An Hon. Senator:** And Bill C-22.

**Senator Olson:** Yes; but we should have as our highest priority the defence against discrimination in the regions, because they expect that of us.

Senator Roblin said one or two other things which were fairly interesting. At one place he said that we need to have the power that we have now to carry out that responsibility. I hope that it also means that having a suspensive veto, or the power given to the Senate under the Constitution in the first place, is not to be taken away. I am not willing to give up the power that the Senate has to defend the regions. I know that Senator Godfrey, if he was present in the chamber, would argue with me—but he is wrong and I am right in this—that somehow we would use our power more if there were a suspensive veto.

**Senator Roblin:** Who said that?

**Senator Olson:** That is the argument that I hear all the time, and I do not buy it at all.

**Senator Roblin:** That is not my argument.

**Senator Olson:** No. You made the argument that the Senate needs the powers that it now has if it is going to perform its tasks. I agree with that.

• (1550)

**Senator Roblin:** Be careful now!

**Senator Olson:** I do not really need to be very careful, because the way in which the honourable senator describes the election of senators is so preposterous. We tried the system he describes, the single transferable vote, in Alberta for a while. It will never happen anyway.

**Senator Roblin:** We will send him to Australia.

**Senator Olson:** There is a simple way of defeating that system, which is what they did in Alberta. All you need to do is mark the ballot once and the whole proposition is dead, because there are no ballots to transfer.

**Senator Roblin:** There is an answer to that.

**Senator Olson:** There is an answer, but I can tell you that in Alberta what I described is exactly the way the political parties went about promoting the defeat of the proportional representation vote, and it worked—just mark one of the choices on the ballot and no more. In that way there are no more ballots to transfer. Then what do you have? If there are six names on the list, you would have people being elected with 15 per cent or 16 per cent of the vote. Anyway, why you would have that procedure is not really important.

Senator Roblin then goes on to say, as he is reported at page 1046 of *Hansard*:

> So the concept that the Senate would be a non-party body is, in my opinion, a non-starter from the very word go.

I agree that you could not have an election of senators without the political parties becoming involved. Sure they would. What we would really have is a duplicate copy of the House of Commons, and the resulting body would not perform its function in defending regional interests.

I did not hear the comments over there.

**Senator Roblin:** They were *sotto voce* comments not intended for your ears.

**Senator Olson:** Okay. I think that the people in many parts of Canada, particularly in the part of the country from which I come, are frustrated with the federal government. They gave their confidence to the Tories for so long, and when the Tories got into office they betrayed them, or at least the people feel betrayed.

**Senator Doody:** Non-partisan, now! Non-partisan, now!

**Senator Asselin:** Would you repeat that?

**Senator Olson:** I am just giving a factual review of what is happening. On May 29 there will be a meeting to set up a new party in western Canada.

**Senator Doody:** Are you ready?

**Senator Olson:** I am not sure that they have a name for it, but I should tell Senator Barootes that a lot of people who used to support the Social Credit Party are involved in the meeting, as are a lot of Tories. Most of these people are to the right of centre on the spectrum. Of course, people on the left support the NDP. It is a serious matter, because it could be the beginning of another long period when the main support of the population of western Canada will not be for either the Conservative Party or the Liberal Party. This will have some unfortunate consequences for Canadian unity.

In conclusion—and this speech has gone on for far too long—

**Senator Doody:** Hear, hear!

**Senator Olson:** —I think that senators should give this matter serious consideration. People expect us to do our job. That job is to look after regional interests. If we are going to do our job, we must restructure ourselves in such a way that that can happen. At the present time this is not the case. I think we can probably go all the way back to the first Prime Minister, when all those great things about the Senate being the defender of regional interests were said, to determine when the Senate began to be used for some of the things that it is being accused of today, one being to support the political party that is in office in the House of Commons. I do not think that that is what the Senate was intended to do. I think there is a legitimate concern out there to which we ought to respond. I must say that I do not believe that there is a ghost of a chance that there will be any significant Senate reform through the constitutional process after we get into the straitjacket of unanimity that is required in the amending formula. So, it is really up to senators themselves. I hope that all my colleauges will give some serious consideration to doing things properly.

On motion of Senator Marshall, debate adjourned.

## NATIONAL DEFENCE

### CONSIDERATION OF FIRST REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lafond, seconded by the Honourable Senator Muir, for the adoption of the First Report of the Special Committee of the Senate on National Defence (hiring of staff and power to travel for the purpose of its examination of Canada's land forces) presented in the Senate on 13th May, 1987.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, when Senator Lafond proposed this motion he pointed out that the money was for his committee to travel to the west for one week.

**Senator Marshall:** From June 1 to June 5.

**Senator Frith:** That is next week. He indicated that he did not plan to travel any more than that until the fall. At page 1023 of *Hansard* he is reported to have said the following:

> —our objective is to undertake that one week's trip in the first week of June in order to have all members of the committee back in the Senate by the second week of June.

When I adjourned the debate I mentioned that I wanted to consult with the whip and with my colleagues. I felt that there would be a need for the presence of most senators during the period from the second week of June until we adjourn for the summer. He mentioned the concern of the whips when he made the motion. On that understanding, and I have checked with him, I believe that we should approve this motion, although we do not have the approval of the proposed budget by the main Committee of Internal Economy. That committee will be meeting tomorrow. At least, I do not think we have that

approval. If we do, we should pass the motion today. If we do not, I think we should pass it tomorrow.

**Senator Doody:** Are you moving it or half moving it?

**Senator Frith:** I have to have that information. What I am saying will have the effect of saving time tomorrow, because I intend to move the adjournment of the debate, and if we have that information, it will be a matter of a few seconds to approve the motion.

**Hon. Jack Marshall:** Honourable senators, I wonder whether Senator Corbin would know if the Defence Committee budget went before the subcommittee on budgets.

**Senator Frith:** It went before the subcommittee.

**Hon. Eymard G. Corbin:** I believe that the subcommittee has reviewed the budget, but I do not believe that the full Internal Economy Committee has had a look at it.

**Senator Frith:** I am not sure.

**Senator Corbin:** I am not sure either, but I think that that is where it is now.

**Senator Frith:** Anyway, there will be no difficulty in getting approval in time for the one trip.

On motion of Senator Frith, debate adjourned.

## POST-SECONDARY EDUCATION

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE—ORDER STANDS

On the Order:

> Resuming the debate on the consideration of the Seventh Report of the Standing Senate Committee on National Finance (post-secondary education) tabled in the Senate on 25th March, 1987.—(*Honourable Senator Frith*)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I want to reiterate that I am merely holding this order for someone who might wish to speak to it before the debate is closed. I do not intend to speak on it.

Order stands.

## CANADA-UNITED STATES FREE TRADE NEGOTIATIONS

DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Everett calling the attention of the Senate to the free trade negotiations with the United States.—(*Honourable Senator Gigantès*)

**Hon. Philippe Deane Gigantès:** Honourable senators, we heard Senator Everett the other day telling us about the virtues of free trade with the United States. One of my colleagues in the other chamber said on free trade that there are four categories of opinions: those who are unconditionally opposed; those who are conditionally in favour; then those who say, "Yes, but"; and those who say, "No, unless". I belong to the "yes, but" category, and I am alarmed by many of the possible consequences. In particular, I am alarmed at the fact that the public is not really being told the truth as to what the issue is. We are being sold free trade with all kinds of arguments that do not stand, and I would like to review some of them. Some of these arguments are advanced and a conclusion is drawn from them which, in my view, is the opposite to the conclusion that should be drawn.



● (1600)

I will take Senator Everett's speech point by point. He said that 30 per cent of our gross domestic product is in exports, and about 80 per cent of that goes to the U.S. Honourable senators, it seems to me that what this should say to us is that we should make every possible effort to diversify, and not continue this enormous dependence that we have on the United States. He then says that we are the only industrialized country without automatic access to a market of more than 100 million people. But we did, in fact, have such an access. We do, indeed; our exports have been rising, and to the United States. Now, however, as Senator Roblin told us, the U.S. is changing the rules on us, so that is a point that should be made clear. We were not on the wrong track in trade. The Americans have derailed a proper, good and rapid evolution of our trading relationship, and we should keep that in mind. This is not being anti-American; this is being realistic.

We are told that trade will increase jobs. Honourable senators, here I would like the permission of the Senate to print as an appendix eight graphs and one table that illustrate my point. Honourable senators, trade will not increase jobs. During the hearings of a certain committee, I travelled around the country and I asked all of the economists I could find—and I am talking of conservative economists, as economists are divided—whether trade increases jobs. They all said no, because for every job you win on exports you lose one on imports, and you absolutely cannot avoid this equilibrium. If you do not import as much as you export, then the value of your currency rises so much that your exports become prohibitively expensive and your exports fall. You are therefore forced eventually—as Japan is now forced—to export money into other countries and invest it so that they have Japanese yen to buy Japanese exports. What happens then, of course, is that you do not invest your funds in your own country to create jobs; you export jobs when you do that.

There is an interesting publication by Statistics Canada which shows exactly what I said, that while our exports increased, so did our imports, and they increased absolutely in tandem. From 1966 to 1980 imports went up from 20 per cent of GNP to 30 per cent; exports went up from 21 per cent to 32 per cent. The difference is practically immaterial. This is in dollar values. If you look at the series of graphs that I have mentioned, you will see that in eight countries, including ours—and you can make similar graphs for every other country—exports go up; imports go up, and the rate of change in jobs is absolutely zilch.

**Senator Barootes:** Is it the same in Japan?

**Senator Gigantès:** It is the same in Japan. I will be delighted to show you this graph, sir. In fact, it is the flattest of all graphs. I have it here. The line at the bottom is a perfectly straight line. Nothing happens to jobs. As you can see, exports and imports go up and down, but jobs stay the same.

Honourable senators, I am not saying that we should not be competitive, that we should not export and that we should not import. All I am objecting to is that we are being sold the free trade deal with an argument that is not supported by the facts. The other argument is that free trade with the U.S. will greatly increase jobs in the under-developed regions of the country. Honourable senators, this has not happened in Europe, where they have more than free trade; they have a common market. It has not happened to the underdeveloped regions of any member of that common market. The rich regions got richer, but the poor regions stayed poor. There are other reasons for poor regions remaining poor, and I think it is a cruel hoax to say to the underdeveloped parts of this country that free trade will suddenly bring them jobs, jobs, jobs.

In Senator Everett's speech there is a section on definitions that is useful. The difference between a free trade area and a common market, says Senator Everett, is that free trade capital is free to move; goods and services are free to move, but not people. The Common Market looked at this situation and asked: "What happens if capital and investment moves to another country instead of staying in its country of origin? That country is exporting jobs. Therefore, we should also have freedom of movement of people." That was the logical thing to do. What we are proposing to do might very well produce a situation where Senator Marshall takes me as a partner in Newfoundland and we buy one of those large freezer trawlers.

**Senator Marshall:** I will be the senior partner.

**Senator Gigantès:** I agree. You know more about the business than I do. We then go out and fill it with fish, and our freezer trawler is such that we can process the fish while at sea. The question is: Where are we going to land it? In St. John's, Newfoundland, or in our largest market, which will be somewhere between Boston and Baltimore, the megalopolis in the United States? That is where it will be to our advantage to land it.

I have another example. Supposing Senator Tremblay and I own a little factory in Quebec, and we are efficient and well positioned to serve the Canadian market.

**Senator Tremblay:** It would have to be a very small factory.

**Senator Gigantès:** Supposing we combine his administrative capacities and my capacities as an advertiser. We then decide that we want to expand, because we have this new American market and we want to build a new factory that will have ten times the production we now have. The question is: Are we going to build that factory in Quebec, or are we going to move to Georgia where the friendly sheriff will prevent a union from organizing our workers; where we do not have to pay the employer's part of medical insurance; where unemployment insurance only covers 40 per cent and, in some jurisdictions in Georgia, the employer does not have to pay at all. Honourable senators, we run the danger that more of our capitalists will invest in the U.S. We are not being told about that danger. We are told that it will be an agreement that will produce jobs, jobs, jobs. In support of that statement they trot out a study by the Economic Council of Canada which says that between now and 1995, 370,000 jobs will be produced which would not otherwise be produced without a free trade agreement.

For those of you who care to use a pencil and a piece of paper, I would like to dictate a formula: $A=C(1+i)^t$. That means that in the final result the total number of jobs is equal to the number of jobs you now have, multiplied by one, plus the rate of increase to the number of years. And 370,00 new jobs implies a three-tenths of 1 per cent increase in jobs, or 3,000 extra jobs created per month. I will not even go into the assumptions that produced the 370,000, because econometric models such as the one used by the Canada Council in good faith depend entirely on the assumptions put into them, and if the assumptions turn out to be wrong, the results are also wrong.

● (1610)

We are not only prisoners of the United States in terms of the fact that they can do terrible things to us because we have neglected the necessity to diversify our trade but we are facing a United States which, right now, has embarked upon a radical change in policy, a United States which is doing the wrong thing for itself, not just for us.

I have in my hand an article from the *Herald Tribune*. I refer to the article because it is representative of serious economic literature in the United States. Robert Heilbroner, a great economist in the United States, said in an article in the *New York Times* in August of 1982 that the United States cannot continue exporting jobs, and that it is going to have to protect not only its consumers but its producers, and that the concept of a global economy is going to have to disappear as laissez-faire disappeared in the past. What we are seeing now in legislation before the U.S. Congress is exactly that. They are saying, "Forget the global economy, we have to protect ourselves." Perhaps we cannot avoid being sucked into that, but let us not pretend it is anything but what Senator Roblin has said—it is highly distasteful. Let us tell the truth to our people.

Lester C. Thurow, in his book the *The Zero-Sum Solution: Building a World-Class American Economy*, says that the United States is not being defeated by economies that believe in the myth of the lone cowboy entrepreneur, the great individualist, but that it is being defeated by economies that are highly disciplined and have a high sense of social cohesion, and not at all the attitude towards organizing production that the United States has. All of those other economies—and this comes up again in the article in the *Herald Tribune*—are working in terms of state capitalism. They have found that it is an efficient way of doing things. They organize all their resources together. They do not work, as the Harvard School of Business does, "on this year's bottom line." They do not allow the disappearance and destruction of certain industries.

They are much more rigid in the way they manage their economies, and they are highly successful and are beating the United States to the draw on every single issue, yet we are going to make ourselves even more dependent on the Americans than we already are. Maybe we cannot avoid that, but let us not say that this is something that we are doing with joy in our hearts, and I hope the government does not believe that it is something we are doing with joy in our hearts. We may have been led into a shotgun marriage, but we do not like it.

Senator Everett also brought up the issue of the purchase of newspapers by the Thompson organization in the United States—lots of newspapers. He said, "What's wrong with Americans buying newspapers here? We are only protecting an economic interest."

Well, we are very small and they are very large. If an American newspaper chain or an American television network comes here and buys many of our outlets, and we try to impose Canadian content or any other conditions on them, the Americans would growl and show their teeth. That would be an awfully frightening thing for us. We might be very hard put to resist that, whereas if the Americans want to bully the Thompson organization in the United States, they can do so, and there is nothing we can do in its defence. We can growl all we like, but they would laugh, they would not be interested.

There were few barriers to speak of in the past. The Americans are imposing new ones now. We negotiated in GATT in good faith. We impose barriers as they do, but the Americans have the clout and the strength to beat us to the punch every time, and to dominate us and make us dance to their tune.

Everyone here is old enough to remember that at one time we thought of selling trucks to Cuba. The Americans said that because those trucks were manufactured in Canada by American subsidiaries the American subsidiaries were acting illegally. They were not acting illegally according to Canadian law, and they were Canadian companies, but they were being controlled by the United States.

I do not forget, and many honourable senators must remember, that during the energy crisis oil carriers going to the east coast of Canada were diverted. The American parent of Esso Resources Canada Limited diverted those carriers to the United States. We had to do without. The mother company told them what to do. This is the situation of vassalage in which we find ourselves. We may have to lump it, but I do object to being raped and having to pay for the motel room, having to pay for the vaseline, and having to pay for the cleaning and the tip, and then being asked to smile instead of screaming.

I feel uneasy about negotiating in the face of U.S. unfairness and in the face of their current obsession with protectionism instead of becoming more competitive, as they could become. This government is engaged in a game of strip poker, and it started giving its shirt away before the cards were dealt. It abolished the National Energy Policy without making the Americans pay anything for it. It turned FIRA into a neutered pussycat without making the Americans pay anything for it, and we now have the drug legislation. We are being asked to allow the American-based multinationals plus others to gouge our provincial health services for all the market can bear, yet we cannot do anything because the Americans are too strong and we are too weak.

[Senator Gigantès.]

Should we not, instead, try to diversify our trade? The figures are absolutely disastrous. Over the past two years our trade with world markets outside of the United States has deteriorated tremendously, because everybody got excited about free trade, because for our industry it is simpler and easier to think that we will trade with a country that speaks the same language as we do, which seems to have the same habits, the same tastes, the same forms of advertising, and because we do not have to make an effort if we are selling into the U.S., because we are fairly competitive when it comes to the Americans. We cannot compete with others, but maybe we can compete with the United States. But we are absolutely disregarding the fact that with the Pacific Rim countries we went from a deficit of $734 million a year in the past two years to a deficit of $4.6 billion. Our trade balance with Malaysia alone has gone from plus $12 million to minus $46 million, and the same applies to other countries. We are putting all of our eggs into the United States basket. It seems to me that that is highly dangerous and very foolish.

• (1620)

Are they really going to alter their "buy American" policies to let us have some of the cake of their military procurement? Will they really be that fair? They will say that for security reasons they will not allow "us foreigners" to bid on their secret, hi-tech needs for their defence.

Natural resources are a matter of provincial jurisdiction. Suppose that the people of one Canadian province elect a provincial government that wants to increase its tax take on American-owned resource companies in Canada. We have seen the threats; they were mentioned before. Senator Roblin did not like them; he said that they were distasteful. Should we be getting even deeper into trade with the United States, considering how vulnerable we are?

I was in Europe this summer. I asked the Austrians how they managed a fairly similar relationship. They are next to a giant, for them, relatively—West Germany—which is about ten times their size—as the U.S. is ten times our size. How do they manage when Germany is their major trading partner? They told me that the Federal Republic of Germany does not own 59 per cent of their manufacturing but only 10 per cent; that foreigners, as a whole, only own 20 per cent of Austrian manufacturing—with us it is about 70 per cent. They have not allowed Germany to get a stranglehold on them. This is not being anti-American. This is saying that the Americans will do to us what we would do to them if we were that size.

If you are sleeping next to an elephant, and you are a mouse, it is useful to have one of those beds with big nails sticking out of it in the middle between the two so that if the elephant is rolling over, he will feel a few pricks on his skin—and I am not being sexual, these are nails that I am talking

about. We need some restraints when we are dealing with this giant, yet here we are not thinking of alternatives. This government, in the past two years, has abandoned efforts to diversify our trade.

This government, because of its private market philosophy, is forgetting that one of the things that we should encourage is what the great Jane Jacobs talks about in *Cities and the Wealth of Nations: Principles of Economic Life*. Jane Jacobs is an economist, who is an American and now lives in Toronto. She wrote this remarkable, illuminating book in which she says that wealth is generally created through import substitution—not necessarily import from another country but import into a certain region from another region within the same country. What does that do? I will not go the NDP route of saying that we should turn all of our wheat into cookies before we export it, or that we should take our coal and extract the methane before we export it as coke to the Japanese, but there should be policies that encourage the development of indigenous industries here.

We have a history of helping business do all kinds of things which have helped it put us in the situation in which we are, and we have not taken the proper steps to ensure that we behave at least like Switzerland. They are a free enterprise country, but they have highly developed and world class firms in chemicals and automated tools.

In Drummondville, Quebec, there is a spinning mill that belongs to Dionne Textiles. That spinning mill is totally robotic. The truck backs in at one end, robot arms unload it, and the truck goes to the other end where robot arms load it with the production of the last few hours. There is not a human sole on the floor of the factory. There are six persons per eight-hour shift sitting in a kind of "Spaceship Enterprise" salon, where they play three dimensional chess or work on their post-doctoral thesis, waiting for a bell to tell them that something is broken, and when that happens they go and fix it. That factory was made in Switzerland. Why do we not try to encourage Canadian business, which is obsessed with the U.S. market and tries to imitate it, to develop as others do, and not become even more of, a branch plant economy? Why do we not try to save ourselves from domination?

It may not be avoidable, but I do not want us to be told that we are going into this because it will create jobs—it will not. I do not want us to be told that we can, at any time, be sure that any agreement that we make with the Americans will stand up to their electoral needs every two years during an election. Our only salvation is to try to find other outlets for the energies, capacities and skills of our people, and not to go for bills like the drug bill, which will increase the dominance of American companies in that particular sector of the Canadian economy. This is not the only sector; already they own us lock, stock and barrel.

I have heard Charlie Lynch, for instance, say, "I am all for it. Let them come, let them invest here; then we control them." That is what small countries say in Europe. If the Swiss invest in Belgium, the Belgians control it, sure. If the Swiss do not like the degree of control imposed upon their branch plant by the Belgians, the Swiss can do nothing at all. But considering the degree of dominance in our economy by the Americans, we will not be able to say, "Let them invest here, because as long as they are here we can control them." We cannot. We have seen in the past year what damage the Americans can wreak breaking promises, breaking agreements, ignoring GATT, and treating us as if we were an enemy, which we are not.

Maybe we will be forced, reluctantly, to enter into this, but, please, let us tell ourselves and the Canadian public the truth: No, there will be no more jobs. We are only doing it because the Americans have turned mean and are scaring us, and we are trying to restrict the damage. That is the truth! It is not a glorious situation, it is a humiliating one into which we got ourselves by concentrating on our business people and by concentrating on trade with the Americans and nothing else. Let us try to wake up to this danger and save the country.

● (1630)

**Hon. Gildas L. Molgat:** I want to thank Senator Gigantès for his interesting discourse. In the early part of his comments he referred to the fact that exports do not create additional jobs, that they even out with imports. I should like to ask him: Is it not possible that there is a higher value job that can be created through exports if there is a concentration of high technical types of industries, for example? I wonder if the charts with which he will supply us would show any of that, that is, the difference in the value of jobs as against, simply, the number of jobs.

**Senator Gigantès:** The Statistics Canada publication I referred to, which is a study of just this issue, shows that those sectors of our economy where we have been most successful in exporting are not related to raw materials but are, in fact, related to manufacturing. I talked about a firm in Drummondville. The owner of that firm has a smaller firm with relatively antiquated machinery in St-Georges de Beauce, where they have 123 employees, not 18. He will close that firm. Peter Drucker, the famous Peter Drucker, says that if you want to compete in international trade, forget about protecting your blue collar and your high technicity jobs; you will have to have wall-to-wall robots.

As a very recent study of the Ontario government shows, the service sector is where nearly all of the new jobs will be created. It is not true that every time you buy robots you need people making robots. There are robots making robots! High technicity jobs are not going to be of an equal number with the former aristocracy of the working class, the steel workers, and so on. Those "labour aristocracy" jobs are shrinking. Unless we start replacing imports by producing some of those imports in this country efficiently, at a cost competitive with imports, what we are facing is more and more service jobs at lower and lower pay.

On motion of Senator Frith, for Senator MacEachen, debate adjourned.

## CANADA'S INTERNATIONAL RELATIONS

DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator MacEachen, P.C., calling the attention of the Senate to Canada's international relations.—(*Honourable Senator Doyle*).

**Hon. Richard J. Doyle:** Honourable senators, members on both sides of this house were grateful some weeks ago when the Honourable Leader of the Opposition declared that he would have something to say to us about Canada-United States relations. Certainly the time was propitious. Many issues of significance to both countries were being examined by the two governments, and the President of the United States had just paid a visit to this building where the warmth of the reception given him all but obscured the frantic heckling of members of the New Democratic Party.

The Honourable Allan J. MacEachen, as we all recall, was for a time Canada's Secretary of State for External Affairs, and we could expect him to draw upon that experience to counsel us, probably in a critical way, on the risks and rewards of nurturing our association with the Republic, an association that has been paramount in our international adventuring as we have distanced ourselves from our colonial past.

We might have expected the honourable senator to have reminded us of Lester Pearson's thoughts on the relationship. After all, Mr. Pearson came to the Prime Minister's office with more experience in the diplomatic field than any of his predecessors. In 1932 Mr. Pearson wrote this:

> It may be expected that the relations between the two states will become increasingly important and that the problems arising therefrom will grow in number and in magnitude. The very similarities of the two people and the intimacy of their contacts will promote such problems, while making easier, it is to be hoped, their peaceful solution.

In 1943, in a New York radio broadcast, Mr. Pearson said:

> We are all mixed up together . . . this increasingly close relationship will be of increasing mutual benefit if it is based on sound principles.

Mr. Pearson and John F. Kennedy, in a communiqué issued after their famous meeting at Hyannis Port, said that the two leaders "are arranging for more frequent consultation at all levels in order that the intentions of each government may be fully appreciated by the other and misunderstandings may be avoided."

In his memoirs the former Prime Minister wrote:

> We need to receive the kind of special treatment that we have enjoyed in Washington, while making it clear to our American friends that this is not a matter of grace and favour but something to which we are entitled by the nature of our trade and financial relations with them and from which both countries benefit.

Mr. Pearson acknowledged that his principal preoccupation in foreign affairs was with our bilateral relations with the United States. He worked at it knowing that without constant attention and effort, good intentions would go for naught. Once, when he was able to accommodate an urgent request from President Lyndon Johnson, Pearson noted he had "some credit in the bank."

As it turned out, however, Senator MacEachen in his early April speech was not interested in recalling history's lessons. He was disturbed by "current events." Just as he did in the Throne Speech debate, the Leader of the Opposition in the Senate went after the "Angel Pasta" of Canada-U.S. relations; flailing away at the cost of "that little extravaganza," the Shamrock Summit; raising his blood pressure with his denunciation of an External Affairs booklet distributed in Washington with the distasteful words that the Prime Minister of Canada was "committed to rebuilding Canada's image as a free, tolerant and independent nation." Shocking!

His steam up, he went after the wording of communiqués and statements that spoke of "commitments" or the "pursuit of resolutions." He had special disdain for what he called "allegedly resolved" irritants. What the Prime Minister's intention or the President's intention might be was to him that day of no importance. Senator MacEachen was weary of words wasted on work in progress, which surely is the whole patient business of creating a climate for agreement.

Mr. Pearson understood that despite difficulties and setbacks, such a process was indispensable. Once he outlined a proposed Canadian initiative to President Kennedy. He got no response. Later he wrote:

> We had not worked out adequately in advance the details of its operation nor had we consulted the provinces. Further, there was basic disagreement in cabinet over the whole idea.

Honourable senators, there is purpose and there is process—well defined purpose and painstaking process—in this government's relationship with the United States. Mr. Pearson might have longed for it.

The Right Honourable the Prime Minister and the Right Honourable the Secretary of State for External Affairs have insisted from the beginning of their mandate that Parliament and the public be aware of and involved in the evolution of the relationship and the understanding of its impact on global affairs. No government before has concentrated such attention on purpose and process.

● (1640)

It was my very great privilege for one year to be a member of the Special Joint Committee on Canada's International Relations. Honourable senators will recall that Tom Hockin was the committee's chairman and, in turn, Senators Jacques Flynn and Jean-Maurice Simard were co-chairmen. Senators Gigantès, Grafstein and Stollery were members of the committee, and Senators Asselin, Balfour, Barootes, Frith, Haidasz, Hébert, Kelly, Nurgitz and Perrault participated. Twelve members from the other place were members of the committee

and six others took part. Much of the committee's time was devoted to two particularly important matters: the invitation of the U.S. President to participate in the research on the American Strategic Defense Initiative, and the instruction of the communiqué issued at the Quebec Summit to begin a study of ways and means to reduce and eliminate existing barriers and irritants to bilateral trade.

With instructions to hear the views of concerned Canadians and to report back within two months, the committee called meetings in Ottawa, Montreal, Toronto, Vancouver, Calgary, Winnipeg and Halifax, where 300 witnesses gave us their views on Star Wars and bilateral trade. As the report of August 23 said, "The debates went on vigorously, intelligently and sometimes emotionally."

Briefs by the score were presented and carefully stored in the committee's luggage. Newspapers gave the travellers a great deal of space. Television was omnipresent, and hours of taped interviews were recorded for radio.

In its interim report the committee recommended that the government not take a decision on Star Wars without additional information on strategic financial and economic implications. At the same time it advised "that there be immediate bilateral trade discussions with the U.S."

The New Democratic Party dissented. It found "no national consensus in favour of a grand bilateral freer trade initiative".

The Minister of External Affairs responded in Parliament, and said:

> The government will continue . . . to resist vigorously U.S. trade protectionist actions. Recently there have been many of these . . . The government has made it clear that there will be no bilateral trade agreement unless it is as good for Canada as it is for the United States. Above all, it must leave intact every means necessary for Canada to continue to shape its own destiny.

The committee's work went on as matters related to other countries and other enterprises were ventilated. By June 1986 the committee, the first of its kind ever appointed by a Canadian government, had received 568 briefs from organizations and businesses, and oral presentations from 630 individuals.

When its final report was presented, it was frankly stated that the government could not yet finance every worthy endeavour proposed or accept every answer to a problem as the best solution. But the great majority of the committee's 121 recommendations were accepted. As the minister said:

> This is the beginning, rather than the end, of what the government hopes will become a fuller collaboration between it and the public on foreign policy issues. Through Parliament, and in other ways, the government will seek to ensure a better dialogue with the citizens of this country—and indeed draw on their expertise—in the conduct of Canada's international relations.

The minister spoke of collaboration with the public on foreign affairs. He can rightly boast that on 14 occasions in the first two and a half years of this government he and his colleagues have provided opportunities for discussion in the Commons of international issues, and more often than not those ministerial statements have prompted questions and responses in the Senate. In the four previous years not one such statement was forthcoming from the ministry.

Collaboration with the public "in other ways" has been sought on scores of public platforms—not the least of them the podium provided at the United Nations to our ambassador, Mr. Stephen Lewis. Senator MacEachen concurred with a criticism that Mr. Lewis made of the government before his appointment. The Leader of the Opposition in the Senate noted that Mr. Lewis had written that Canada is "cementing a partnership of deference" with the United States. Does the senator really believe that the ambassador is instructed to crook a knee to the Americans in the difficult duties he performs today?

Mr. Lewis has been forthright and even-handed in representing this country, and has won the confidence of colleagues in the United Nations who may be either pro- or anti-American in their attitudes. Not only ambassadors speak for Canadian independence of thought. The American Vice President could speak to that after his meeting in Ottawa with the Prime Minister. The delegates to the most recent Commonwealth Conference could speak to that after Mr. Mulroney's exhortation on response to apartheid in South Africa. Do we genuflect in GATT or in NATO? Did Senator Roblin, in this chamber yesterday, hesitate to say what this government thinks of U.S. protectionism as it affected Canada in the softwood lumber situation?

Surely Prime Minister Mulroney spoke for all of us last Saturday when he addressed the North Atlantic Assembly in Quebec City, and said:

> The Government of Canada has consistently expressed the view that the SALT agreements and the ABM treaty should be adhered to by both sides . . . Extreme care must be taken to ensure that defences are not integrated with existing forces in such a way as to create fears of a first strike . . . We cannot allow strategic defences to undermine the arms control process and existing agreements: the transition should be mutually agreed upon. Without such mutuality, chaos would follow and stability could crumble. Clearly U.S./Soviet consensus on strategic defences will be necessary if the logjam of strategic arms control is to be broken at Geneva.

Perhaps senators opposite did not receive copies of an April speech made by the Secretary of State for External Affairs in Vancouver. The subject was sovereignty, and Mr. Clark reminded his audience of the 1985 voyage of the U.S. icebreaker "Polar Sea". He said it was

> a shock to all Canadians not because the transit occurred but because we had so few means to assert our claim of control.

He said:

> The Arctic has a very special place in the Canadian sense of nationhood and any threats against our sovereign

> control justifiably provoke the most intense concern. In our response to the Special Joint Parliamentary Committee on Canada's International Relations, we have stated four clear goals for our north: affirming Canadian sovereignty in the Arctic; preparing for commercial use of the Northwest Passage; promoting more co-operation with other northern countries; and modernizing Canada's northern defences.

There is nothing anti-American in the minister's position, but there is certainly nothing deferential.

**An Hon. Senator:** Hear, hear!

• (1650)

**Senator Doyle:** What is important is that our friendly neighbour understands and accepts our position. Our purpose and our process must be seen to be reasonable if we are not to sink in a sea tossed by adversarial storms. That is why the President and the Prime Minister meet annually, that is why the Secretary of State for External Affairs meets quarterly with the U.S. Secretary of State. That is why trade issues which are so important to both countries are reviewed at First Ministers' Conferences and, of course, why federal and provincial trade ministers meet regularly, as do the International Trade Advisory Committee and the sectoral advisory groups on international trade. And all this interchange of ideas in domestic and bilateral conclave is buttressed by our vigorous presence in the Commonwealth, at the U.N., in GATT, and especially now in Francophonie where global consequences of the U.S.-Canadian relationship have dimensions of their own.

Would it be some kind of confession, in these circumstances, to express the hope that all our partners on this planet would not consider it a weakness to give us the benefit of the doubt when we advocate a position or enlist in a cause? If we are ill-advised or wrong-headed, we will not win, but we hope we will get a fair hearing. That, as Senator MacEachen has reminded us, is the benefit of the doubt we have pledged to the United States. The Leader of the Opposition in the Senate gave us these words of advice: "The national interest is best advanced by making a rational appraisal of the situation and then looking to our own best interests." He might have added, "And keep our powder dry."

Honourable senators, I shall close these remarks with words borrowed from another observer of our relationship with the United States. His subject was freer trade. He said:

> I shall leave aside many frivolous criticisms that have been made by political partisans. Because a commercial treaty is very advantageous for one party, it does not follow that it may not be equally good for the other. It must be borne in mind that when two parties sit down to make a bargain, the result arrived at cannot be what each desires to obtain, but what both will consent to.
>
> We are all alike concerned in the prosperity of our foreign commerce and in seeking good relations with our powerful neighbour and to those ends we should all heartily contribute, whatever party may be in power . . .
>
> The government opened negotiations, not with hat in hand, but in the frank, independent attitude of men who ask no favours, but believed they had ample equivalents to offer for all they sought to obtain.

[Senator Doyle.]

The words were spoken in our chamber 112 years ago by a Liberal trade negotiator, the Honourable George Brown, a father of Confederation who served the Senate with distinction.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I move the adjournment of the debate, again in the name of Senator MacEachen. It is actually an inquiry, so, of course, if he speaks it will close the debate. I am not attempting to close the debate by adjourning it in his name. I am sure that the honourable senator would yield to someone else who wished to speak.

On motion of Senator Frith, for Senator MacEachen, debate adjourned.

## NATIONAL FILM BOARD

MOTION TO REFER REPORT ON FILM ENTITLED: "THE KID WHO COULDN'T MISS" BACK TO SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE—DEBATE ADJOURNED

**Hon. Jack Marshall,** rose pursuant to notice of Friday, December 19, 1986:

> That he will call the attention of the Senate to the motion adopted by the Senate on May 28, 1986, and passed by a vote of 28 for and 17 against, that the Report of the Standing Senate Committee on Social Affairs, Science and Technology entitled: Production and Distribution of the National Film Board Production "The Kid Who Couldn't Miss", tabled in the Senate on 15th April, 1986, be referred back to the Committee with instructions to consider and report upon the following:
>
> Strike out page 20 and substitute
>
> RECOMMENDATIONS
>
> 1. That after the titles of the film, the following disclaimer be added: "This film is a docu-drama and combines elements of both reality and fiction. It does not pretend to be an even-handed or chronological biography of Billy Bishop.
>
> Although a Walter Bourne did serve as Bishop's mechanic, the film director has used this character to express his own doubts and reservations about Bishop's exploits. There is no evidence that these were shared by the real Walter Bourne."
>
> 2. That the National Film Board be requested to take action to eliminate from the film the unproven allegations, charges and innuendoes against the integrity of Billy Bishop; and
>
> further, that consideration be given to the apparent disregard by National Film Board officials to their commitments to the Senate Sub-committee on Veterans Affairs arising out of evidence before the Sub-committee.

He said: Honourable senators, I finally rise to address an inquiry which I introduced on December 19, 1986, just prior to the Christmas recess. It has to do with the production and distribution of the National Film Board film entitled, "The Kid Who Couldn't Miss". The inquiry is worded in a similar fashion to a motion introduced by my colleague, Senator Molson, on May 13, 1986, which was adopted in the chamber by a vote of 28 to 17, to refer the report to the Subcommittee on Veterans Affairs back to the main Committee on Social Affairs, Science and Technology with instructions to consider and report on the following:

> Strike out page 20 and substitute:
>
> RECOMMENDATIONS
>
> 1. That after the titles of the film, the following disclaimer be added: "This film is a docu-drama and combines elements of both reality and fiction. It does not pretend to be an even-handed or chronological biography of Billy Bishop.
>
> Although a Walter Bourne did serve as Bishop's mechanic, the film director has used this character to express his own doubts and reservations about Bishop's exploits. There is no evidence that these were shared by the real Walter Bourne."
>
> 2. That the National Film Board be requested to take action to eliminate from the film the unproven allegations, charges and innuendoes against the integrity of Billy Bishop; and

I added to the motion the following:

> Further, that consideration be given to the apparent disregard by National Film Board officials of their commitments to the Senate Sub-Committee on Veterans Affairs arising out of evidence before the Sub-committee.

Honourable senators, I should inform you that I intend to address my inquiry in three parts. I shall do the first part today. I hope to continue with the other parts as time permits.

Honourable senators will recall that included in Senator Molson's motion was a recommendation No. 3, which stated:

> That a copy of this report as it stands or may be amended, be formally submitted to the Honourable Minister of Communications, with the request that it be transmitted to the National Film Board along with the Minister's specific instructions of action required of the board to correct the wrong that has been done to the factual record of the late Air Marshall, William Avery Bishop, V.C.

Honourable senators will also recall that on a motion in amendment thereto by the Honourable Senator Flynn, recommendation No. 3 was deleted with the concurrence of the Senate. I think that the speech made by Senator Flynn is worthy of note, and I want to put some of the pertinent points he made on record. He said in part:

> —I believe that the Senate has every reason to censure the National Film Board and indicate to it in some way that this type of production is unacceptable in terms of the legislation by which the board is governed.
>
> I examined the original legislation which goes back to 1939. It has been changed somewhat since then but has remained substantially the same with regard to the purpose of the NFB.

He went on to say:

> It is clear, even when we look at other sections of the act, that the work of the National Film Board is essentially technical. It is supposed to promote the production and distribution of films and represent the government in its relations with other agencies with the same avocation. However, the NFB has no mandate that can be said to be ideological.
>
> None of the provisions of that act gives the National Film Board free rein to indulge in an ideological controversy. I make a distinction between production and creation. In this case we have someone who created a scenario, and then produced the film. But the creation of the scenario does not really come under the responsibilities of the National Film Board. Its duty is not to promote the careers of scenario writers but only to produce films. Production is a technical element which ensures the progress of cinema. Cinema is a medium which is becoming ever more powerful, challenging and entertaining.
>
> The National Film Board should not express its ideological or political opinion. The National Film Board is not in a position to lecture us about war, about the merit or demerit of Billy Bishop, or about this or that. In my opinion, such a production is definitely outside its jurisdiction.

Honourable senators, speaking of jurisdictions, here is what John Grierson, the founding commissioner of the National Film Board, had to say at a National Film Board anniversary in 1964—23 years ago. He said to his audience:

● (1700)

> I have come to remind you that you are all employees of the Government of Canada. You are all civil servants using tax money and working for the benefit of the people of Canada. This is not a playground.
>
> It has come to my attention recently that the Film Board more and more is becoming infiltrated with . . . types who intend to use the facilities which it offers for their own private purposes. There will come a time, and mark my words it will come, when the limit of public tolerance will be transgressed and the activities of the board will be severely curtailed.

Honourable senators, in my opinion John Grierson was prophesying in 1964 exactly what Paul Cowan did in 1981, and here I am not referring to the excellent record that the NFB has in other aspects. Paul Cowan used the facilities of the National Film Board for his own private purposes: To present his own version of Billy Bishop in a film that is both anti-hero and anti-war. In my opinion also, the limit of public tolerance has been transgressed by Cowan's action.

After Senator Flynn's amendment, the motion was dealt with by the Standing Senate Committee on Social Affairs, Science and Technology, which resulted, in turn, in a reference back to the Subcommittee on Veterans Affairs. Unfortunately, then, as a result of the prorogation of Parliament, all matters relating to the Billy Bishop inquiry were deemed to have expired. Therefore, honourable senators, my inquiry today is intended to revive the motion to refer it back again, if that is the pleasure of the Senate.

My reason for re-introducing the inquiry, honourable senators, is the fact that certain events which followed the tabling of the report prompt rebuttal. I do so in order to place on the record not only an obvious disregard by the National Film Board officials of their commitment to the Senate subcommittee but also a series of conflicting statements and inconsistencies made by the National Film Board officials who appeared before the committee which contradicted their commitments.

The first conflict which should be addressed is the disregard by two of the witnesses—the producer, Paul Cowan, and the executive producer, Adam Symansky—over what surely was a reasonable disclaimer contained in recommendation No. 1. Most senators said that that recommendation did not go far enough. Not only was that recommendation disregarded but, immediately after the tabling of the report, Mr. Cowan stated publicly his own rejection of the Senate's disclaimer. At that time Mr. Cowan stated that they would insert their own disclaimer, because he said he felt it was more accurate. Obviously he took it upon himself to speak for the National Film Board, and perhaps the question should be asked as to whether he is the director and, if not, who he is speaking for. His version was as follows:

> It is (the film) a perspective of the nature of heroism and the legend of Billy Bishop. It contains both factual (documentary) footage . . .

And I repeat, honourable senators, "(documentary) footage"—

> . . . and dramatized segments.

Honourable senators, this was reported in the Ottawa *Citizen* on April 16, 1986, the day after the report was tabled.

It is worth while noting that in the same article it was stated that the Film Board began relabelling the film a docu-drama, instead of a documentary, about one month after Mr. Cowan's first appearance before the committee. Mr. Cowan appeared before the committee on two occasions, on November 28, 1985, with his commissioner, Mr. Macerola, and on December 10, 1985, with Mr. Symansky. At the same time the executive producer, Adam Symansky, said in an interview reported in the same newspaper that he would not approve of any wording which labelled the film, or parts thereof, fiction. Evidently he, too, was speaking on behalf of the National Film Board. Then Mr. Symansky went on to say, and I quote:

> Not that there aren't fictionalized parts . . . we used some shots from Hollywood feature films, the dog-fight and so on. There are obviously fictional elements, but the point we want to maintain is that everything that's in there, any of the factual content in there, we're willing to stand behind. And it was not made up.

The following is also reported from the same day's newspaper article, and I quote:

> Symansky and the film's producer, Paul Cowan, agreed after testifying before the openly hostile senators last fall to re-label the film a docudrama. Symansky said Monday . . .

Which was two days previously—-

> . . . a disclaimer was included about a month after the hearings, but he could not give the exact wording. He and Cowan were not available for comment Tuesday, and the film board's communications department said the board would have no official comment on the report until it receives a copy.

It is interesting to note here, honourable senators, that although Mr. Cowan put on the record his or the NFB's own disclaimer—and not Mr. Macerola's disclaimer—Mr. Symansky was not aware of the wording. Keep in mind also that Mr. Macerola in his evidence before the committee stated that effective that day—which was November 28, 1985—every print of "The Kid Who Couldn't Miss" was being amended immediately by the insertion of a statement as follows:

> . . . that it (the film) is a docudrama presenting a perspective on the nature of heroism and the legend of Billy Bishop.

Mr. Macerola further indicated that the decision had been taken two weeks earlier, presumably meaning approximately November 14, 1985. That was two weeks after the hearings began.

As chairman of the committee, at that moment I asked Mr. Macerola if he made the decision to re-classify the film just to please the committee. He replied, "Absolutely not." He said he had made a speech a year before describing the film as a docu-drama. Honourable senators, that would take us back to November 1984. Therefore, if he had made the statement back at that stage, why did he not tell the other organizations such as the RCAF and others who protested against the film, and why did he not tell the Senate committee when we invited him to appear? Why did he not advise the Legion and the Airforce Association and all of those veterans' agencies which had been objecting to the "documentary" film?

Honourable senators, I think it is important to note here that Mr. Cowan, at that very moment, interrupted his commissioner to comment:

> I think it is clear that to most people, this is not a straight documentary. Whether we called it something else or not, I think is irrelevant.
>
> By calling it a docudrama, I personally am not in any way saying that what the film says is not true. I think that what you are trying to do . . .

And by that, I think he meant the subcommittee—

> . . . by calling it a docudrama is that you are somehow trying to make it less true. I do not believe that.

Honourable senators, how can you make something that is true less true? I repeat that Cowan's view is that:

> Whether we call it a docudrama or not is immaterial to me.

Therefore, in summary, honourable senators, here is the contradicting series of statements. On November 28, 1985, Macerola states in evidence before the committee that effective that day all copies of the film were being amended by insertion of a statement that: "It is a docudrama presenting a perspective on the nature of heroism and the legend of Billy Bishop." Cowan was in attendance with Macerola, heard what was said, and contradicted it.

On April 15, 1986, the report was tabled. Cowan told the press that he was ignoring the recommendation of the committee and inserting his own disclaimer—not Macerola's disclaimer; not the National Film Board's disclaimer—which he claimed was much more accurate.

On April 16, 1986, Symansky said he would not approve wording which labelled the film fiction, but admits at the same time that there are fictionalized parts and elements in it. He also could not remember the exact words in his version of the disclaimer. In that same interview he also said that he had not seen a copy of the report on that date.

Honourable senators, incidentally, as I hope to point out later, Mr. Macerola, who appeared before the Communications Committee in the other place on April 17, 1986, stated that he was in Halifax and was questioned by reporters, who all had a copy of the report and he did not. I can state emphatically that the National Film Board did have a copy of the report prior to its having been tabled, and if Mr. Symansky did not have a copy of it in Halifax, it was due to the inefficiency of his own communications department who, although they stated to reporters on April 16—the day after the report was tabled—that they would not comment until receiving a copy of the report, were not stating the facts.

Honourable senators, as chairman of the Subcommittee on Veterans Affairs, I happen to know that the NFB did have a copy of the report on April 14, the day before the report was tabled. They need only ask one of their officials, Ms. Parent.

● (1710)

Dealing again with the insertion of the disclaimer, the National Film Board did not act as it indicated it would both to the subcommittee and to the press, despite the fact that Macerola stated in his evidence on November 28, 1985, that effective that day every print would be shown with the statement which I previously referred to, that "the film is a docudrama presenting a perspective on the nature of heroism and the legend of Billy Bishop".

Five months later, on April 23, 1986, I was advised—

**Senator Frith:** Was there not a paragraph to the effect that it contained some dramatization?

**Senator Marshall:** Yes.

As I said, five months later, on April 23, I was advised that at a screening in Ottawa's Public Archives there was no such disclaimer shown with the film, although there was an announcement prior to the screening, which announcement was worded much as the NFB disclaimer was later presented. Then, nine months later, the film was shown in September 1986 on Detroit's Public Broadcasting System, WTVS, Channel 56. No explanatory statement was shown in connection with the film, nor was any voice-over disclaimer presented.

How could this happen? It happened simply because the National Film Board did not withdraw the film for head office insertion of the disclaimer but, rather, permitted the disclaimer to be added in the field. Further, the National Film Board did not specify that the disclaimer be added after the titles, as we had requested, so that field offices would tack it on the front of the film even before the NFB logo appears on the film. It is obvious that field officials did not know or did not care about the significance of the disclaimer. The end result is that, in practice, the film is probably often presented as beginning at a point after the disclaimer has been run through and the NFB logo first appears. In other words, probably many viewers do not see the disclaimer, because the projectionist considers it not to be part of the production itself.

Strangely enough, honourable senators, after a year I am still receiving notices that the film does not have the disclaimer. This problem will not die. This problem will not go away. It has now been a year since we voted in this chamber to request the National Film Board to take corrective action on the film by issuing a disclaimer. Evidently that has been to little or no avail until now, and the film still receives wide distribution. It is now available on video cassette tapes to better allow the NFB to circulate its anti-war hero message.

Unfortunately, honourable senators, the effects of the film have seeped into the minds of our youth, and here is a current example. Several weeks ago a grade nine student from the Kingston area visited Owen Sound, the home of Billy Bishop. When she was reminded that she was in Bishop's home town, she said simply that "We saw a film in school about Billy Bishop and he was a fake."

That is what Paul Cowan has accomplished with his production, and, unfortunately, countless other children will be infested with the same erroneous blight on their young minds. I hope that we, as parliamentarians, may find within us the will to protect Billy Bishop's record, rather than what appears to be hiding behind words which describe the film.

Honourable senators, I wish to adjourn the debate until the next sitting, at which time I will bring into focus other aspects of the events for consideration by the Senate.

**Hon. John B. Stewart:** Honourable senators, before the motion to adjourn the debate is put, I wonder if the honourable senator could answer a question.

We have been told that the National Film Board has not taken the necessary steps to assure that the proposed disclaimer added to the copies of the film in circulation in such a way

that the disclaimer is brought to the attention of those seeing the film.

I wonder if the honourable senator knows that this matter was raised recently by two honourable senators at a meeting of the Standing Senate Committee on National Finance. More pointedly, my question is: Does the honourable senator know if the proposed recommendations which he read today were brought to the attention of the minister to the end that the government might take appropriate action when preparing the spending estimates for the National Film Board for the fiscal year 1987-88?

I could go on and ask if it is the honourable senator's intention to propose a reduction in that vote at the appropriate time.

**Senator Marshall:** I was advised by Senator Molson that he and Senator Everett made reference to this at the committee meeting to which you refer.

The Minister of Communications is aware of what has gone on in the debate, but has not taken any action. As a matter of fact, in my next segment I hope to be able to refer to letters which were sent to the previous ministers and the present minister which will indicate their version of the fact that they do not want to do anything because of the arm's-length provision, and other factors.

I can also say that the matter was referred back to the main committee, and then prorogation came along and we did not get any further.

**Senator Stewart:** I understand that. That is why I said the "proposed recommendations" rather than the "recommendations."

May I ask if the honourable senator is considering requesting a reduction in that vote at the appropriate time?

**Senator Marshall:** I have been thinking of various approaches. I had not thought of that approach, but the fact that Senator Stewart raises it, and the fact that Senator Molson and Senator Everett raised the matter at the National Finance Committee meeting, allows me to consider that. I have not completed my intervention yet. In the next two or three days, depending on the time and when I can get on again, I will have a motion prepared.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, does Senator Marshall mean to underline what seems to me to be the inadequacy of the second part of the disclaimer, the disclaimer that said, "There are some portions that are dramatized"? That is not an admission that the portion that was dramatized is fiction. They are really not saying that this is partly documentary footage, partly historically-researched footage and partly fiction when they say, "Part is dramatized," because one can dramatize the truth.

Our suggestion for a disclaimer was much more solid than the one they have suggested.

**Senator Marshall:** What I hope to point out more strongly are the inconsistencies. The officials gave evidence at the committee that they were going to do certain things, and yet they have not done those things. I did not realize that we did not have the power to insist that they do that, but they did make commitments to meet our objections, and after that they completely contradicted themselves.

As a matter of fact, one of the stronger points I hope to raise is what happened when Mr. Macerola appeared before the Communications and Culture Committee of the other place when he contradicted what he said to the Senate committee or rather in exchanged correspondence. I hope to be able to clear that up later.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Thursday, May 28, 1987**

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

Prayers.

## EXPORT AND IMPORT PERMITS ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-57, to amend the Export and Import Permits Act.

Bill read first time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

## PRIVATE BILL

YELLOWKNIFE ELECTRIC LTD.—FIRST READING

**Hon. Nathan Nurgitz** presented Bill S-10, to revive Yellowknife Electric Ltd. and to provide for its continuance under the Canada Business Corporations Act.

Bill read first time.

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Nurgitz, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*Translation*]

## THE ESTIMATES, 1987-88

INTERIM REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Fernand-E. Leblanc:** Honourable senators, I have the honour to present the eleventh report of the Standing Committee on National Finance regarding its examination of the estimates for the fiscal year ending March 31, 1988. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see appendix, p. 1136.*)

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

On motion of Senator Leblanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## MARRIAGE (PROHIBITED DEGREES) BILL

REPORT OF COMMITTEE

**Hon. Joan Neiman,** Chairman of Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, May 28, 1987

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SEVENTH REPORT

Your Committee, to which was referred the Bill S-5, An Act to amend and consolidate the laws prohibiting marriage between related persons, has, in obedience to the Order of Reference of Tuesday, March 31, 1987, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN B. NEIMAN
*Chairman*

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*English*]

## ENERGY AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Earl A. Hastings,** with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on Energy and Natural Resources have power to sit at four o'clock in the afternoon Wednesday, the 10th June, 1987, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is it agreed?

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I would like to have a word on this item. I chatted with Senator Hastings earlier today on the problem of committees sitting while the Senate is sitting. I suspect that the rule saying that this should not happen was put there for a very real purpose, and that is to encourage as many senators as possible to attend the sittings when the Senate is in session.

It seems to me that we are going beyond the emergency conditions that allow committees to sit while the Senate is sitting. Yesterday we were faced with four committees asking permission to sit while the Senate was sitting. Some of us who are members of those committees would like to have participated in certain discussions and decisions that were made at those meetings yesterday. I am thinking personally of the Energy and Natural Resources Committee, where certain decisions were made that I would have liked to participate in. Other members of the committee were also precluded from attending because of their duties here in the chamber.

While it is not my intention or desire to try to impede in any way the progress of the work of the committees, I think that the work of this chamber comes first.

Honourable senators, we have a fairly short weekly schedule here in the chamber when we sit, and I think that there is plenty of space on both sides of the sitting days to accommodate a reasonably-scheduled set of committee meetings. We have evenings and we have some mornings that are available for committee sessions. I realize that there is a shortage of rooms and that we have a shortage of staff, but I do not think we have a shortage of days. We have Mondays and Fridays, and I think that under normal circumstances, when you are planning as far ahead as June 10, a way could be found to have a committee sit on one of the days on which the Senate is not sitting.

Honourable senators, I simply want to say that although I am reluctant to deny leave in this particular instance, I have to go on record as saying that, for myself—and I certainly do not purport to speak for everyone on this side of the house—in the future I intend to look very carefully at any requests for a committee to sit while the Senate is sitting. As far as I am concerned, there will need to be a pretty good reason given for setting aside the rules of the chamber.

**Senator Hastings:** Honourable senators, I appreciate the remarks of the deputy leader and I appreciate the consideration that he has given to my request in this regard. However, I do not think that anyone could say that the Standing Senate Committee on Energy and Natural Resources has asked very often for this consideration. On that particular day we do have witnesses coming from Calgary and Toronto. We felt it appropriate to have the committee meet at a specific hour in order to facilitate the witnesses' presence on that day.

Honourable senators, the committee is meeting on Fridays and Mondays in an attempt to take the pressure off Tuesdays, Wednesdays and Thursdays. However, we would be grateful if favourable consideration were given to this request.

[The Hon. the Speaker.]

**Senator Doody:** I agree with that completely, but I failed to make one point, a selfish one, and that is that I am a member of the Senate Committee on Energy. I have a great interest in its meetings. When that committee sits at the same time as the Senate sits, I cannot attend the meeting because I must remain in the chamber.

**Hon. Duff Roblin:** Honourable senators, I should like to take part in this discussion. I expressed my views on this issue forcefully yesterday or the day before, when four committees of the Senate were scheduled to meet at the same time as the Senate was scheduled to sit. I am a member of all four of those committees, so I repeat what I said about my unhappiness with that particular situation. Imagine my irritation, let us say, when I found that on the following day—this morning—there were no committee meetings.

**Senator Frith:** I attended two meetings this morning.

**Senator Roblin:** I refer to the four committees of which I am a member. Those four committees all sat at the same time the other day while none met this morning.

**Senator Frith:** There were three committee meetings held this morning, the first at 8.30.

**Senator Roblin:** I do not approve of this motion. I realize the difficulty of getting witnesses here, but I think that the work of the Senate comes first. I would be happier if my friend asked that the committee have permission to sit when the Senate rises. That would be a practical way of dealing with the situation.

I am not going to repeat my position, except to say that I do not approve of the motion.

**Senator Frith:** Honourable senators, we have underlined various aspects of the position taken by the Deputy Leader of the Government. I think we all agree that it is very desirable to have no committees sitting while the Senate is sitting.

While we are underlining elements of the discussion that has just taken place, I think we should also underline what Senator Hastings has said—that is, his committee, in this case, is asking permission to sit when the Senate is sitting, but it normally schedules other meetings for Fridays and Mondays, as we are encouraging committees to do.

**Hon. Orville H. Phillips:** Honourable senators, I point out that we have been following a fairly successful method for scheduling committee meetings by having the chairmen of the committees approach the whips. I for one was not approached on this occasion. I would hate to see the system break down. I think there should have been some consultation with the whips.

I also point out that the Scroll contains a motion to establish a Committee of the Whole on the Meech Lake accord. The Committee of the Whole may meet to consider the Meech Lake agreement on the day in question, which makes it very difficult for senators who want to follow the Committee of the Whole proceedings as well as the Energy Committee proceedings.

Perhaps the Honourable Senator Hastings is not interested in the Meech Lake agreement, but I am sure that if he looks to

his leader he will find that he has an interest in the Committee of the Whole proceedings and would rather have it receive priority over the Dome Petroleum arrangment.

I ask Senator Hastings to have a little respect for his leader and the motion he has on the order paper.

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

**Hon. Senators:** Agreed.

**The Hon. the Speaker** *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to, on division.

### ADJOURNMENT

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

• (1410)

That when the Senate adjourns today, it do stand adjourned until Tuesday next, June 2, 1987, at 2 o'clock in the afternoon.

Motion agreed to.

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## QUESTION PERIOD

[*English*]

### THE CONSTITUTION

FIRST MINISTERS' CONFERENCE, JUNE 2, 1987—TABLING OF AGREED TEXTS

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I wonder if the Leader of the Government could tell us when, following the meeting on Tuesday next, June 2, he will be able to table in the Senate any texts that may have been agreed upon at that meeting.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, no decision on that matter has been made, but I see no reason for delaying the tabling of such resolutions in this place.

**Senator MacEachen:** Would it be a fair conclusion that if everything goes according to the prescribed plan of the Leader of the Government on Tuesday, he would be able to table the documents in the Senate on the following day?

**Senator Murray:** I would do my best to do so, honourable senators. I cannot foresee any circumstance at the moment that would prevent my doing so. But subject to some unforeseen circumstance arising, I will do my best to table on the next sitting day such resolutions as will have been agreed on.

FIRST MINISTERS' ACCORD—UNDERTAKINGS OFFERED TO OBTAIN AGREEMENT BY PROVINCES

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, yesterday during Question Period the Leader of the Government in the Senate explained to us that he was not present on April 30, the day of the meeting at Meech Lake, and that only the 11 First Ministers were there, plus 2 people taking some notes. He was later asked about any deals that were made to attain the Meech Lake accord.

I think I know what his answer will be to this, but I want to give him an opportunity to explain it, in view of what he said yesterday in answer to questions by Senator Grafstein.

One of those 11 ministers, Premier Ghiz of Prince Edward Island, says that without the two agenda deals—that is, for Senate reform and fisheries—the agreement would not have been reached and, in fact, was only reached in the last few minutes in exchange for the Prime Minister's agreeing to those two issues. Otherwise, according to Mr. Ghiz, there would not have been a Meech Lake accord.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, there is a big difference between a secret under-the-table deal, as was suggested yesterday by Senator Grafstein—

**Senator Olson:** That was your interpretation of it, not his.

**Senator Murray:** —and a public agreement by the 11 First Ministers. What Premier Ghiz was referring to, if I read him correctly, is the fact that the 11 First Ministers agreed that a second round of constitutional negotiations would take place after Quebec had "come on board," as it were, and that the agenda for that second round would include, among other matters, Senate reform, fisheries, and so forth.

**Senator Frith:** That is the problem that arises in the interpretation of "secret." I do not remember Senator Grafstein talking about "under the table" or "underhanded." He just asked if there were any agreements or deals made between the Prime Minister of Canada and individual premiers present at the meeting. Those discussions all took place in secret.

**Senator Nurgitz:** Senator Grafstein asked about a "separate and private undertaking."

**Senator Frith:** They were separate and they were private, but they were later made public. They were private at the time.

In any event, if I understand the Leader of the Government's answer, he is saying that they were eventually made public, and there were no other undertakings or agreements. These were made secretly, that is, in private, but they were eventually made public. I take it he is saying that there were no other such agreements that have not been made public.

**Senator Murray:** Honourable senators, the discussions during the so-called "Quebec round" were based on the five conditions set out by the Province of Quebec, initially in the Liberal Party's election manifesto in 1985, and then in a speech by Mr. Rémillard, the Minister of Intergovernmental Affairs, a year ago at Mont-Gabriel. The five conditions that

were being discussed were and are a matter of public knowledge and are very well known.

There was, if I might describe it that way, a sixth matter which was also very well known, and that is that First Ministers would commit themselves to a second round of constitutional negotiations, and that it would probably be necessary to agree during the first round to some of the agenda items for the second round. I made this very point in answer to a question some months ago here in the Senate. That is what Premier Getty was referring to.

As to the question that the Deputy Leader of the Opposition puts about other agreements or other undertakings, my answer to him is the same as the answer I gave yesterday to Senator Grafstein.

**Senator Frith:** That is, that there were none. In order to understand all of that series of questioning yesterday and today, we do have to remember that the Leader of the Government was not present at the meeting, so we have his assurance that he is confident that although he was not present at the time, no such agreements were made.

**Senator Murray:** Honourable senators, I dislike engaging in the kind of rhetoric that I was obliged to engage in yesterday, justified though it was, but I am sorely tempted to repeat what I had to say yesterday. I do not know whether my honourable friends opposite are paranoid or just poisonous in their attitudes.

**Some Hon. Senators:** Oh, oh! Shame!

**Senator Argue:** They are just politicians, like you.

**Senator Frith:** Unlike the Leader of the Government in the matter of the meetings at Meech Lake, I have been present at all meetings among my colleagues, and they are neither paranoid nor poisonous.

Incidentally, we did not quite finish that discussion, because I am sure the Leader of the Government realizes that I do not ask questions either to please or to displease him, but only to get information.

However, we do take it that although the Leader of the Government was not present, he is satisfied that no such agreements were made.

### FIRST MINISTERS' ACCORD—LEGAL ACTION BY TERRITORIES

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I should like to ask some more questions about the Meech Lake accord, but not on that branch of it.

Apparently the Territories have launched a court action designed to bring about a major change to the Meech Lake accord. What is the position of the federal government with reference to those actions?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The position of the federal government is that the matter is in the hands of our legal advisers.

[Senator Murray.]

**Senator Frith:** Therefore, am I to understand that we cannot get any information on it because it is *sub judice*?

• (1420)

**Senator Murray:** Honourable senators, it is not the intention of ministers to comment on the merits, or otherwise, of the case at the moment. As I understand it, it is going through the courts.

**Senator Frith:** That means, I take it, that we cannot pursue the matter with the government in Parliament. Does it mean that the Meech Lake proceedings will also be stopped, or that the discussions with the First Ministers will be delayed while we await legal opinions and the outcome of the court case?

**Senator Murray:** Of course not, honourable senators. There is a lawsuit, to which the Deputy Leader of the Opposition has referred, that has been launched by the governments of the Yukon and Northwest Territories. That matter is in the hands of our legal advisers, and ministers will not be commenting upon it for the moment.

**Senator Frith:** But I am not asking the Leader of the Government to comment on the merits of the case. I agree that we must await legal opinion, and it is a matter that might be privileged after it is dealt with. I am simply asking what effect it will have on the follow-up to the Meech Lake accord.

**Senator Murray:** None, honourable senators.

**Senator Frith:** So much for the Territories!

## ECONOMIC SUMMIT

### VENICE, ITALY—AGRICULTURE AS AGENDA ITEM

**Hon. H.A. Olson:** Honourable senators, could the Leader of the Government tell us whether the Minister for International Trade or the Prime Minister's Office has been successful in putting on the agenda for the summit meeting in Venice the problems that we have in agriculture that were discussed here in Ottawa only a few days ago?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, Prime Minister Mulroney was successful in putting the matter of the international agricultural problems on the agenda of the Tokyo meeting last year and he will have it on the agenda for Venice this year.

**Senator Olson:** I am glad to hear that. There was some speculation yesterday that while Prime Minister Mulroney had tried to get the matter on the agenda, thus far he had not succeeded in doing so. If the minister is telling us that there is confirmation of its being on the agenda at a sufficiently high level that it will be discussed, that is comforting. But I wonder if he would check and make sure that that has happened.

**Senator Murray:** I think I can assure my friend that as the Prime Minister was successful in getting it on the agenda for Tokyo last year, he will be successful in getting it on the agenda for Venice this year.

**Senator Olson:** Honourable senators, although this matter was on the agenda at Tokyo, nothing useful came of it. Grain prices, and so on, are worse than they ever were. To say that because the Prime Minister was successful in getting the matter on the agenda of the Tokyo meeting he will be successful again—if that is the only basis the minister has for that positive reply—is pretty limp and weak. I want to know if the people responsible for setting up the agenda for the Venice meeting have agreed that this matter is to go on the agenda.

**Senator Murray:** Honourable senators, I am not aware that the agenda for the Venice meeting is, first, closed, and, second, in the hands of anybody other than the leaders themselves. They decide their agenda, and other world leaders, including the President of the United States, the President of France and the Prime Minister of Italy, are well aware of our intentions in that regard.

**Senator Olson:** They are well aware of our intentions, but have they agreed to have it on the agenda for discussion? The minister is making some kind of gesture of exasperation. I say that because we have to describe these things so that they can appear in the record. I am asking him whether he knows if the matter is on the agenda and whether the other leaders or their officials have agreed to put it there. There is speculation that they have not agreed to have it on the agenda.

**Senator Murray:** Honourable senators, the Prime Minister placed agriculture on the agenda of last year's Tokyo Summit and will do so again at Venice next month.

## TRANSPORT

### CN MAINTENANCE SHOPS, MELVILLE, SASKATCHEWAN—PROPOSED LAYOFFS

**Hon. Hazen Argue:** Honourable senators, my question is for the Leader of the Government. First, I will give him some information and ask him to comment on it. I am informed by citizens, and particularly by the Mayor of Melville, Saskatchewan, that CN is scheduling a major lay-off of maintenance workers in that city for June 22.

The community of Melville is most upset not only because a number of CN employees will be losing their jobs in Melville but because it is happening at a period when the agriculture industry is experiencing very difficult times, and business conditions in Melville are becoming very difficult.

I ask the minister if he is aware of the policy of CN with regard to lay-offs in terminals such as Melville, and whether he would be prepared to make strong representations to the Minister of Transport in the hope that the announcement will be withdrawn and those maintenance workers will continue to be employed in those shops.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall convey my friend's representations to Mr. Crosbie, the Minister of Transport.

**Senator Argue:** I have one or two other questions on this subject. The people of Melville are so upset that they are holding—and this is something that is pretty well unheard of in Saskatchewan—a street demonstration, led by the mayor of the city, because they feel very frustrated. I do not know whether or not they have concrete evidence, but they are under the impression that some way or another the government—not CN necessarily, but the government—has set down guidelines for CN to cut back or to rationalize its maintenance service.

Is the minister aware of whether or not the cabinet or the Minister of Transport has taken a governmental position with regard to what guidelines CN should follow with regard to—I know of no better term—rationalizing its maintenance facility?

**Senator Murray:** Honourable senators, those are basically management prerogatives and management decisions. However, I will convey the honourable senator's comments to the Minister of Transport, who reports to Parliament for CN.

**Senator Argue:** Honourable senators, I have a further question for the Leader of the Government which he might look into. From my reading of *Hansard* and from statements that are being made in the Commons, it would seem that there is at least a major possibility of there being an increased number of maintenance jobs in CN's shops in Winnipeg. My question is: Is the move in Melville a move to centralize operations or maintenance work in Winnipeg, and will the Leader of the Government convey to the Minister of Transport my recommendation and hope that those maintenance workers will be maintained in Melville rather than having the Melville work centralized in Winnipeg, particularly since extra consideration appears to be given to the very large city of Winnipeg?

**Senator Murray:** Honourable senators, I will convey those representations also to Mr. Crosbie.

**Senator Argue:** Just kill Melville!

[*Translation*]

## CANADA-UNITED STATES RELATIONS

### FREE TRADE NEGOTIATIONS—BUDGET FOR GOVERNMENT PUBLICITY

**Hon. Azellus Denis:** Honourable senators, I have a question for the Government Leader in the Senate. The government will be spending millions of dollars to enlighten Canadians on the merits of free trade. With a view to enlightening Canadians on the drawbacks of free trade, if any, does the government intend to use some of those millions, again to keep Canadians adequately informed?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, government policy in support of a free trade system with the United States is very well known. We do not agree that the drawbacks will be so numerous as to weigh very heavily on the country. Finally, I leave it to the various interests in our society, including the political parties and the various organizations that are opposed to free trade, to make their views known to the people.

**Senator Denis:** Honourable senators, I have a supplementary question. Can these associations spend as many millions as the government to respond to enquiries concerning the drawbacks? Those who are against do not know why, any more than those who are for. Your publicity refers only to the merits, but not to the drawbacks. Therefore Canadians are badly informed by this government.

**Senator Murray:** Honourable senators, I simply cannot accept the thesis of our colleague. All I can say is that the Minister for International Trade has a very small budget for publicity.

**Senator Denis:** It has been said that $26 million would be earmarked for promoting the benefits of free trade. Perhaps the benefits are not all that significant if they require millions of dollars for publicity.

**Senator Murray:** I would remind Senator Denis that a free trade debate is on the order paper. He will have an opportunity to express his opposition to our policies during that debate.

**Senator Denis:** But there is not enough room for all Canadians in our galleries.

• (1430)

[*English*]

**Senator Frith:** Would you pay to distribute his speech, to send it all around the country?

## THE CONSTITUTION

### FIRST MINISTERS' ACCORD—INTERPRETATION OF TEXT RE AGENDA FOR FIRST MINISTERS' CONFERENCES

**Hon. John B. Stewart:** Honourable senators, I want to go back to the line of questioning we engaged in earlier with regard to the Meech Lake accord. First, I have a question concerning how one should read the document that was made public on May 1. I am referring to the passage concerning the second round. We are told that there will be a requirement that a First Ministers' Conference be held not less than once per year, and that the first conference shall be held within 12 months of the proclamation of this amendment. Then the document goes on to say, "entrench in the Constitution the following items on the agenda." My question is: Is that a continuing agenda, or is that the agenda for only the first of the conferences? In other words, is there to be a continuing agenda for First Ministers' conferences, or is this the agenda for the first of those continuing conferences?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not have the text of the accord in front of me. I would want to give some further consideration to that question and bring in a reply tomorrow.

### FIRST MINISTERS' ACCORD—FISHERIES ROLES AND RESPONSIBILITIES—JURISDICTION OVER ATLANTIC PROVINCES FISHERIES

**Hon. John B. Stewart:** Honourable senators, my other question is somewhat different, but it relates to the same matter. Yesterday there appeared in the *Toronto Star* a story about a conversation a reporter had with the Premier of Prince Edward Island. That article said, in part:

> After Getty got his concession, Newfoundland Premier Brian Peckford pushed fish, his "big issue," following this winter's Canada-France cod dispute in the waters around the French islands of St. Pierre-Miquelon, Ghiz said.
>
> Peckford was so "insistent" over it that, according to Ghiz's perception, "if I don't get fish in there, Prime Minister, I don't think I will go along with this Meech Lake accord."

**Senator Haidasz:** What a trade-off.

**Senator Frith:** A pretty fishy deal.

**Senator Haidasz:** It smells.

**Senator Stewart:** I wanted to know how big Premier Peckford's gain was, and just what he got. Therefore, I turned to the document and I found that there is to be entrenched on the agenda "fisheries roles and responsibilities." My question to the Leader of the Government in the Senate is this: Does the inclusion of "fisheries roles and responsibilities" mean that the government envisions the possibility that a change may be made with regard to jurisdiction over the fisheries in the waters adjacent to the Atlantic provinces?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the government envisions the possibility of discussing fisheries roles and responsibilities during the second round of constitutional negotiations. There is nothing new about the fact that Newfoundland wants to discuss fish at constitutional negotiations. My honourable friend will be aware that the Government of Newfoundland and the other governments present discussed these matters in the 1980, 1981 and 1982—

**Senator Doody:** And in 1971.

**Senator Murray:** —and, indeed, I am reminded by the Deputy Leader of the Government, in the 1971 rounds. There was the best efforts draft which was arrived at by the federal government and some of the provinces on this matter. So it is not a new subject, and it should come as no surprise to anybody that it is on the agenda for the second round. I myself alluded to the strong possibility that we would have to agree on an agenda that would probably include such matters as Senate reform and fish.

**Senator McElman:** They go together.

**Senator Stewart:** Honourable senators, that is a helpful answer. It suggests that Premier Peckford got little or nothing, that this is a topic which has been discussed before, and that they are going to discuss it again and, presumably, reach much the same conclusion. So, I turn the coin over and come to the conclusion that the government does not envision the possibility of a change with regard to jurisdiction over the fisheries off the Atlanctic provinces. Is that correct?

**Senator Murray:** The honourable senator has made two or three statements, in preface to his question, that are quite

without foundation and, indeed, are wrong and inaccurate. The first is that, as he puts it, Premier Peckford got nothing. The fact of the matter is that Premier Peckford got what he wanted, which was to put fisheries roles and responsibilities on the agenda for the second round of constitutional negotiations.

**Senator Olson:** Is that all?

**Senator Murray:** I might also say that some of the other things that were decided at Meech Lake are of some importance to Premier Peckford and other premiers, including the doctrine of the acceptance of the principle of the equality of the provinces, one which, I note, was rejected by the Liberal Party today. The honourable senator can assume what he likes. The facts are there. The second round of constitutional negotiations will include as an agenda item fisheries roles and responsibilities, as requested during the meetings at Meech Lake by Premier Peckford of Newfoundland.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, while we are on this role, so to speak—

**Senator MacEachen:** It is hardly a roll.

**Senator Olson:** It is not a roll, because they are stuck.

**Senator Frith:** We are talking about roles, r-o-l-e-s, not the ones that occur occasionally at the Press Gallery dinner.

**Senator MacEachen:** The ones Eric got.

**Senator Frith:** What does "roles" mean in this sense, roles of what?

**Senator Murray:** Honourable senators, since it is a discussion among governments, I presume that it would refer to the respective roles and responsibilities among governments. But if the honourable senator wants further precison, I shall see whether I need to bring in a prepared reply.

**Senator Frith:** Your understanding of it would do.

**Senator Stewart:** Honourable senators, the Leader of the Government has said that I made several inaccurate statements. I was quoting what ostensibly is a direct quotation from the Premier of Prince Edward Island. The leader then went on to say that the Premier of Newfoundland got what he wanted. That may be true. My question is: How much was he asking for? If all he got is what the Leader of the Government in the Senate today says he got, namely that they will go around the fisheries question once again, as they have in the past, then I conclude, to use his interpretation, that the Premier of Newfoundland was asking for very little, and he got very little. is that correct?

● (1440)

**Senator Olson:** That is what he got.

**Senator Murray:** Honourable senators, I think it is of considerable importance to the province of Newfoundland, and obviously to the Government of Newfoundland, that they have the opportunity to discuss and put forward their position on roles and responsibilities relating to the fisheries at a second round of constitutional negotiations. Premier Peckford specifically asked to have that undertaking, and he received it. In fact, Newfoundland, along with other provinces and the federation as a whole, gained greatly from the Meech Lake agreement in a number of other respects.

## VISITORS IN GALLERY

### WORLD WAR I FLYERS

**The Hon. the Speaker** *pro tempore:* Honourable senators, may I bring to your attention the presence in the gallery of members of the World War I Flyers group, who honour us by attending today's sitting.

These distinguished gentlemen and veterans are in Ottawa to hold their last reunion. They all saw service with the Royal Flying Corps or with the Royal Naval Air Service during the First World War. I am sure all senators join me in saluting their gallantry and in wishing them continued health and happiness.

**Hon. Senators:** Hear, hear!

## THE CONSTITUTION

### FIRST MINISTERS' CONFERENCE—ABORIGINAL RIGHTS—PRIORITY AGENDA ITEM

**Hon. Joyce Fairbairn:** Honourable senators, I have a question for the Leader of the Government in the Senate. One of the most glaring omissions from the so-called Meech Lake accord was the absence of reference to aboriginal issues as being a continuing topic of constitutional discussion.

I wonder if the Leader of the Government in the Senate could assure this house that he will ask the Prime Minister—who, after all, must be the advocate for the aboriginal peoples of Canada—to ensure during the discussions next week that the issues involving the aboriginal people and their self-government concerns be made a continuing priority of constitutional agendas until a solution is reached.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, this matter has come up on two previous occasions since the Meech Lake accord was signed. Let me repeat that we would be only too happy to have the question of aboriginal rights and aboriginal self-government on the agenda during the second round of constitutional negotiations on condition that there be some indication that we can achieve success.

As I said yesterday, the situation at the moment is that the Government of Canada, supported by Ontario, the three maritime provinces and Manitoba, has a proposal on the table. As of now there would have to be some movement on the part of the aboriginal groups and the dissenting provinces—if I may refer to them in that way—in order to justify putting aboriginal rights on the agenda for a constitutional conference again.

Meanwhile, we move ahead in cooperation with the aboriginal groups and the provinces in the development of self-government institutions; perhaps creating models that will make it rather less difficult to entrench aboriginal governments in the Constitution.

Finally, as I said yesterday, I think all of us should reflect on the failure of the aboriginal conference here in March and the apparent success of the Meech Lake process to see whether there are some lessons to be drawn from the latter that could usefully be applied to the problem of aboriginal rights.

I simply say that the whole issue remains a matter of the highest priority with the government. However, timing on this matter is critical, and there is no point in calling another conference or putting the matter on the agenda unless and until there is some reasonable prospect of success.

**Senator Fairbairn:** Does the Leader of the Government in the Senate not believe that by having this item as a continuing item on the agenda of constitutional conferences that in itself will promote the movement that he desires towards a solution?

**Senator Murray:** I very much regret to say that the experience of the past few years on this matter proves the contrary.

[*Translation*]

FIRST MINISTERS' ACCORD—TERMINOLOGY OF TEXT—DANGER OF CLASSIFYING FRENCH CANADIANS UNDER TWO CATEGORIES

**Hon. Pierre de Bané:** Honourable senators, I have a question for the Leader of the Government in the Senate. We all know the very important role played by the Leader of the Government in this constitutional review.

It seems to me that the sections dealing with Canada's fundamental characteristics imply that French Canadian society or French Canadians in this country fall into two groups, one first-class group located in Quebec and one second-class group spread over the other provinces.

This impression or conclusion came to me after reading the sections concerning the fundamental characteristics of this country, where Quebec is assigned the role of promoting a distinct society while the role of the other provinces is to preserve an existing situation.

I wonder whether we should not have the word "promote" appear in both paragraphs instead of using "preserve" in one and "promote" in the other. Shouldn't we establish a parallel between the two?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, for reasons I explained the other day, I will take this question under advisement. I will submit a written report within a few days.

QUESTION OF PRIVILEGE

**Hon. Eymard G. Corbin:** Honourable senators, I rise on a question of privilege. Senator de Bané, in putting a question to the Leader of the Government, referred to two classes of French Canadians, those living in Quebec and those living outside Quebec.

I am not sure I fully understood the meaning of his question. However, if it means that we have a group of first class citizens living in Quebec and an inferior class living elsewhere in Canada, I object, and I would ask Senator de Bané to carefully reconsider his question.

**Senator de Bané:** Honourable senators, with pleasure. I would like to inform Senator Corbin that I share his concern. What I was asking the Leader of the Government in the Senate to do is to be very careful that this constitutional review does not give us two classes of French Canadians, one in Quebec which would be first class and the other that would be the exact opposite. Perhaps I should have added that I am, of course, entirely opposed to such a distinction.

**Senator Corbin:** Honourable senators, in the context provided by Senator de Bané, I think his concern is quite understandable, and I must say that I share it.

• (1450)

[*English*]

## INDUSTRY

SYDNEY STEEL CORPORATION—MODERNIZATION PLAN—STATUS

**Hon. B. Alasdair Graham:** Honourable senators, my question is for the Leader of the Government in the Senate, and it relates to the Sydney Steel Corporation. I will give the leader an opportunity to collect his thoughts and anticipate the question that I intend to ask him with respect to an update by pointing out that among the distinguished flyers from World War I present in the gallery today is an old friend—indeed, the only living founding member of Liberal International, 40 years ago in Oxford, England—one Huntly Sinclair. He is the real inspiration behind a very important international conference on human rights to be held in Ottawa next September.

**Hon. Senators:** Hear, hear!

**Senator Graham:** Having said that, my question to the Leader of the Government in the Senate—who is aware that several announcements have been made since the fall of 1984 relating to the second phase of the modernization plan for the Sydney Steel Corporation—is: Could he give us an update on that particular matter?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I can tell the Senate that a further decision on that matter is imminent.

**Senator Graham:** Has the question been presented to Treasury Board yet?

**Senator Murray:** Honourable senators, I cannot answer that question. I can say that the matter is now under intensive consideration by the government.

**Senator Graham:** Would the Leader of the Government anticipate giving us an answer within a week?

**Senator Murray:** I will certainly try to bring in the update my honourable friend has asked for within that period of time, yes.

**Senator Frith:** "Imminent" is better than "in due course," is it?

## THE CONSTITUTION

### FIRST MINISTERS' CONFERENCE—CONSULTATIONS WITH TERRITORIAL GOVERNMENTS

**Hon. Gildas L. Molgat:** Honourable senators, my question is directed to the Minister of State for Federal-Provincial Relations. In the period leading up to the Meech Lake meeting, the minister visited, I believe, with all of the provincial premiers and conducted some pre-negotiations. Did the minister also visit with the two leaders of the governments of the Northwest Territories and the Yukon Territory? Were there discussions held with those two leaders?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I met on a number of occasions with the provincial premiers or attorneys general or provincial ministers of intergovernmental affairs or ministers designated to deal with constitutional matters.

I did not meet with the leaders of the governments of the Territories. The governments of the Territories are not, of course, involved in the amending process.

**Senator Molgat:** So there were no consultations at all with the elected representatives of the people of the Yukon and the Northwest Territories?

**Senator Murray:** Honourable senators, my answer was and is that I did not meet with the representatives of those two governments in the run up to the Meech Lake meeting.

**Senator Molgat:** Was there any advice or warning given to those two properly elected governments that the Government of Canada was thinking of changing the procedure under which they could eventually become provinces? Were they warned in advance?

**Senator Murray:** Honourable senators, it was a matter of public knowledge that the amending formula was under consideration by the First Ministers.

So far as I am aware, and so far as I was directly involved, I made no such communication to the governments of the Territories.

**Senator Molgat:** The proposal to change the possible formation of provinces, which is very important to those people, was that a federal government proposal or did my honourable friend find that proposal coming from the provinces as he discussed this matter with them?

**Senator Murray:** Honourable senators, various formulations were discussed over the months, and it would be difficult, if not impossible, for me today to identify the source of one particular proposal or another.

The agreement that was eventually reached was as a result of a consensus at Meech Lake among 11 First Ministers.

### FIRST MINISTERS' CONFERENCE—ABORIGINAL RIGHTS—PRIORITY AGENDA ITEM

**Hon. Len Marchand:** Honourable senators, I am a little uncomfortable with the answers that have been given by the Leader of the Government relating to aboriginal issues and the Constitution, and having them placed on the agenda. The leader's usual affable manner seems to be turning into stonewalling. I hope that is not the case. I hope there is no stonewalling on the part of the government on this issue because it is so important. We should make progress. It is important that we keep the momentum going.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** What momentum?

**Senator Marchand:** I am wondering how we can keep the collective momentum of the aboriginal peoples going when it appears that there is a lack of the necessary political will on the part of the Government of Canada.

**Senator Murray:** I disagree with my honourable friend that there is any momentum at all. The process failed. We have to find a new process to achieve the objective that he and I and an enormous number of other Canadians desire. The process that we were engaged in failed. Without assigning blame for that, it seems pointless at the moment to try to resume that process in the absence of any indication that it would succeed.

I have tried to be completely frank with the Senate on this question. I am not stonewalling; I am stating very fully the position of the Government of Canada on the matter.

## TRANSPORT

### CN MAINTENANCE SHOPS, MELVILLE, SASKATCHEWAN—PROPOSED LAYOFFS

**Hon. Hazen Argue:** Honourable senators, I should like to add to the questions I have already asked the Leader of the Government today relating to the CN shops in Melville, Saskatchewan. Since I raised this matter my office has received information from Brian Turchak, who is a leader of the CN employees in Melville. He says that he knows of an internal CN report concerning the rationalization program, and that the report states as follows:

> With the challenges of deregulation and free trade on the horizon, and the already tough times we are facing, we are forced to cut costs to a minimum and to be as productive as possible.

I wonder whether the leader could determine whether that in fact is in the report.

We are being led to believe that free trade is going to make it easier for everybody, and here, apparently in advance of any possibility of free trade—and I suppose CN knows it is coming, and perhaps others do not know it is coming—CN is cutting jobs in Melville. What is the connection? Are they afraid of running rights for American railways, and that they will take all of the passengers away so they will have to close up the shops, or what is the point?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, with or without free trade with the United States, Canadian National Railways is a transportation company in

an extraordinarily competitive environment, and it is called upon by my honourable friend's region and by other regions of the country to provide first-class transportation services.

He seems to be scandalized by the quotation he attributes to an internal CN report. I am not scandalized by it at all. I am encouraged to see that CN, as a very important business in this country, is paying the utmost attention to productivity and service and the need to be competitive.

**Senator Argue:** I am scandalized by that answer. To say that the minister would stand behind an allegation by CN that free trade is a sufficient reason in the name of efficiency to cut these jobs in Melville—well, I can see no connection between cutting those jobs and the free trade issue. I cannot see any connection whatsoever. I am surprised that a minister of the government would come down on the side of CN in this kind of economic butchery that is taking place in Melville.

## DELAYED ANSWERS TO ORAL QUESTIONS

● (1520)

[*Later*]

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I must inform honourable senators that I neglected to provide two delayed answers to questions at the appropriate time today. If I could have leave to revert to delayed answers to questions, I would provide those replies now.

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

**Hon. Senators:** Agreed.

## THE CONSTITUTION

### FIRST MINISTERS' ACCORD—RECOGNITION OF QUEBEC AS DISTINCT SOCIETY—INTERNATIONAL RAMIFICATIONS

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** The first is an answer in response to a question asked on May 26 last by Senator Grafstein regarding The Constitution—First Ministers' Accord—Recognition of Quebec as Distinct Society—International Ramifications.

(*The answer follows:*)

The Meech Lake agreement will in no way alter the fact that the federal government alone exercises the international personality of Canada and it alone can sign treaties, declare war or make peace. This will continue to be the case.

However, the recognition of a fundamental characteristic of Canada and Quebec's distinct character are clearly intended to guide the federal government in the exercise of its powers both domestically and internationally.

Canada's foreign policy already takes note of the fundamental characteristic which is to be recognized in the Constitution: that is why Canada participates vigorously in both the Commonwealth and the Francophonie.

[Senator Murray.]

Over the past twenty-five years, techniques have been developed by Canada to allow Quebec to pursue legitimate interests abroad:

—treaties have been signed with foreign countries that allow for agreements between Quebec and the foreign countries under the terms of the treaty (accord-cadre);

—agreements with Quebec allow that province to station immigration officers in certain Canadian embassies abroad.

These arrangements do not alter the distribution of powers and the recognition of Quebec's distinct society will not do so either.

### FIRST MINISTERS' ACCORD—FEDERAL SPENDING POWER—OPTING-OUT PROVISIONS

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the second answer is in response to another question asked in the Senate on May 26 by Senator Grafstein regarding The Constitution—First Ministers' Accord—Federal Spending Power—Opting-out Provisions.

(*The answer follows:*)

The government's position was set out unequivocally by the Prime Minister, the Right Honourable Brian Mulroney, on May 11, 1987 in the House of Commons:

We agreed that reasonable compensation would be made available to provinces that do not participate in future national shared cost programs, provided they operate a provincial program or initiative compatible with national objectives.

Medicare could very much have been created under this arrangement. The 10 provincial medical programs today vary in a number of respects related to financing of the range of services, but they all meet the national objectives of providing high quality health care to Canadians within a framework of portability, universality and accessibility.

There is every reason to believe that child care can be achieved through the new spending provision. As Premier Peterson noted in his Canadian Club address last week, this provision in no way inhibits the federal Government from introducing new national programs. The Parliament and the Government of Canada retain the right to act swiftly and strongly in the national interest on behalf of Canadians.

## ANSWER TO ORDER PAPER QUESTION

## SOLICITOR GENERAL

### RCMP INVESTIGATION—DONALD FRASER AND WALTER ERNEST MILLER

Question No. 15 on the Order Paper—**By Hon. Stanley Haidasz, P.C.**

9th April, 1987—What is the conclusion of the R.C.M.P. investigation of the allegations against two

Canadian citizens, Mr. Donald Fraser and Mr. Walter Ernest Miller, of being implicated in the U.S.A. arms sale to Iran?

*Reply by the Solicitor General of Canada:*

While the Royal Canadian Mounted Police investigation has not been concluded it appears at this time that there is no evidence of a violation of Canadian law by Mr. Donald Fraser or Mr. Walter Ernest Miller.

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• (1500)

## SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE BILL

THIRD READING

**Hon. Duff Roblin** moved the third reading of Bill C-37, respecting the imposition of a charge on the export of certain softwood lumber products.

Motion agreed to and bill read third time and passed.

## EXPORT AND IMPORT PERMITS ACT

BILL TO AMEND—SECOND READING

**Hon. Efstathios William Barootes** moved the second reading of Bill C-57, to amend the Export and Import Permits Act.

He said: Honourable senators, I am pleased to speak today in support of Bill C-57 on second reading. Perhaps honourable senators will not be too disappointed if my remarks are brief—

**An Hon. Senator:** Hear, hear!

**Senator Barootes:** —since this bill is an amendment to the Export and Import Permits Act, which is totally noncontroversial. It has passed all three readings in the other place in one day with the support of all parties, having been formulated, as it was, with the full cooperation and advice from all segments of the steel industry of Canada, the unions, the steel mills, the fabricators, the brokers, the manufacturers, the pipe and tube producers, the wire, wire rope and rail producers, the steel service industry and the steel construction industry.

This bill makes provision for the Governor in Council to add steel and certain products made of steel to the import or export control lists for the purposes of gathering information on a current and up-to-date basis. By this bill, this can only be done when, in the opinion of the minister, such products are traded in world markets, in circumstances of surplus supply and depressed prices, and also where a significant proportion of world trade in that type of steel is subject to control through the use of non-tariff measures.

Presently, honourable senators, Canada and two other countries—Sweden and Taiwan—have an open border to shipping steel into the United States, and 19 other steel producing countries are bound in their exports of steel to the United States by voluntary restraint quotas. Canada was not included in the voluntary restraint group on the understanding that our steel industry would stay at or near its traditional level of around 3 per cent, as measured by our American friends.

Since voluntary restraints were applied to these other countries, our share of the American market has risen temporarily. There are reasons for this, and they are multiple, but they include a protracted strike in major steel-making plants last year, particularly at USS. I believe that this strike was settled only at the beginning of this year.

Another factor was that many of these offshore steel producers have shipped their steel into Canada through our open borders. Much of that offshore product was destined for and ultimately found its way into American markets through our open access to the American steel market. This ingenuity of foreign steel makers and some Canadian steel merchants meant that this foreign-produced steel was accounted for in the United States as Canadian steel. Therefore the rise in our percentage of their market in the last while.

Honourable senators are, I am sure, aware of the continuing pressures in the United States for Canada to reduce its share of the U.S. steel market. It is our government's view that Canadian steel is fairly traded, and that restrictive measures against Canadian exports are not warranted.

This government and, indeed, the steel industry and its workers in Canada place considerable importance on maintaining open access to the United States steel market. A major element of maintaining that open access is to ensure that we have more accurate and current data on both exports and imports of steel, and that Canada is not used as a "back-door" or as a portal of entry to the United States steel market by offshore steel suppliers.

With Bill C-57, monitoring through the collection of accurate data will provide a better appreciation of the complexities of our steel trade not only with the United States but also with other countries. The amendment to the Export and Import Permits Act will allow the monitoring program to be put in place. Such a program will be useful for both the government and the industry in resisting pressures from the United States for restrictions against our steel imports to that country.

Honourable senators should know that Canada has no restrictions on imports of steel from the United States or, for that matter, from other countries. In fact, steel imports from the United States hold about 5 per cent of our market, and our steel imports in this country represent approximately 25 per cent of our steel—and the United States has about a quarter of that. Further, Canadian primary steel producers import from the United States about $1.30 worth of equipment and materials for every dollar of our steel exports that we send to the United States.

Carbon steel is currently being monitored under the provisions of the Export and Import Permits Act. This arrangement was implemented on the basis of a recommendation from the Canadian Import Tribunal in 1986. The program has provided useful information in a timely manner on carbon steel imports into Canada, but not on exports. There is currently no provision in the Export and Import Permits Act that would allow

our government to introduce a similar type of program on exports. The amendment which you are considering today will overcome this problem. Furthermore, to ensure that we have a comprehensive program in place for both imports and exports of all steel, the amendment will also enable the government to monitor specialty steels. Those are, as you know, certain sophisticated types of tensile steel such as that used in the production of chrome.

● (1510)

The amendment provides for the collection of information for a period of up to three years. It covers only steel, and does not affect any other products, nor does it alter the existing criteria under which any other goods may be placed under import or export controls. Both import and export permits will be issued freely under this arrangement. Honourable senators should recognize that this is not a measure to introduce controls.

Provision is made for submitting a statistical summary of information collected during the year as soon as possible after the end of the calendar year to both houses of Parliament. In addition, the government will publish regular monthly reports for the industry. These will normally be issued within a matter of days following the end of each month.

Once the program is in place and the data on trade flows is available, it will provide an accurate, precise and up-to-date picture of our trade in steel products with the United States and with all other countries. This, we believe, will help to ensure that Canadian access to the U.S. market will remain unimpeded, and will dispel any misunderstandings which arise with respect to the nature of Canadian steel products.

Honourable senators, as I mentioned earlier, extensive consultations have been held with all segments of the steel industry to apprise them of the general thrust of this monitoring program, and the government has been assured of the full support of the industry in this endeavour. In fact, administrative arrangements for the implementation of these amendments have been worked out with the industry as it concerns both imports and exports, and advance notices have been prepared and are being sent to the 5,000 companies involved so that they will be apprised of how to comply with the new reporting situation, with the expectation that this new regime will be in effect on June 1, 1987.

With this short summary of the objects of, and explanation of the background of, Bill C-57, I commend it to you for your support.

**Hon. Senators:** Hear, hear!

**Hon. Charles McElman:** Honourable senators, I congratulate Senator Barootes on the fine, detailed explanation he has given of the bill and its purposes. Perhaps I can elaborate just briefly on what appears to be the heart of the problem as it has so far developed.

The recently formed organization of the Canadian Steel Producers' Association represents the 14 majors in the industry in Canada. They are, indeed, in full support of this legislation.

[Senator Barootes.]

According to American statistics, there has been an extraordinary increase in the number of companies in Canada who are exporting steel to the U.S. Both Canada and the U.S. believe that this is the source of the problem now facing both nations; that many of these companies, some of which, incidentally, are U.S. owned, are using the fact that Canada has not been made subject to quota as the "back door" approach to avoid U.S. law. It is, in fact, in some instances, a case of U.S. corporations avoiding the law of their own nation.

Both nations believe that while it is not imperative, it is highly useful to be able to examine and identify the problems relating to this whole matter and to see how serious it is. One indication of its seriousness is that according to U.S. statistics, in 1985 there were approximately 350 such Canadian companies exporting to the U.S. Last year, one year later, that number mushroomed to some 670. That is an increase of almost 100 per cent in the number of those companies. Clearly, there is a problem.

When you have such a situation which threatens trade relations between two countries such as ours, it is imperative that you do something about it. This bill represents the beginning of an attempt to do something about it. It is to be hoped that it will be successful. Perhaps one could refer to it, in terms of Senator Barootes' profession, as a bit of preventive medicine.

Down the road we know that unless economic conditions improve, and improve substantially, the problems between Canada and the United States on trade in steel will become increasingly difficult.

Some of the producing majors in the U.S. have done very little to upgrade the facilities of their mills, or to take advantage of the new technology that is available. Consequently, they are less productive and they are less competitive. The lobby brings more and more pressure upon the U.S. Congress to take action which would relieve them of a problem of their own making.

The situation has become quite ridiculous with respect to several of those companies in that they have failed to upgrade their own plants, but, in the name of diversification, have spent hundreds of millions of dollars in moving into other sectors such as oil energy, and have allowed their mills to become run down.

The pressures will continue. The competitive advantage we have had on exchange rates is diminishing. I am not one to talk in terms of doom and gloom, but I do suggest that although this is a first step, in the years immediately ahead of us we are going to have futher problems in our trade in steel between our two countries. We are, in steel, each other's best customers. It is not a happy outlook in that sense. However, as I say, this will help to relieve some of the tensions that are developing.

Honourable senators, in the sense that it is an improvement both for Canada and the U.S. to have this legislation in place, it will enable the U.S., on the basis of solid information—not the rhetorical aspect of the discussion that has been going on

in Congress but substantial information that we can provide—to take decisions at their borders to enforce their own law, and it will not rest upon us Canadians to enforce their law for them. I believe it to be a good piece of legislation, and I believe that it deserves the support of the Senate.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I move that the bill be referred to Committee of the Whole, and that the Senate do now resolve itself into a Committee of the Whole for that purpose.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Murray, P.C., seconded by the Honourable Senator Roblin, P.C., that this bill be now referred to Committee of the Whole.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I think that each time we go into Committee of the Whole, since it does not constitute a permanent committee, we should elect a chairman. I am happy to move that Senator Bélisle act as chairman of this Committee of the Whole.

**Senator Murray:** I take pleasure in seconding that motion.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Murray, P.C., that Senator Rhéal Bélisle act as chairman of this Committee of the Whole. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Carried.

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CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Senator Rhéal Bélisle in the Chair.

**Senator Phillips:** Honourable senators, according to the latest telephone call, I understand that the minister has been delayed by traffic for approximately another five to seven minutes. I suggest that we adjourn for approximately ten minutes to give him a chance to arrive.

**Senator Frith:** Honourable senators, may I make an alternative suggestion?

**Senator Phillips:** Let us hear it.

**Senator Frith:** When I consider the debate that we have heard and the explanation given of this bill, I feel that there is little reason to believe that we have to have the minister here. When we give a bill three readings in one sitting, then we should normally do so; but in some cases I think that we can do it without going into Committee of the Whole. However, I see that the parliamentary secretary has arrived, so let us proceed.

With leave, Mr. John McDermid, Parliamentary Secretary to the Minister of International Trade; Mr. E. W. Weybrecht, Director, Import Controls Division II, Special Trade Relations Bureau, Department of External Affairs; and Mr. M. Robertson, U.S. Trade and Economic Relations, Department of External Affairs, were escorted to seats in the Senate chamber.

**Senator Murray:** Mr. Chairman, I apologize for the delay. I had not realized that our witness was en route back from Montreal, where he was making a speech today. He arrived at the Senate only a moment ago. I will give him a moment to catch his breath while I introduce him. He is, as I think honourable senators and members of the committee are aware, Mr. John McDermid, who has been the member of Parliament for Brampton-Georgetown in Ontario since 1979. He has been Parliamentary Secretary to the Minister of Energy, Mines and Resources, and is presently the Parliamentary Secretary to the Minister of International Trade. Mr. McDermid is accompanied by two officials: Mr. E. W Weybrecht, the Director, Import Controls Division II, Special Trade Relations Bureau of the Department of External Affairs, and Mr. M. Robertson of the U.S. Trade and Economic Relations in the Department of External Affairs.

The parliamentary secretary does not, I believe, have an opening statement, but is here to answer questions about this bill, and I presume that honourable senators will grant him the indulgence of referring questions from time to time, when necessary, to his officials.

**The Chairman:** Honourable senators, before I call on Mr. McDermid, I should like to thank Senator Frith and Senator Murray for having moved and seconded the motion to elect me chairman of this Committee of the Whole. Mr. McDermid, do you wish to proceed, or would you prefer to wait?

**Mr. John McDermid, Parliamentary Secretary to the Minister for International Trade:** Mr. Chairman and honourable senators, I have just returned from a flying trip to Montreal, so I do apologize for being late. I do not have an opening statement, but I would be prepared, together with my officials, to answer any questions which honourable senators may have on what we consider a small but very important piece of legislation dealing with international trade.

**The Chairman:** Honourable senators, it is the intention of the Chair to recognize those who wish to ask questions. Please so signal, and the Chair will grant honourable senators proper recognition at the proper time.

**Senator Frith:** Mr. Chairman, through you to the parliamentary secretary I welcome the witnesses and thank them for coming. I have a brief opening statement before I ask a question, which is to tell Mr. McDermid that while he was on

his way from Montreal, two of our colleagues gave an excellent explanation of this bill. Senator Barootes of Saskatchewan is its sponsor and Senator McElman of New Brunswick is spokesman for the opposition. Their two speeches taken together left us very little room for questions. So, I am sorry if it may appear that we have brought you here unnecessarily.

However, we do understand the importance of the bill and its connection to our trade with the United States, particularly having regard to the sensitivity of the United States to the import of steel from Canada, and the unfairness of having steel which does not have its origin in Canadian mills treated as part of our exports and therefore exacerbating this sensitivity of the United States Administration and Congress.

Senator McElman, at the close of his comments, underlined how important we are to each other on this question of steel, and pointed out that this was clearly a first step and one to be encouraged, but he hoped that it was part of other programs leading to the same end. Is that true, and, if so, can you give us some encouragement about that?

**Mr. McDermid:** Honourable senators, I may ask my colleague from the department to step in. You ask whether it is part of a larger program. I think it would be fair to say that the trade negotiations which are going on at the present time with our largest trading partner, the United States, will, in fact, play a very large part in the trade relationship between our two countries. As you know, there have been many products which have come under attack—and I use that word advisedly—from special interests in the United States; and, of course, with the current enormous trade deficit in the United States, the various sectors there are looking at everyone to see if they cannot raise their protectionist shield to those specific products—and steel is one of them.

We feel that there have been some influences on the steel industry, such as a strike in the United States, which have distorted imports into the United States. We are fair traders in steel, and we believe that with the type of monitoring that we are now proposing, we will be able to show graphically to the United States that, in fact, we are fair traders.

I believe that the trade negotiations that are now going on will have a very large influence on the way in which the trade is handled between our two countries, and I assume that steel would come under that. We are hoping that we can show to the United States that, in fact, we are fair traders in steel, and that programs other than the trade negotiations which are going on now may not be necessary—for example, restraint programs, or whatever they may be.

The steel industry in Canada is, I feel, a very responsible industry, understands the sensitivity of trade between our two countries, and is doing an excellent job of—if I can use the term—policing itself. We have not seen any major evidence of that responsibility cracking. The industry is maintaining its responsibility vis-à-vis the United States and our trade in steel.

**Senator Frith:** Are there any other industries which could be helped in terms of anti-trade attacks, to paraphrase your words, by this kind of device?

[Senator Frith.]

**Mr. McDermid:** There has been a great deal of dispute between the United States and Canada as to whose figures are right in the trade.

**Senator Frith:** About trade in general?

**Mr. McDermid:** Yes, about trade in general. What we are finding is that when they come out with their trade announcement, it is highly inflated; and, of course, that is the one that everyone latches on to and that is the one that all of a sudden becomes used in all of the debates. It tends to exaggerate the problem of the deficit. And when the actual figures come in we find that they are much lower. Fortunately, Statistics Canada and their counterpart in the United States have now reached agreement on how they are going to handle the statistics. I think the United States will find that the trade deficit they have with Canada is not quite as large as they think it is. But to date, and the officials can correct me if I am wrong, there are no other areas where we feel this type of monitoring is necessary.

• (1540)

**Senator Frith:** Are the two statistical bureaux able to control the data sufficiently without a separate monitoring establishment?

**Mr. McDermid:** The complaint here is a unique one, because we feel that steel is being routed through Canada into the United States. This is not a problem with potash. With softwood lumber and shakes and shingles it was not a problem. It was not a problem with hogs, just to name a few of the items with which we have been dealing.

**Senator Frith:** And it is not a problem with automobiles?

**Mr. McDermid:** There is no argument for a separate monitoring system on automobiles.

**Senator Frith:** I suppose the Auto Pact takes care of that.

**Senator McElman:** The statistics gathered by Statistics Canada will be published in this country and will be laid on the tables of the two houses of Parliament. As I understand it, this information will be provided on a continuing basis to the United States as well?

**Mr. McDermid:** Yes.

**Senator McElman:** I appreciate that this bill gives ministerial authority to amend, withdraw or cancel permits or licences. Is it the intention that we will police legislation for the United States? Is it not more accurate to say that we will provide them with information so that they can police their own law?

**Mr. McDermid:** That is very accurate, sir.

**Senator McElman:** And we are not in any sense getting into that act, except in the provision of information?

**Mr. McDermid:** That is correct. There is close cooperation between the customs people in the United States and Canada on the exchange of information.

**Senator McElman:** My basic question is: Will the United States give effect to its own law, without our assisting them in doing it?

**Mr. McDermid:** That is correct.

**Senator Barootes:** I would like to reinforce some of the things that have been said, and particularly I would like to thank Senator McElman publicly for the cogent explanation he gave. I want to reinforce what the parliamentary secretary has brought to our attention, that we are a responsible and fair trader with the United States. It has been brought to my attention that in order to keep ourselves down to the, what should I say, understanding that we will stay within traditional limits, some steel-making companies in Canada have turned down requests for steel. For example, one particular company in Hamilton, I am told, has turned down three out of four of the requests they received for Canadian steel. That is the kind of responsibility our Canadian steel-makers have shown, and it reinforces what Mr. McDermid has been saying.

**The Chairman:** Are there any other honourable senators who would like to participate in the questioning?

**Senator Frith:** Mr. Chairman, I hope the parliamentary secretary understands that because of the good job done by our colleagues, we do not have too many questions for him. I take it from his reaction to my earlier comments to the same effect that he does not resent the lack of questions at all, and is quite glad that they did so well, and, I suppose, that his department briefed them so well.

**Mr. McDermid:** I have found in my eight years in Ottawa that honourable senators have been most supportive of me, and I appreciate it very much.

**The Chairman:** Honourable senators, the Senate is in Committee of the Whole on Bill C-57, to amend the Export and Import Permits Act.

Shall discussion on the title of the bill be postponed?

**Hon. Senators:** Agreed.

**The Chairman:** Shall clause 1 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 2 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall clause 3 carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall the title carry?

**Hon. Senators:** Carried.

**The Chairman:** Shall I report the bill without amendment?

**Hon. Senators:** Agreed.

**The Chairman:** Honourable senators, on your behalf I should like to thank the parliamentary secretary and his officials for their presentation this afternoon.

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**The Hon. the Speaker** *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

**Hon. Rhéal Bélisle:** Honourable senators, the Committee of the Whole, to which was referred Bill C-57, to amend the Export and Import Permits Act, has examined the said bill and has directed me to report the same to the Senate without amendment.

THIRD READING

**The Hon. the Speaker** *pro tempore:* Honourable senators, when shall this bill be read the third time?

**Hon. Efstathios William Barootes:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## ROYAL ASSENT

NOTICE

**The Hon. the Speaker** *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

28 May 1987

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 28th day of May, 1987, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Anthony P. Smyth
Deputy Secretary, Policy and Program

The Honourable
The Speaker of the Senate
Ottawa

• (1550)

## NATIONAL DEFENCE

FIRST REPORT OF SPECIAL COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lafond, seconded by the Honourable Senator Muir, for the adoption of the First Report of the Special

Committee of the Senate on National Defence (hiring of staff and power to travel for the purpose of its examination of Canada's land forces) presented in the Senate on 13th May, 1987.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the committee's budget with reference to this travel has been approved by the Standing Committee on Internal Economy, Budgets and Administration. Pursuant to the order adopted by the Senate in March, the committee was authorized to release three twelfths of the funds requested. Senator Lafond has indicated that the three twelfths is sufficient for the trip, so he is only seeking authority to travel and to hire staff to that extent. Of course, that authority will continue later for the budget. However, he only intends to take this one trip next week, and the three twelfths released is adequate for that purpose. Therefore, I recommend that this report be adopted.

Motion agreed to and report adopted.

## NATIONAL FILM BOARD

MOTION TO REFER REPORT ON FILM ENTITLED: "THE KID WHO COULDN'T MISS" BACK TO SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the motion adopted by the Senate on May 28, 1986, and passed by a vote of 28 for and 17 against, that the Report of the Standing Senate Committee on Social Affairs, Science and Technology entitled: Production and Distribution of the National Film Board Production "The Kid Who Couldn't Miss", tabled in the Senate on 15th April, 1986, be referred back to the Committee with instructions to consider and report upon the following:

Strike out page 20 and substitute

RECOMMENDATIONS

1. That after the titles of the film, the following disclaimer be added: "This film is a docu-drama and combines elements of both reality and fiction. It does not pretend to be an even-handed or chronological biography of Billy Bishop.

   Although a Walter Bourne did serve as Bishop's mechanic, the film director has used this character to express his own doubts and reservations about Bishop's exploits. There is no evidence that these were shared by the real Walter Bourne."

2. That the National Film Board be requested to take action to eliminate from the film the unproven allegations, charges and innuendoes against the integrity of Billy Bishop; and

further, that consideration be given to the apparent disregard by National Film Board officials to their commitments to the Senate Sub-committee on Veterans Affairs arising out of evidence before the Sub-committee.—(*Honourable Senator Marshall*).

[The Hon. the Speaker.]

**Hon. Jack Marshall:** Honourable senators, today I want to place on the record some of the history of the reaction to the film "The Kid Who Couldn't Miss" from its release in 1983. I will refer to the immediate response of veterans of the Royal Canadian Air Force Association as well as other associations, and then I will carry on with some of the events that followed. The best way I know of doing this is to use the words of Mr. Dave McIntosh, a prominent Canadian writer, in an article he wrote in the *Legion* magazine in March 1986. He said:

> Billed a documentary, which the *Concise Oxford Dictionary* defines as 'factual, based on real events', the film contained fiction disparaging the honesty and reputation of the famed Canadian fighter pilot, prompting a public outcry that included 3,000 protest letters.
>
> Nevertheless, the NFB did not accede to requests that the film be revised or canned. Darting quickly behind the broad skirts of artistic licence and freedom of expression, the federal agency . . . and two successive ministers charged with speaking for it . . . tried to duck the issue.

By the way, honourable senators, even the current Minister of Communications has repeated the standard line that because of the structure:

> Program and administrative decisions which must be made on a daily basis are the prerogative of the agency (the NFB) itself.

I will refer later to a letter from the current Minister of Communications.

Honourable senators, this is not a program or administrative decision of the National Film Board that is under examination. It is a policy problem. "The Kid Who Couldn't Miss" was financed with $400,000 of taxpayers' money, and the film is seen by those taxpayers as a deliberate attempt to malign Billy Bishop. Surely the policy that permits a government employee to embark almost single-handedly on an anti-hero crusade is a policy that has to be justified to the protesting public.

On May 14, 1984, Liberal Communications Minister Francis Fox told the Royal Canadian Air Force Association, in part:

> I must reiterate that it would be inappropriate for me to intervene in the internal affairs of the NFB. This is not to say that I do not regard your complaints as meriting serious consideration.

Again, on November 16, 1984, Conservative minister Marcel Masse told the same association:

> I must also state that it would be inappropriate for me to intervene in the internal matters of the NFB . . . I must also decline your request for a meeting between you, Mr. (NFB Commissioner François) Macerola (or his representative) and myself as I feel it would unduly question the integrity of the NFB, and the appropriateness of their decision not to change the content of the film.

> Macerola refused to talk to protesters and did not even acknowledge some requests for meetings. Prof. A.R. Kear, President of the Manitoba Branch of the Royal Military College Club, which did an exhaustive study of the film's inaccuracies . . .

And outlined in an article called "Flak for the NFB", November 1984:

> . . . received no reply to his 1985 letters of May 27, June 22 and Sept. 11.

Honourable senators, I want to insert here that on February 15, 1984, prior to the Honourable Francis Fox's letter to the RCAF, a letter was written by the Honourable Erik Nielsen, of whom we are all aware, a World War II flying hero, who wrote, in part, to Mr. Fox as follows:

> For the Canadian government to put its imprimatur on a film that sneers at the courage and accomplishments of these men from the security of a film studio is mean-spirited and hollow. It is a narrow-minded and ugly way of registering diapproval of all they stood for. Regrettably it is a spirit that permeates the present government and does not in any way reflect the feelings of the majority of Canadians.

Honourable senators, I was aware of all of this correspondence, but refrained from using it until now. In the case of Mr. Nielsen's letter, it was public and was quoted in the *Toronto Star*, along with those of the other two ministers.

I wrote to Mr. Nielsen, when he was Deputy Prime Minister, on April 9, 1986, a week prior to the tabling of the report. I quote, in part, from that letter:

> I have a copy of your letter of 15 February, 1984 to the Hon. Francis Fox, P.C., M.P. outlining your comments which are strongly critical of the film.
>
> Since you made the letter public (copy enclosed for your easier reference) I presume that I am free to use the letter to outline the feeling of prominent individuals.
>
> I write as a colleague to advise you, however, of what is taking place, and in view of the interest you displayed.

His reply to me was dated April 17, and he simply stated:

> My feelings on that film remain unchanged. Please feel free to use the letter in any way you wish.

Honourable senators, I would remind you that this was from the then Deputy Prime Minister.

Throughout this lengthy period of public objection to the film, including the 3,000 letters of protest, the National Film Board reaction was one of stonewalling; their "documentary" would not be changed.

Returning to the 1986 Dave McIntosh article, honourable senators, dealing with the persistence of the RCAF Association and the action of critics, Mr. McIntosh went on to write:

> The Senate's revived Subcommittee on Veterans Affairs agreed to examine the matter, which prompted Macerola to write Kear Oct. 22 that he couldn't meet with club representatives because the film was a "subject of deliberations" by the committee. The film's director, Paul Cowan, had already refused to meet club members, saying on April 15, 1985, that "enough is enough".
>
> When the subcommittee requested the appearance of Macerola and Cowan, NFB lawyers telephoned Parliament's lawyers to try to beg off, but found that the pair could be subpoenaed if they did not appear willingly. This went unreported by the media, whose coverage of the affair up until that time left much to be desired.
>
> The NFB duo appeared before the subcommittee Nov. 28. The central issue was the accuracy of a suggestion the film attributed to Walter Bourne, Bishop's long-dead mechanic, that the WWI ace shot holes in his own plane to fake the raid.
>
> The subcommittee transcript reads:
>
> Senator D.D. Everett: And you would agree that Bourne never made those statements?
>
> Cowan: Yes.
>
> Everett: They were statements that were put into his mouth?
>
> Cowan: Yes.

The media missed this crucial exchange. Reporters centred on the process, making the senators look like old fuddy-duddies out to censor the NFB, which none of them set out to do. Not until the new year was Cowan's tampering with fact and chronology prominently reported by any national media.

> Almost lost in the kerfuffle was the premise on which Cowan made the film: War heroes tend to make war seem less horrible than it is. 'Heroes have that effect,' he told the senators. 'That is one of the reasons they were created. They are a simplification and, in general, a glorification of war.
>
> I think, when it comes to war heroes, we should look at them with a certain degree of skepticism.'

● (1600)

> None of the senators quarrelled with that. But Senator Molson held that Cowan could have met his objective without charging Bishop with cheating on three of his World War I kills.
>
> Macerola conceded the film contained some errors and was labelled a documentary, though conceived, shot and produced as a docu-drama. He said:
>
> We were sure that the public would realize that this film was a docu-drama even if we issued a press release saying it was a documentary.

According to the McIntosh story, and as stated at the hearings, that is what the Government Film Commissioner said:

> We were sure that the public would realize that this film was a docu-drama even if we issued a press release saying it was a documentary.
>
> Misrepresentation of the film and the NFB's intransigence in redressing it are the nub of this whole affair.

Still quoting Dave McIntosh, he went on to say:

> Pioneered and used extensively by the NFB, the docu-drama is, in layman's terms, a form of film-making that is based on truth but can employ such dramatic devices as composite characters, compression of time, altered chronology and creation of unverifiable dialogue.
>
> Macerola's descriptions were less explicit and heavy on bureaucratese. He said:
>
> The documentary film is the creative interpretations of reality.

He went on to say:

> Currently—and I think this is the NFB's role at present—we're inventing new ways of describing reality. In dramas we're trying to describe new ways of defining our collective imagination.
>
> The docu-drama is one of the techniques which finds its place in non-fiction film-making, while pushing the frontiers of both fictional and non-fictional form.

Dave McIntosh's article was widely read and often quoted. The definitions of docu-drama are certainly varied, honourable senators. The *Reader's Digest* has the following heading in an extensive article, "Docu-dramas are a license to lie".

Renowned National Film Board filmmaker Donald Brittain probably put it in the simplest and most honest terms when he told Peter Gzowski on the CBC program "Morningside", in reference to the methodology of docu-drama:

> I don't mind tricking you any old time.

The National Film Board apparently saw no inconsistency in the fact that the film won a prize as a documentary at a Chicago film festival, another as a work of fiction at a festival in Switzerland, and yet another prize as a dramatic work. As Senator Le Moyne said at the hearing, the film is "all things to all men."

It is important to remember that while all this prize winning by "The Kid Who Couldn't Miss" is going on internationally, and while Billy Bishop is standing on the world stage accused by an agency of his own government, other Canadian institutions are having nothing to do with the film. CBC, I was surprised to learn, has not carried the film, nor has CTV, nor has Global television. Only Pay Television, as well as the Public Broadcasting System in the United States, have presented "The Kid Who Couldn't Miss".

As I indicated yesterday, I would like now to bring to the attention of honourable senators another phase of events that arose out of our inquiry, and I refer to issue No. 48 of the proceedings of the House of Commons Committee on Communications and Culture dated April 17, 1986, to place on the record what I consider another disregard of the facts and which constituted the basis of a question of privilege at that time, but which I refrained from presenting.

In questioning the Government Film Commissioner, Mr. François Macerola of the National Film Board, a member of the committee, said about Macerola's appearance before our Subcommittee on Veterans' Affairs:

[Senator Marshall.]

> I want to know why you had Mr. Cowan appear, and if Mr. Cowan was to appear, should you not have had legal counsel there so that he and you, and your rights as a Canadian, would not have been trampled on in the badgering that went on with the complicity of the subcommittee chairman?

In response to this Mr. Macerola claimed that he had sought to have one legal adviser appear with him, and had been refused. I did not refuse. Honourable senators, I was not asked. At the same time Mr. Macerola also claimed he sought authorization to call—

> a certain number of witnesses, some other film-makers involved in docu-drama, and some witnesses who were very important in trying to demonstrate what we have put on the screen—historians and people who knew the leadership at the time.

According to Mr. Macerola, I refused this authorization. I did not. To prove that, honourable senators, in a letter dated November 8, 1985, Mr. Macerola responded to my invitation that those responsible for the historical research of "The Kid Who Couldn't Miss", its production and distribution appear before the subcommittee by writing, in part:

> Your proposal to request Mr. Paul Cowan, producer of the film, to accompany me is an excellent one. However, may I respectfully suggest to also request the presence of Messrs. Donald Brittain, Georges Dufaux, Patrick Watson and Jacques Godbout, film directors and communicators, in order that we may all together expand the debate to include the historical independence of cultural agencies *vis-à-vis* the government, and the different approaches to film productions of the documentary type. At the same time we could also set the record straight on allegations which question the historical accuracy of the film with the well-known Mr. Joe Warne.

Not one of these individuals was identified as "legal counsel" to protect Mr. Cowan from "badgering" with my "complicity."

I responded to Mr. Macerola on November 15, pointing out that the meeting arranged for only provided limited time in which to question witnesses. I wrote:

> Our time will, however, be limited. The subcommittee members are anxious to hear everything Mr. Paul Cowan has to say about this film. Likewise, they want to hear from those who did some of the historical research on the film. If you feel that our hearings have raised some broader issues which should be discussed with a group of filmmakers and communications specialists, I would be happy to schedule another meeting at a mutually agreeable time.

At no time, honourable senators, did Mr. Macerola indicate he wanted another meeting. The Squadron Leader, Joe Warne, referred to by Mr. Macerola resides in Great Britain. At no time did Mr. Macerola suggest that Mr. Warne was prepared to appear. Mr. Warne's testimony, an affidavit, was printed as part of the subcommittee's proceedings, but, signifi-

cantly, the appendices to Squadron Leader Warne's testimony were not provided by the National Film Board. Only after I had asked the minister to request those appendices from Mr. Macerola in January of 1986 did they finally arrive in April, three months after I requested them.

Honourable senators, I would like to read the letter in which we asked for the appendices which they promised and the letter on Squadron Leader Warren. This letter was written March 9, 1987, addressed to the Honourable Jack Marshall, and reads as follows:

> Thank you for your letter of January 29, 1987, in which you forward a copy of a letter from Ms. Diane Deschamps to the National Film Board (NFB) requesting the appendices to the NFB document, "The Billy Bishop Controversy As Seen By Sqn. Ldr. D. W. Warne, MRAeS, RAFRO (Appendix "VA-6-C").
>
> I read your letter and attachments with great interest and appreciate your views on this issue. I have closely followed the deliberations of your Sub-Committee on the Billy Bishop film, "The Kid Who Couldn't Miss" and, like you, am anxious that this matter be satisfactorily resolved.
>
> While I remain concerned by this issue, I must state that it would be inappropriate for me to intervene in the internal matters of the NFB. Although the NFB is one of the federal cultural agencies for which I am responsible, the program and administrative decisions which must be made on a daily basis are the prerogative of the agency itself.
>
> The NFB has an independent Board which, together with management, is responsible for decisions related to their films. While I fully intend to respect this role, I am drawing your comments to the attention of the Government Film Commissioner, Mr. François Macerola. I understand that the NFB is in the process of preparing the missing attachments to Appendix VA-6-C. I am certain that Mr. Macerola will be able to provide you with further details regarding their actions.

I have those in my files now, and they are available for any senator who would like to see them. The letter finishes with:

> Once again, thank you for representing your concerns to me.

The letter is signed by the Honourable Flora MacDonald.

Honourable senators, having given you some further examples of the inaccuracies—to put it kindly—that the Government Film Commissioner and his National Film Board personnel have put forward, having related how the successive ministers responsible for the NFB have stood aside, having indicated that there is strong general support for the rectification of the film as voted by our body a year ago, I want to stop at this point and adjourn the debate until I finalize my inquiry, honourable senators, hopefully at the next sitting.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned during pleasure.

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• (1610)

At 5.45 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

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## ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

> An Act respecting the imposition of a charge on the export of certain softwood lumber products (*Bill C-37, Chapter 15, 1987*)
>
> An Act to amend the Export and Import Permits Act (*Bill C-57, Chapter 16, 1987*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

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The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, June 2, 1987, at 2 p.m.

## APPENDIX

(*See p. 1117*)

## STANDING SENATE COMMITTEE ON NATIONAL FINANCE
## ELEVENTH REPORT

INTERIM REPORT ON THE ESTIMATES LAID BEFORE PARLIAMENT
FOR THE FISCAL YEAR ENDING MARCH 31, 1988

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THURSDAY, May 28, 1987

The Standing Senate Committee on National Finance has the honour to present its

ELEVENTH REPORT

Your Committee, to which the expenditures proposed by the Estimates for the fiscal year ending 31 March, 1988 were referred, examined the said Estimates and presents, in obedience to the Order of Reference of March 10, 1987, its interim report as follows:

Undertaking this review, the Committee heard from the following thirteen witnesses:

1. April 9, 1987,

*Treasury Board:*
The Honourable Robert de Cotret, P.C., President;
Mr. Gérard Veilleux, Secretary;
Mr. Michael H. Rayner, Comptroller General of Canada.

2. May 6, 1987

*Office of the Auditor General of Canada:*
Mr. Kenneth Dye, Auditor General of Canada;
Mr. Barry Elkin, Principal, Audit Operations Branch.

*Department of Finance:*
Mr. Stanley Hartt, Deputy Minister.

3. May 13, 1987

*Office of the Auditor General of Canada:*
Mr. D. Larry Meyers, Deputy Auditor General;
Mr. Barry Elkin, Principal, Audit Operations Branch.

*Canadian Institute of Chartered Accountants:*
Mr. John J. Kelly, Director, Public Sector Accounting and Auditing.

4. May 14, 1987

*Office of the Comptroller General of Canada:*
Mr. Michael H. Rayner, Comptroller General of Canada;
Mr. J.A. Macdonald, Deputy Comptroller General;
Mr. J.Q. McCrindell, Assistant Comptroller General.

*FCA International Limited:*
Mr. Gerald R. Stephens, Executive Vice-President.

### A. THE ESTIMATES

The 1987-88 budgetary main estimates tabled on March 2, 1987 total $110.1 billion. While these estimates appear to be 2.9 per cent higher than those tabled last year, they are in fact 4.0 per cent higher because adjustment must be made for two items:

1) $700 million to make payments to grain farmers through a special supplementary estimate for 1987-88 tabled with the main estimates; and

2) $500 million expenditure reduction announced the day before the February 1986 Budget but not shown in the 1986-87 budgetary main estimates.

Of these budgetary estimates, roughly two-thirds, or $72.3 billion, represent statutory expenditures while the remaining $37.8 billion represent expenditures which Parliament is being asked to authorize.

These current estimates can be compared with the expenditure plan announced by the Minister of Finance on February 18, 1987 when he indicated that total projected budgetary expenditures for 1987-88, on a revised accounting basis, were to be $122.6 billion. These amounts include contingency funds and reserves. The former covers the cost of initiatives that could not be anticipated in time to include them in the main estimates while the latter covers financial adjustments to existing programs during the fiscal year. In all cases, Parliamentary approval is required through supplementary estimates or other legislative means for use to be made of these reserves.

The main estimates plus the reserves, on an unrevised accounting basis, bring the projected total budgetary estimates for 1987-88 to $114.0 billion. To

arrive at total budgetary expenditures on a revised accounting basis, this figure must be increased by $9.5 billion due to changes in accounting policy last year, particularly the consolidation into budgetary transactions of the Unemployment Insurance Account, the Exchange Fund Account the Western Grain Stabilization Account, and loans to developing countries. In addition $180 million must be added for the annual valuation of assets and liabilities, and $1.2 billion must be subtracted as a result of the anticipated lapse of spending authorities. These data are summarized in the table on the following page.

In addition to a general examination of the estimates for 1987-88, the Committee also reviewed the recommendations it had made on tax expenditures last year in its report on the main estimates, 1986-87. The Committee also considered the accounts receivables of the Government of Canada and, to a lesser extent, comprehensive audits by the Auditor General. Finally, the Committee was asked to consider the estimates of the Department of Communications, particularly those of the National Film Board. The remainder of this report summarizes the Committee's findings in these three areas.

### B. TAX EXPENDITURES

In its report on the main estimates, 1986-87 the Committee concluded with two recommendations on tax expenditures:

**1) THE FINANCIAL ADMINISTRATION ACT BE AMENDED TO REQUIRE AN ANNUAL ACCOUNTING OF TAX EXPENDITURES COMPARABLE TO THE REQUIREMENTS FOR THE PREPARING AND TABLING OF THE PUBLIC ACCOUNTS.**

**2) EFFECTIVENESS EVALUATIONS FOR THE TAX PROGRAMS INCLUDED IN THE PROPOSED TAX EXPENDITURE ACCOUNT BE DONE ON A REGULAR BASIS AND WERE APPROPRIATE BE PART OF THE PUBLIC RECORD.**

**TABLE I**

**Expenditure Framework**

| ($ millions) | 1986-87 | 1987-88 | Per cent change |
|---|---|---|---|
| Budgetary Main Estimates | | | |
| Statutory expenditures | 69,538 | 72,314 | 4.0 |
| Annual appropriations | 37,470 | 37,827 | 1.0 |
| Total budgetary Main Estimates | 107,008 | 110,141 | 2.9 |
| Reserves for Supplementary Estimates | | | |
| Allocated to envelopes | 1,100 | 1,466 | |
| Provisions for adjustments to statutory and other programs* | 1,900 | 2,380 | |
| Projected Total Budgetary Estimates | 110,008 | 113,987 | |
| Consolidation of Accounts | 8,039 | 9,543 | |
| Provision for valuation | 130 | 180 | |
| Allowance for lapse | -1,437 | -1,160 | |
| Total Budgetary Expenditures | 116,740 | 122,550 | 5.1 |

* Includes Treasury Board Vote 5: Government Contingencies
Source: Estimates 1986-87, Part I and Estimates 1987-88, Part I.

Since that time, the Auditor General of Canada included a major chapter on this subject in his 1986 annual report. In his opening statement before this Committee on May 6, 1987 the Auditor General summarized this chapter as follows:

- We examined the risks associated with using the tax system as a vehicle for delivering programs. Our examination led us to conclude that the Income Tax Act is a high-risk statute to use for delivering programs.

- We examined the management process and reviewed two tax programs -- the Registered Home Ownership Savings Plan (RHOSP) and Multiple-Unit Residential Building (MURB) programs. We concluded that because the Department of Finance does not subject tax programs to appropriate pre-implementation and post-implementation procedures, it does not adequately manage tax-delivered programs.

- We examined how certain Crown corporations have made use of the tax system. We concluded that Crown corporations that are technically defined as taxable Canadian corporations are able to bypass the normal parliamentary budgetary processes and obtain funds through the tax system.

- We examined the adequacy and quality of the information presented to Parliament. We concluded that Parliament receives inadequate information on tax expenditures to carry out its twin roles of considering proposed legislation and holding the government accountable for the use of public funds.

The Department of Finance responded to the Auditor General's comments and to this Committee's recommendations in a favourable way. Mr. Hartt, the Deputy Minister of Finance, in his appearance before

the Committee on May 6, 1987, indicated that he was in the process of establishing an evaluation unit within the department with the exclusive responsibility to evaluate tax expenditures programs in consultation with other departments. He anticipated that it would be staffed with a director, seven analysts and two support members. He expected that the first task of this unit would be to examine and evaluate any tax expenditure programs that continued after tax reform.

In the Committee's view, the establishing of an effective evaluation unit within the Department of Finance will contribute significantly to reducing and eliminating many of the problems the Auditor General and this Committee raised. However, with respect to the first recommendation of this Committee, that is, the one which called for an amendment to the Financial Administration Act to require an annual accounting of tax expenditures paralleling the Public Accounts, the Department of Finance would only commit itself to publishing papers "from time to time". In the view of the Committee, the regularization of an accounting of tax expenditures is a necessary step in the process of providing basic information to Parliament and to the public on this matter. The Committee recognizes that there may be errors or gaps in information in such an accounting, but believes that it is nonetheless an essential step if the government is to be accountable for all its expenditures whether they pass through the estimates or through the tax system.

### C. ACCOUNTS RECEIVABLES OF THE GOVERNMENT OF CANADA

The 1986 Public Accounts of Canada (Vol. II, Part 2, Section 4) shows that the total accounts receivables for the Government of Canada is $5.79 billion. $5.1 billion is collectable. This represents about 7.2 per cent of total revenues for 1985-86 of $79.5 billion. The Comptroller General of Canada indicated to the Committee that the $5.1 billion balance is made up of four basic types of receivables:

- $2.7 billion from personal and corporate taxes and customs and excise duties;
- $900 million from the financial transactions of the Department of Finance;
- about $768 million from the recovery of prior expenditures;
- and $464 million in commercial-type trade receivables.

The category of receivables resulting from recovery of prior expenditures include $315 million of overpayments (mainly from petroleum incentives, unemployment insurance, and social benefits), $345 million related to defaulted loan guarantees (mainly student loans) and $109 million of recoverable contributions. The trade receivables of $464 million have most of the characteristics of normal commercial accounts receivables.

While disclosure of the government's outstanding accounts receivables at the year-end is provided in a memorandum account in Volume II of the Public Accounts, they are not reflected in the audited Accounts of Canada and the government's summary financial statements. These summary financial statements only recognize revenues on a cash basis, i.e., when they are received.

The government is currently giving consideration to revenue accrual accounting for all receivables in the Accounts of Canada, as suggested in the Auditor General's *Federal Government Reporting Study* and recommended by the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants (CICA).

Both groups have recommended that accruing of revenues should undertaken as a matter of principle. The CICA however, warns that this may be difficult to accomplish in areas where the value of the receivables are not known. The most common example cited is the value of self-assessed taxes such as personal and corporate income taxes. When such receivables cannot be measured practicably until the cash is received, the CICA recommend that no entry should be made into the books until that time. The Auditor General recognizes these difficulties but believes that they can be overcome.

The Comptroller General told the Committee that because 92 per cent of government revenues are from taxes, which are generally determined on a self-assessed basis, it would be difficult to arrive at a valid accounts receivables total until all corporate and personal tax returns have been filed and processed. In the case of personal income taxes, this occurs several months after the end of the government's fiscal year.

The Comptroller General also indicated in his opening statement that if accrual accounting is limited to non-tax revenues, it might be difficult to justify the cost of developing and maintaining central systems. As well, he noted that the impact on the government's financial position would be minimal; the adoption of accrual accounting would have increased the annual deficit by approximately $100 million (0.3%) in 1985-86, while the accumulated deficit would have decreased by $3,325 million (1.4%).

The Committee recognizes the difficulty raised by the witnesses in determining the value of a tax and non-tax receivables. Nevertheless it believes that in principle, all receivables should be accrued and be part of the audited financial statements of the Government of Canada. To do this, the Committee recommends

that the Auditor General serve notice to government departments that the memorandum account for the receivables which appears in Volume II of the Public Accounts is to be audited. The timing for the audit would be determined by the speed at which the Comptroller General, in consultation with the Auditor General can establish procedures for departments to follow in preparing for such an audit. After such a audit, it would then be possible to determine the feasibility of entering receivables into the audited statements of the Government of Canada.

### D. COMPREHENSIVE AUDITS

During the course of the hearings, particularly with the Auditor General and his staff, the Committee raised questions about the comprehensive audits and the mandate of the Auditor General to undertake such audits. The Committee learned that the Auditor General has the authority to perform comprehensive audits under Section 7(2) of the Auditor General Act.

While no specific conclusions were reached on this matter, the Committee indicated that it wishes to invite the Auditor General to return at a later date along with other witnesses to examine comprehensive audits more fully.

### E. ESTIMATES OF THE DEPARTMENT OF COMMUNICATIONS: NATIONAL FILM BOARD

During one meeting of the Committee on the main estimates, Senators Everett and Molson made a special request that the report of this Committee contain a recommendation to reduce the authorization to the Department of Communications for the National Film Board by the amount of the cost of producing the film "The Kid Who Couldn't Miss". They indicated the reason for their request was that the National Film Board had ignored the recommendation of the Senate:

> **That after the titles of the film, the following disclaimer be added:**
>
> > **This film is a docu-drama and combines elements of both reality and fiction. It does not pretend to be an even-handed or chronological biography of Billy Bishop. Although a Walter Bourne did serve as Bishop's mechanic, the film director has used this character to express his own doubts and reservations about Bishop's exploits. There is no evidence that these were shared by the real Walter Bourne.**

On reviewing this matter, the Committee found that on May 28, 1986 the Senate adopted a motion to refer the report on this film back to the Social Affairs, Science and Technology Committee with the instructions to consider and report upon changes to the recommendations.

Since that time the first session of Parliament prorogued. On December 19, 1986, Senator Marshall introduced a notice of inquiry on the matter of the recommendations by the Senate to refer the report on this film back to the Committee. Because this matter remains on the order paper of the Senate, this Committee does not believe it would be appropriate to consider the request by Senators Everett and Molson.

### F. CONCLUSION

In this year's review of the main estimates, the Committee began a process of following-up on recommendations it had made in earlier reports. In particular, it found that on the matter of tax expenditures, only one of two of its recommendations had been acted upon. The Committee believes that such a follow-up is an important element in its deliberations. Accordingly, the Committee has decided to review all the recommendations it has made during this Parliament by holding a series of meetings with appropriate witnesses to determine the extent of the response to its recommendations. In addition, the Committee also plans to continue with the matter of comprehensive auditing which it began during the meetings in these estimates. Finally the Committee hopes to examine the Canadian budgetary process as requested by the Minister of State (Finance) and by the Standing Rules and Orders Committee.

Respectfully submitted,

FERNAND-E. LEBLANC
*Chairman*

# THE SENATE

**Tuesday, June 2, 1987**

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

Prayers.

## THE STANLEY CUP

CONGRATULATIONS TO EDMONTON OILERS ON WINNING NATIONAL HOCKEY LEAGUE CHAMPIONSHIP

**Hon. Martha P. Bielish:** Honourable senators, before we proceed with the business of the day, I should like to invite honourable senators to join with me in offering our heartiest congratulations to that great Canadian hockey team, the Edmonton Oilers, on winning the Stanley Cup for the third time in four years.

**Hon. Senators:** Hear, hear!

[*Translation*]

## THE LATE HONOURABLE MARK ROBERT DROUIN, P.C.

TRIBUTE ON APPOINTMENT TO THE SENATE AND AS SPEAKER OF THE SENATE THIRTY YEARS AGO

**Hon. Jean Bazin:** Honourable senators, I wish to pay a special tribute to Senator Mark Drouin who was sworn in as senator and Speaker of the Senate thirty years ago.

He was Speaker of the Senate until 1962 and died in October 1963.

The reason I want to point that out is that after the death of my parents I was living at Hon. Mark Drouin's house at that time. He made me familiar with the Senate and aware of its real worth.

## THE CONSTITUTION

CURRENT STATE OF NEGOTIATIONS—NOTICE OF INQUIRY

**Hon. Jean Bazin:** Honourable senators, I give notice that on Tuesday, June 16, 1987, I will call the attention of the Senate to my perception of the status of the constitutional negotiations, in view of the fact that they have reached a critical point.

[*English*]

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Hon. Finlay MacDonald:** Honourable senators, I move, seconded by Honourable Senator Doody, with leave of the Senate and notwithstanding rule 45(1)(*a*):

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at two thirty o'clock in the afternoon tomorrow, Wednesday, 3rd June, 1987, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Who is the seconder of the motion? I did not hear the name of the seconder.

**An Hon. Senator:** I thought it was Senator Roblin!

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

**Hon. Senators:** Agreed.

**Hon. Orville H. Phillips:** Honourable senators, may I direct a question to the mover of the motion? I pointed out last week that the system of dealing with the whips in these matters seems to be breaking down. There should have been some consultation with the whips, and there certainly was not in this case. I would like to ask why that did not occur, and why it is necessary for the committee to meet at 2.30. There may be a valid reason, but since there has been no consultation, if there is one, I am not aware of it. I would also like to point out to the deputy chairman that last week a proposal was made that the Senate adjourn this week to allow committees to meet to proceed with their work. That proposal was not acceptable to the majority of the senators as they felt that we had to meet this week. Now, the first item we are asked to deal with in the sitting is a motion for committees to meet while the Senate is sitting. You cannot have it both ways.

**Senator Frith:** A motion that was introduced by someone on the minority side.

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, Senator Sinclair phoned me on Friday, when I was attending a session of the Energy and Natural Resources Committee, saying, in effect, that he would like the Banking, Trade and Commerce Committee to meet while the Senate is sitting tomorrow. I informed him at that time of the comments that had been made in this chamber relative to requests by committee chairmen to meet while the Senate is sitting, and asked him whether he could not arrange to have his committee meet perhaps on a Monday, Friday, Wednesday night or Thursday morning, because there are so many days—

**Senator Guay:** Or Sunday afternoon!

**Senator Doody:** Or Sunday afternoon. We are all on the public payroll, and why not, if the matter is that urgent? Senator Sinclair said that he had certain witnesses who were available at this particular time. I suggested at that time that

it might be appropriate if he were to discuss the matter with the whips. Apparently he did not have an opportunity to do so, but I notice that he has requested authorization to sit at 2.30 o'clock on June 3.

I made it perfectly clear a few days ago that I am not very happy with committees that meet when the Senate is sitting, unless there is some great, urgent need to do so. There are many hours available to us as senators to meet in committees when this chamber is not sitting, and I think we should take advantage of those hours. I cannot really add very much more to Senator Sinclair's reasons for this motion, other than the fact that he said that he had witnesses lined up for this particular time. It seems to me—and I wish the senator were here at this particular point—that efforts should be made to try to have witnesses attend on days that are more convenient to the chamber as a whole rather than during the relatively few hours when the Senate chamber is in session.

**Senator MacDonald:** Honourable senators, tomorrow the committee will hear four witnesses, which will make a long day for us.

I would like to address a few remarks to my colleague, Senator Phillips. It was not my intention to pull a smart stunt by making this motion. I was caught slightly unawares. I am aware of his remarks of last week when he asked for more discipline. I hope he will forgive me this particular time, because my attitude toward the whip since I have been in this place has been just this side of obsequiousness.

**Senator Frith:** Not even notably "this side of obsequiousness."

**Hon. Duff Roblin:** Honourable senators, I do not want to disappoint my friend the whip by failing to support his appeal this afternoon for better coordination of our efforts to have committee meetings at appropriate times. I want to report for the record that we are still following our bad old ways, from my point of view, because two committees, of both of which I am a member, are meeting this afternoon at approximately the same time. So, I feel a little diffident about this particular matter. I happen to be a member of the Banking, Trade and Commerce Committee. I do not know why, if that committee wants to meet on Wednesdays, it could not meet after the Senate rises rather than at 2.30. It makes things difficult when committee chairmen take the consent of this body for granted, which apparently has happened in this case, and invite witnesses to come on the assumption that the committee will have authority to meet even before the Senate has ruled on the matter.

I do not think that is good policy. I want to reinforce the plea of the whip on this side that there should be more coordination in respect of this matter, and that we should respect the rule of this house which says that committees do not meet when the Senate is sitting. The rule was put in there for a particular reason; the reason is obvious today. It seems to me that we have been ignoring it in a pretty cavalier fashion in the past few months, and I do very much hope that that will cease.

**Hon. John M. Godfrey:** Honourable senators, I think that these witnesses were invited to attend on the assumption that the Senate would not sit this week. That is the reason why the witnesses were called for that time. Then people changed their minds at the last minute. The committee meeting would never have been set for 2.30, except that everyone was told that the Senate would not sit this week. I was told that, in any event.

**Senator Doody:** I think I should set the record clear on that. I cannot remember anyone saying definitely that the Senate would not sit this week. I know some senators expressed an opinion that perhaps it would not be necessary for the Senate to do so. But others felt that it was necessary to sit, and the consensus was that we should sit this week. However, at no time did anyone that I am aware of make a statement to the effect that the Senate would not be sitting this week.

**Senator Godfrey:** You are quite right; no official statement was made, but everyone I was talking to, in any event, made the assumption that the Senate would not sit. Obviously, Senator Sinclair made the same assumption as I did.

**Senator Frith:** May I ask what the committee agenda is for this meeting? Is it to deal with government legislation?

**Senator MacDonald:** You are referring to the agenda for tomorrow's meeting?

**Senator Frith:** Yes.

**Senator MacDonald:** I do not have it with me. I did not expect to have to answer that question today, but I would be happy to get that information for you in a few minutes.

**Hon. William J. Petten:** Honourable senators, as someone who has been whip on both sides of this house, I would like to say that it makes it very difficult for the Senate to conduct its business when more than one committee sits while the Senate is sitting. Perhaps if there was a little more consultation with both Senator Phillips and myself, we might be able to resolve the issue to everyone's satisfaction.

**Hon. Henry D. Hicks:** Honourable senators, everyone seems to be getting into this debate. I merely want to say that I am in exactly the same boat as Senator Roblin with the two committees that are sitting at approximately the same time this afternoon. This is the third consecutive week that that has happened, if my memory is correct. The situation has not been untangled, and I wish it could be.

**Senator MacDonald:** Honourable senators, in response to Senator Frith's earlier question, I now have the information he was requesting. The witnesses who will appear tomorrow before the Standing Senate Committee on Banking, Trade and Commerce are called with regard to the subject matter of Bill C-56, to amend certain Acts relating to financial institutions. The witnesses will be from the Canadian Bankers' Association, the Trust Companies' Association of Canada and representatives from the Canadian Life and Health Insurance Association.

**The Hon. the Speaker:** Honourable senators, is it your pleasure to adopt the motion?

**Senator Frith:** I would not say it is our pleasure.

**Senator Roblin:** On division.

Motion agreed to, on division.

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# QUESTION PERIOD

## THE SENATE

ABSENCE OF GOVERNMENT LEADER FROM CHAMBER

**Hon. C. William Doody (Deputy Leader of the Government):** I have to inform the Senate that Senator Murray will not be with us this afternoon. He is attending to his official duties elsewhere. However, I shall do what I can to take notice of questions and shall try to obtain answers to them at the earliest possible moment.

**Hon. Joseph-Philippe Guay:** Honourable senators, will the Deputy Leader of the Government in the Senate tell us whether Senator Murray is sitting inside the room or outside the room this time?

**Senator Doody:** Today the senator is sitting outside the room. Tomorrow, we hope he will be sitting inside the room.

**Senator Frith:** He means the meeting room.

**Senator Doody:** I am sorry, I couldn't tell you, but thank you for asking.

**Senator Guay:** Could the Deputy Leader of the Government advise me who is in charge of sending the smoke up the chimney?

**Senator Doody:** Is the senator making himself available? Everyone to his own chore.

## ANSWERS TO ORDER PAPER QUESTIONS
## EXTERNAL AFFAIRS

SALE OF CANADIAN ARMS TO FOREIGN COUNTRIES OR NON-CANADIAN AGENCIES

Question No. 13 on the Order Paper—**By Hon. Stanley Haidasz, P.C.**

9th April, 1987—What is the Federal Government's policy on the sale of Canadian arms to foreign countries or non-Canadian agencies?

*Reply by the Secretary of State for External Affairs:*

The attached Communiqué of September 10, 1986, outlines Canada's export control policy for military and for strategic goods.

EXPORT CONTROLS POLICY

The Right Honourable Joe Clark, Secretary of State for External Affairs, today announced new guidelines following a review of export control policy undertaken by the Government.

[The Hon. the Speaker.]

Mr. Clark indicated that the review had been undertaken in response to concerns expressed by various groups, particularly persons concerned that Canadian exports might contribute to the repression of human rights in certain countries. Business and industry had also expressed concern that the export controls framework was unresponsive to changing circumstances. The results of this review have balanced industry concerns with broader foreign policy objectives, as well as streamlining and clarifying the policy.

The Minister stressed that Canada will not allow the export of military equipment to countries whose governments have a persistent record of serious violations of the human rights of their citizens, unless it can be demonstrated that there is no reasonable risk that the goods might be used against the civilian population: "The new policy with respect to countries with serious human rights problems places the onus of proving "no reasonable risk' squarely on the exporter".

Mr. Clark pointed out that the previous policy had also restricted exports of civilian strategic equipment. The new policy focuses on military equipment and will restrict the export of civilian strategic equipment only to COCOM proscribed destinations—principally, the Soviet Union and its Warsaw Pact allies—and to countries where there is a risk of diversion of this equipment to those destinations (COCOM is the Coordinating Committee on Multilateral Strategic Export Controls. COCOM's membership includes NATO countries, excluding Iceland, plus Japan).

The Minister noted the importance of Canada's defence industry in meeting our obligations to our NATO allies. He said that while Canada is not an important manufacturer of offensive military equipment, it is an important producer of defensive military equipment, particularly of components and sub-assemblies of larger military systems. Canadian firms will now be authorized to export these components and assemblies to all countries with which Canada has a suitable government-to-government agreement and where there exists a bona fide joint venture arrangement between the Canadian and the foreign manufacturer. In such cases, the authorization to export the completely assembled product will now rest with the country of final manufacture.

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EXPORT CONTROLS POLICY
BACKGROUND PAPER

The Secretary of State for External Affairs announced new guidelines for exports of military and strategic goods.

These guidelines follow a thorough and detailed Cabinet review which took into account the views of a wide range of Canadians from many walks of life. The Government considered the position of manufacturers and exporters as well as the many Canadians who are concerned about disarmament and human rights. The new policy and guidelines represent the Government's preferred path in this complex policy area. The new policy, however, is not a radical departure from previous policies; rather, the Government is revitalizing and adapting the existing policy to current circumstances and clarifying certain elements.

The Minister indicated that there has been a continuity in export controls policy over the years. The Government believes Canadians hold strong views about the role which their country plays internationally. They want Canada to maintain a series of defence obligations, most notably in the NATO alliance and within NORAD; they want Canada to participate in peacekeeping missions; to seek the maintenance of international order and stability; and to maintain a strong stand against human rights abuses. This latter concern has been clearly expressed by a number of Canadians who are justly disturbed by the lack of respect given to human rights in certain countries. All of these elements were weighed in the process which resulted in this policy.

The Minister stated that Canada would closely control the export of military goods and technology to:

1) countries which pose a threat to Canada and its allies;

2) countries involved in or under imminent threat of hostilities; and

3) countries under United Nations Security Council sanctions; or

4) countries whose governments have a persistent record of serious violations of the human rights of their citizens, unless it can be demonstrated that there is no reasonable risk that the goods might be used against the civilian population.

Mr. Clark emphasized that the wording in the first three categories follows that of the old policy, but the fourth considerably strengthens the rules respecting human rights. Previously, the denial of export permits was based on a regime being declared "wholly repugnant to Canadian values". As no regime was ever so declared, the denial of export permits was on an ad hoc basis. Through a more demonstrable statement of concern, the new policy will greatly improve the Government's ability to enforce this important consideration.

For greater certainty in the application of the policy, a register of countries falling into each category will be maintained. The register, which will be confidential, will be reviewed by Ministers regularly and changed when warranted.

In reviewing and adapting the policy for the export of military equipment, the Government recognizes the importance of the Canadian defence industry. Canada's defence industry is necessary for reasons of national security and sovereignty and has over the years made an important contribution to Canada's economic well being. It contains some 300 firms providing direct employment to some 35,000 persons. The Government also recognizes the importance of this industry to Canada's role in NATO. The continued existence of the industry depends on exports to our allies and other friendly countries. In 1985, annual sales of firms in this industry were $4.6 billion, of which $2 billion was exported.

The market for defence equipment in Canada is limited. Canadian defence sector companies produced for the most part defensive military equipment and strategic products such as transport aircraft and communications equipment. Canadian defence companies are primarily involved in the assembly or manufacture of components and sub-systems, rather than whole systems. It is not possible for our defence industry to recover the large costs of development of their products through Canadian sales alone. Therefore, these goods are exported principally to the United States and to our NATO allies, where they are integrated into large defence systems. In recognition of this fact, the Government will continue to maintain an open approach to the export of military goods and technology to our NATO allies and other friendly countries. In addition, companies will be authorized to export sub-assemblies and components of large systems where there is a bona fide joint venture between the Canadian and the foreign manufacturer and where Canada has a government-to-government research or production agreement.

Since there has been some difference of views among various groups as to what was considered to be military equipment, the Government considered it important that all participants share a common understanding of what goods are being controlled. The Government has defined military goods using the multilaterally-agreed International Munitions List (Group 7 of the current Export Control List). This List, in addition to arms and ammunition, also includes equipment "specially designed for military purposes", such as military vehicles, military range-finding equipment, and certain types of electronic equipment manufactured to military specifications.

Canadian policy will continue to prohibit the export of military and strategic goods to the Republic of South Africa. The close control of exports of military goods to areas of conflict reflects a longstanding Canadian desire not to become involved in local disputes and is consistent with the Government's objective of promoting international order and stability through the peaceful resolution of disputes.

The Government also addressed the question of our national security. One means of ensuring that Canada's obligations for mutual defence and security are met is

through the denial not only of military but also of strategic goods to those countries which pose a threat to our security, or to that of our allies. To this end, Canada will continue to participate in the "Coordinating Committee on Multilateral Strategic Export Controls" (COCOM), which includes our NATO allies and Japan. This organization is at the centre of an informal coordinating arrangement whose aim is to harmonize the approach taken by its members in controlling exports of strategic and military goods. This control is exercised by means of an embargo on all equipment and technology which would enhance the military potential of possible adversaries. These countries are principally the Soviet Union and its Warsaw Pact allies. The People's Republic of China is also subject to COCOM controls.

The Secretary of State for External Affairs, recognizing that the purpose of the policy is principally to control exports of military and strategic goods, reiterated that the Government encourages trade in peaceful goods with all countries. Therefore existing restrictions on trade in peaceful goods to the Soviet Union and its Warsaw Pact allies will be removed. This will be done by removing these countries from the Area Control List, thereby removing the requirement for export permits for civilian non-strategic (i.e. peaceful) goods. Controls on military and strategic equipment and technology to these countries will continue under the Export Control List.

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EXPORT CONTROLS POLICY
QUESTIONS AND ANSWERS

Q1. *Why does Canada export military equipment?*

A. Canada produces military equipment in order to meet our defence needs and our obligations under NATO and NORAD. We have some 300 companies and 35,000 persons involved in the manufacture of defence and civilian products. Few companies produce defence equipment exclusively and few products of the Canadian defence sector are classed as offensive military equipment. Exports to the USA and Europe are necessary to reduce overall cost and to keep our industry innovative and competitive.

Q2. *How has the new policy changed from the previous one?*

A. The new policy clarifies the focus of the old policy and improves certain definitions.

Under the previous policy, both military and civilian strategic goods were considered together, particularly when it came to denying exports of these goods to certain classes of countries. The new policy focuses on military equipment. This means that civilian strategic goods may be exported to a wider number of countries than before.

Military goods are designated clearly, and these goods are to be closely controlled to four groups of countries. While three of these groups are unchanged, the definition of the fourth group is considerably refined, to allow the policy to be put into effect with no doubts about its intent.

Particular arrangements are made for joint ventures, as this is an area where Canadian policy did not reflect the changes in industrial structure over the years.

Q3. *Why does the definition of military equipment make no reference to the End User?*

A. Our concern is with military equipment itself. In addition to military goods, armies and other para-military forces currently require a variety of non-military equipment (communications and office equipment, trucks and clothing, etc). We see no reason for Canadian companies not to supply non-military goods, since these goods can be supplied by many countries, yet they add nothing to the offensive or belligerent capacity of the military or para-military organization.

Q4. *How are military goods defined?*

A. International negotiations in Paris, through COCOM, lead to agreement on what items are to be included on the International Munitions List. This List is published in Canada as Group 7 of the Export Control List. It includes all weapon systems, as well as other equipment "specially designed for military purposes".

Q5. *What about helicopters?*

A. A limited number of items lend themselves to use for civilian as well as for military purposes. When a class of goods is not clearly and uniquely either military or civilian, there will be ministerial consultation to determine a general policy for such goods. Helicopters are an example of this. The SSEA is currently considering such a policy for helicopters, in conjunction with his colleagues, the Minister of National Defence and the Minister of Regional Industrial Expansion.

Q6. *What is the situation regarding exports to South Africa?*

A. The Republic of South Africa is a special case in our policy. We in Canada have accepted to limit exports of all military goods to military end-users, in accordance with UN Security Council Resolution 418 (1977), and more recently, we decided to refuse to export strategic and military goods to all RSA departments and agencies. This is part of a measured series of actions. More may be necessary to convince the government to dismantle the apartheid system. Measures affecting imports are currently in preparation following the Commonwealth Heads of Government meeting in London.

Q7. *How are human rights factored in?*

A. Export proposals for military goods to certain countries will trigger an automatic inter- and intra-departmen-

tal consultation process. Human rights will be considered by all officials involved in the consultation process. Ministers would be made aware of the results of this process and would personally consider any exceptions to the guidelines.

Q8. *What was wrong with the phrase, "wholly repugnant to Canadian values" when describing governments which abuse the human rights of their citizens?*

A. Since 1978 a number of countries had been identified whose governments have records of serious human rights violations, but none could be categorized as "*wholly* repugnant to Canadian values". The new definition is firmly founded in demonstrable fact, and thus should permit the identification of offending regimes.

Q9. *Why are strategic goods to countries with bad human rights records not controlled as they were under the old policy?*

A. Cabinet has reviewed this point carefully. It has concluded that exports of strategic goods are of concern *only* insofar as there may be a potential for their diversion to COCOM-proscribed destinations. Strategic goods are not (by their nature) used to abuse human rights. Military goods, particularly offensive military equipment, can be so used.

Q10. *Are some military exports permitted to countries with bad human rights records?*

A. The Canadian Government supports the right of nations to defend themselves against external aggression. What is objectionable to us is that equipment which should be used for such a purpose is turned against civilians within the country. Therefore, we are prepared to consider export permits for military goods to such countries where there is no reasonable risk that the goods would be used against the civilian population.

Q11. *Is there a list of countries to which exports of military goods will be denied?*

A. Firstly, the policy speaks of "closely controlling" exports of military goods to certain categories of countries. This means that such exports would generally be refused, but there may be extraordinary circumstances under which Ministers might wish to agree to an export.

It is not our intention to publish a list of countries which are affected by this policy. Such a list will be a Cabinet confidence. The identity of some countries is self-evident; that of others will be more sensitive. The list will be reviewed regularly. It is not desirable that the presence or absence of any country on a list such as this be a matter of public controversy. Canada is a trading nation, and this Government encourages trade in peaceful goods with all nations. We would be loath to see Canadian exporters cut out of certain markets for non-military goods, as a result of our decision about a country's human rights record.

Q12. *Are export permits available under Access to Information?*

A. Information supplied by export permit applicants is generally considered by these applicants to be commercially confidential, and when queried about release, they have claimed exemption under Section 20(1) of the *Access to Information Act*. Some have even indicated that the existance of their contracts is governed by the *Official Secrets Act* of the signatory country. The Minister has accepted these claims and respects their need to guard the relations between client and exporter as private.

The effectiveness of the export control system relies on frank and honest disclosure by the exporter in reporting his proposed exports to this Department, on the vigilance of officials administering the policy, and on forthright enforcement of the law.

Q13. *What is the Government's policy regarding Canadian origin military equipment going through the United States to areas of conflict or of human rights abuse?*

A. There is no export control on most goods (including military goods) going to th USA for final use or for further manufacturing in that country. If the Canadian exporter is aware that goods are only transiting the USA, then an export permit would be required, indicating the country of final destination.

Q14. *How does this policy square with Canada's efforts towards arms control and disarmament? Will it not increase East-West tensions?*

A. By the limitations which it places on certain destinations for exports of Canadian origin military goods, this policy supports the Government's commitment to arms control and disarmament. Through the priority accorded to meeting our requirements for national security and our alliance obligations for collective defence, this policy contributes to the balance of strategic deterence, which is a cornerstone of arms control in an East-West context.

## EXTERNAL AFFAIRS

### SALE OF CANADIAN ARMS—EXPORT PERMITS ISSUED IN 1985 AND 1986

Question No. 14 on the Order Paper—**By Hon. Stanley Haidasz, P.C.**

9th April, 1987—How many export permits for Canadian arms sales were issued in (i) 1985 and (ii) 1986?

*Reply by the Secretary of State for External Affairs:*

Total Canadian export permits issued for Group 7 of Export Control List.

This item includes all military equipment, not only arms. A copy of Group 7 is attached outlining the range of equipment covered by this item.

**1985**: 1,030 **1986**: 1,099

GROUP 7—ARMS, MUNITIONS, MILITARY, NAVAL OR AIR STORES

7001 Small arms and machine guns, as follows:

(1) rifles, carbines, revolvers, pistols, machine pistols and machine guns;

(2) all specifically designed components and parts therefor.

7002 Large calibre armament or weapons and project as follows:

(1) guns, howitzers, cannon, mortars, tank destroyers, rocket launchers, military flame throwers, recoilless rifles;

(2) military smoke, gas and pyrotechnic projectors;

(3) all specifically designed components and parts for the above.

7003 Ammunition, and all specifically designed components and parts thereof, for the weapons described in items 7001 and 7002.

7004 Bombs, torpedoes, rockets, and missiles guided or unguided, as follows:

(1) bombs, torpedoes, grenades (including smoke grenades), smoke canisters, rockets, mines, missiles guided or unguided, depth charges, fire bombs, incendiary bombs and military demolition charges, devices and kits, pyrotechnic flare signals for military use, cartridges and simulators; and all specifically designed components and parts therefor;

(2) apparatus and devices specifically designed for the handling control, activation, launching, laying, sweeping, discharging, detonation or detection of items enumerated in subitem (1); and all specifically designed components and parts therefor;

(3) military fuel thickeners, including but not limited to: compounds (*e.g.* octal) or mixtures or such compounds (*e.g.* napalm) specially formulated for the purpose of producing materials that when added to petroleum products, provide a gel-type incendiary material for use in bombs, projectiles, flame throwers or other implements of war.

7005 Fire control equipment and range finders, as follows:

(1) fire control, gun laying, night sighting, missile tracking and guidance equipment;

(2) range, position and height finders, and spotting instruments specially designed for military purposes;

(3) aiming devices, electronic, gyroscopic, acoustic and optical, specially designed for military purposes;

(4) bomb sights, bombing computers, gun sights and periscopes specially designed for military purposes;

(5) television sighting units specially designed for military use;

(6) components, parts, accessories, and attachments specially designed for the articles described in subitems (1), (2), (3), (4) and (5).

[Senator Haidasz.]

7006 Tanks and vehicles specially designed for military purposes, as follows:

(1) tanks and self-propelled guns;

(2) military type armed or armoured vehicles, and vehicles fitted with mounting for arms;

(3) armoured railway trains;

(4) military half tracks;

(5) military type recovery vehicles;

(6) gun carriers and tractors specially designed for towing artillery;

(7) trailers specially designed to carry ammunition;

(8) amphibious and deep water fording military vehicles;

(9) military mobile repair shops specially designed to service military equipment;

(10) all other specially designed military vehicles;

(11) pneumatic tire casings (*excluding* tractor and farm implement types) of a kind specially constructed to be bullet-proof or to run when deflated;

(12) engines for the propulsion of the vehicles enumerated in subitems (1) to (10), specially designed or essentially modified for military use; and parts thereof;

(13) all specially designed components and parts; *except* engines, for the tanks and vehicles described in this item.

7007 Toxicological agents, including tear gas, as follows:

(1) biological, chemical and radio-active materials adapted for use in war to produce casualties in men or animals or to damage crops;

(2) equipment specially designed and intended for the dissemination of the materials described in subitem (1);

(3) equipment specially designed and intended for defence against the materials described in subitem (1), and for their detection and identification;

(4) components and parts specially designed for the items described in subitems (2) and (3).

7008 Powders, explosives, propellants and fuels, as follows:

(1) powders and liquid or solid propellants for the articles described in items 7003, 7004, and 7007, and stabilizers therefor;

(2) military high explosives and stabilizers therefor;

(3) chemical base high energy solid or liquid fuels, including aircraft fuels, specially formulated for military purposes.

7009 Vessels of war, and special naval equipment, as follows:

(1) combatant vessels or vessels designed for offensive or defensive action (surface or underwater) whether or not converted to non-military use and regardless of

current state of repair or operating condition and hulls or parts of hulls for such vessels;

(2) (a) diesel engines of 1,500 horsepower and over with rotary speed of 700 revolutions per minute or over, specially designed for submarines;

(b) electric motors specially designed for submarines, *i.e.* over 1,000 horsepower quick reversing type, liquid cooled and totally enclosed; and

(c) non-magnetic diesel engines, 50 horsepower and over specially designed for military purposes.

*Note:* An engine shall be presumed to be specially designed for military purposes if:

(i) it has non-magnetic parts other than crankcase, block, head, pistons, covers, end plates, valve facings, gaskets, fuel, lubrication and other supply lines; or

(ii) its non-magnetic content exceeds 75 per cent of its total weight.

(3) magnetic, pressure, and acoustic underwater detection devices specially designed for military purposes; controls and components thereof;

(4) submarine and torpedo nets;

(5) compasses and equipment therefor and ship's course indicators, specially designed for submarines;

(6) components, parts, accessories and attachments for any article described in this item, such as turrets, naval gun mounts, submarine batteries and catapults.

7010 Aircraft and helicopters, piloted or pilotless, aero-engines, and aircraft and helicopter equipment, associated equipment and components, specially designed for military purposes, as follows:

(1) combat aircraft and other aircraft and helicopters specially designed for military purposes, including military reconnaissance, assault, military training and logistic support, and all aircraft having special structural features such as multiple hatches, special doors, ramps, reinforced floors and the like, for transporting and airdropping troops, military equipment and supplies; aero-engines specially designed or adapted for use with such aircraft and helicopters; and specially designed component parts thereof;

(2) airborne equipment, including airborne refuelling equipment, specially designed for use with the aircraft and helicopters and the engines of the types of aircraft and helicopters described in subitem (1), and component parts thereof;

(3) pressure refuellers, pressure refuelling equipment, equipment specially designed to facilitate operations in confined areas and ground equipment not elsewhere specified, developed specially for aircraft and helicopters, aircraft and helicopter engines described in subitem (1);

(4) pressurized breathing equipment and partial pressure suits for use in aircraft and helicopters; anti-"G" suits; military crash helmets; parachutes used for combat personnel, cargo-dropping, and aircraft deceleration; liquid oxygen converters used for aircraft, helicopters and missiles; catapults and cartridge actuated devices utilized in emergency escape personnel from aircraft and helicopters.

7011 Electronic equipment specially designed for military use; and components and parts therefor.

7012 Photographic equipment, as follows:

(1) air reconnaissance cameras and associated equipment designed and used for military purposes;

(2) film processing and printing machines designed and used for military purposes;

(3) other cameras and other devices for recording on film specially designed and used for military purposes, and specialized equipment designed to make the recorded information militarily useful;

(4) all specially designed components and parts for the above.

7013 Special armoured equipment:

(1) armoured plate;

(2) military helmets;

*Note:* This subitem does not include conventional steel helmets not equipped with, modified or designed to accept any type of accessory device.

(3) body armour and flak suits;

(4) components and parts specially designed for equipment in subitem (3).

7014 Specialized military training equipment and components, parts, attachments and accessories specifically designed for such equipment.

7015 Military infra-red equipment and image intensifier equipment and specialized components therefor.

(*See* items 3502, 3555 and 3556)

7016 Munitions components and materials, as follows:

(1) brass and bronze fabrications for primer anvils, fabrications for bullet cups (gilding metal clad steel), cartridge links, primer caps, shell rotating bands;

(2) copper rotating bands for shells, and other copper munitions components;

(3) gilding metal clad steel;

(4) rough steel forgings, steel and alloy castings for guns and for arms.

7017 Miscellaneous equipment and materials, as follows:

(1) self-contained diving and underwater swimming apparatus, as follows:

(a) closed and semi-closd circuit (rebreathing) apparatus;

(b) specially designed components for use in the conversion of open-circuit apparatus to military use; and

(c) articles exclusively designed for military use with self-contained diving and underwater swimming apparatus;

(2) bayonets;

(3) fire arms silencers (mufflers);

(4) power controlled searchlights and control units therefor, designed for military use;

(5) construction equipment built to military specifications, specially designed for airborne transport.

7018 Specialized machinery, equipment and gear specially designed for the examination, manufacture, testing and checking of the arms, ammunition, appliances and machines referred to in Group 7 of this List.

7019 Environmental chambers capable of pressures below $10-^4$ Torr, and specialized parts, components and ancillary equipment therefor.

7020 Cryogenic equipment, as follows:

(1) equipment designed for maintaining an ambient temperature of $-170°C$ ($-274°F$):

(a) designed for use in marine, airborne or space applications;

(b) ruggedized for mobile ground use;

(2) electrical magnetic or electronic equipment or components and electrical conductors specially designed for operation continuously or discontinuously at ambient temperatures below $-170°C$ ($-274°F$), as follows:

(a) superconductive metals, alloys, compounds, composites and intercalate materials, *except*

(i) superconductive wire having a filament cross-sectional area of $4.42 \times 10-^3$ square millimetres (or 75 microns diameter) or greater,

(ii) superconductive niobium-titanium wire having a filament cross-sectional area of $1.26 \times 10-^3$ square millimetres (or 40 microns diameter) or greater in a copper matrix;

(b) components, as follows:

(i) Josephson effect devices;

(ii) Dayem bridges;

(iii) proximity effect bridges;

(iv) super-normal-super (SNS) proximity devices;

(v) memory and logic devices

(vi) phase slip devices;

(c) high field-high current density superconductive magnets rated for producing magnetic fields of 30 kilogauss or greater at current densities of 10,000 amperes per square centimetre or greater and specialized components therefor, *except* magnets with coil outside diameter greater than 5 centimetres, and less than 50 centimetres;

(d) superconducting electrical equipment (rotating machines and transformers) designed for use in marine or airborne applications, and specialized components therefor;

(3) specially designed accessories, subassemblies, parts or components for equipment described in subitems (1) and (2).

7022 Electrically triggered shutters of the carbon injection or photochromic function type having a shutter speed of less than 100 microseconds, except shutters that are an essential part of a high speed camera.

[Senator Haidasz.]

## MARRIAGE (PROHIBITED DEGREES) BILL

THIRD READING—ORDER STANDS

On the Order:

Third reading of the Bill S-5, An Act to amend and consolidate the laws prohibiting marriage between related persons.—(*Honourable Senator Nurgitz*).

**Hon. Nathan Nurgitz:** Honourable senators, I request that this matter stand for at least a week. The bill is now ready for third reading, but I thought that perhaps we might have an opportunity to discuss this legislation with the Minister of Justice when we meet with him within the next week or so. In that way, we might be able to ensure that this bill, which is now ready for third reading and passage in this chamber, will not merely sit over in the other place when it gets there.

Order stands.

• (1410)

## PRIVATE BILL

YELLOWKNIFE ELECTRIC LTD.—SECOND READING

**Hon. Nathan Nurgitz** moved the second reading of Bill S-10, to revive Yellowknife Electric Ltd. and to provide for its continuance under the Canada Business Corporations Act.

He said: Honourable senators, I hope to be brief. The purpose of the bill is to provide for the revival of a company known as Yellowknife Electric Ltd. Officials of that company are looking for continuance under the Canada Business Corporations Act.

A revival is required because the corporation has carried on business notwithstanding the fact that, and unknown to its directors and officers, it was dissolved, and I will explain that in a moment. The company as well, without appreciating its legal status, entered into certain agreements for the sale of property and transacted other business matters. Obviously, these transactions cannot be proceeded with. A small example of the situation is the company's attempting to deal with the Territorial Land Titles Office when it is not a company in good standing.

Briefly, honourable senators, the company was incorporated on March 21, 1955, under what was then called the Companies Act, which was a federal statute. It also continued under what was later known as the Canada Corporations Act, and in

1966 the company, because it had failed to file what are generally called in the legal business "annual returns," was listed in the *Canada Gazette* of June 11, 1966, indicating that if it did not attend to the three years' filings, it would be struck off the rolls.

Indeed, the company did not comply, and subsequently, on June 14, 1967, a notice appeared in the *Canada Gazette* stating that pursuant to section 125(12) of the Canada Corporations Act, Yellowknife Electric Ltd. was no longer in existence.

This company had carried on business with the directors not knowing that it was no longer a legal entity, and from the information I have been furnished with by solicitors for the company, I can say that it proceeded and carried on business on a day-to-day basis in a very ordinary way, as if it were valid.

No summaries or annual returns were filed subsequent to 1963. If honourable senators examine the petition that was filed in order to bring about this bill, they will see that, in fact, none has been filed since 1963; that is, the three years leading to 1966, when the default was pointed out, the subsequent year and up to the present time.

The company has undertaken that in the event that the bill passes—and this is the only method for the company to be revived—it will file all the outstanding returns so that it would then be able to complete the transactions for which it appears it has legal obligations to the extent that a non-entity can be obliged to enter into anything, but I assume there would be other liabilities that would flow from that.

I might say as well, though, that from when it first failed to file a return in 1963 to the present time, it has paid property tax and income tax, oblivious to the fact that it was struck off. In fact, it was only recently, when it became time to proceed through the Territorial Land Titles Office, that the owner and director became aware of the fact that it was not in existence.

I conclude by saying that I have been assured by the company's solicitor that no person or corporation would be adversely affected by the passage of this bill, and in fact there are several people who would hope to benefit—that is, transactions could be completed by citizens in that part of the world who think they should be completed—and the matter could be brought to a happy conclusion that way.

I assume the principal shareholder is quite prepared to appear before a committee. At any rate, the solicitor is quite prepared to do so. I would suggest, not to pre-empt anyone who might wish to speak on the other side, that following second reading this bill could be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I can see no reason why this bill should not pass. But since we have Senator Nurgitz's assurance, although that is on the basis of what someone else assured him—I am sure that those undertakings will apply to the statement that no one will suffer from the passage of the bill—it seems to be an eminent case for a committee to get that assurance on the record so that when we give it third reading, we will have that to rely on. Otherwise, I see no reason to delay it nor do I see why it should not have second reading today. Senator Nurgitz can then make the appropriate motion.

**Hon. George van Roggen:** Honourable senators, I have a question for Senator Nurgitz. I support the fact that this should go to committee for the reasons stated by Senator Frith. However, I am less inclined to jump to the conclusion that it should automatically be favourably considered by the chamber, because, as a matter of general principle, I find it unfortunate that Parliament should be burdened with private matters of this sort whenever it can possibly be avoided.

If this involves only a piece of land—and I simply make this observation having dealt with one of these situations in the Yukon, which is quite close to the Northwest Territories, many years ago when I was practising there—that has been neglected for 20 years, and the Land Titles Office is dealing with it, then under the law, when a company disappears like this, its assets escheat to the Crown if the Crown takes that action. The Crown can, as a generous gesture, give back property that is so escheated, which would save Parliament this trouble.

I simply suggest to honourable senators that the committee, indeed, should look at this carefully to ensure that there is no other legal mechanism that could be used to avoid Parliament's being burdened with this type of private matter.

**Senator Frith:** Good point!

Motion agreed to and bill read second time.

• (1420)

REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

## PATENT ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator David, for second reading of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto.—(*Honourable Senator Doody*).

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, this order stands in my name, but I do not intend to speak to it. If anyone else wishes to do so, I will certainly pass the adjournment over to whoever so indicates.

Order stands.

## CITIZENSHIP ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Bosa, seconded by the Honourable Senator Frith, for the second reading of the Bill S-8, An Act to amend the Citizenship Act (foreign spouses).—(*Honourable Senator Doody*).

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I am attempting to get some research material on this order, but, once again, if anyone else wishes to speak to it, I will certainly yield.

Order stands.

[*Revised Translation*]

## PRIVATE BILL

### REGIONAL VICAR FOR CANADA OF THE PRELATURE OF THE HOLY CROSS AND OPUS DEI—SECOND READING—DEBATE CONTINUED

On the order:

Resuming the debate on the motion of the Honourable Senator Bélisle, seconded by the Honourable Senator Nurgitz, for the second reading of the Bill S-7, An Act to incorporate the Regional Vicar for Canada of the Prelature of the Holy Cross and Opus Dei.—(*Honourable Senator Le Moyne*).

**Hon. Jean Le Moyne:** Honourable senators, I want to congratulate my colleague and friend, Senator Jacques Hébert, on his fair and ferocious comments on Opus Dei. His speech on May 26 was a masterful indictment of this evil agency. I must admit though that there is a certain amount of rivalry between myself and the senator, yes, in one respect, that is in our love of freedom.

Honourable senators, what Senator Hébert told us, and in fact anything we happen to read or hear about the subject—for or against, and especially for—leaves us feeling that Opus Dei is something that defies every attempt to define and label exactly what it is. We have here a pious eel, unctuous, smooth, slippery and elusive. In fact, Opus Dei is an institution that is religious but very much of this world; secular but clerical; open but veiled; public but secretive; free but autocratic; welcoming women as members but very much patriarchal; poor but rich; humble but arrogant; contemporary but reactionary . . . We could add indefinitely to the litany of contradictions without ever really defining its essential nature. So what is there to say about this elusive monstrosity?

Its very name, which borders on blasphemy, is not enough to make Opus Dei the work of God. This institution was conceived and organized by a man who certainly had the right qualifications to launch this kind of undertaking: the charm that goes with a certain type of person, endless energy, simple logic and easy eloquence. He also had the whole range of neurotic virulence that is essential to attract followers, including monomania, megalomania and "papimania", with strong sado-masochistic overtones.

[Senator Doody.]

[*English*]

His frightful success brings to mind that of sundry evangelists and self-appointed heads of churches like the late and shapely Aimée Semple MacPherson, or a Jerry Falwell, or a Jim Bakker and his doll of a wife—they are not yet down from the stage, those two—an Oral Roberts, a Hubbard or a Moon—who is currently visited with some difficulties.

They all have something in common, these "reverends." They are gifted with visions or communications from heaven, as if they constantly have the Lord on the telephone; their energy is boundless, and they are monstrous workaholics; they have a prodigious ease of elocution to the point of verbal diarrhoea, so they can talk endlessly, repeating and hammering mercilessly their message; they are entertaining for their congregations; they all mesmerize crowds; they can be first-class brainwashers and programmers of minds, especially young minds; they get high during their contacts with large audiences, like Gandhi and Nehru, who were of a different breed; they are extraordinary magnets for money, and under their spell giving becomes a compulsion; finally, they are well able to make friends and influence people at the highest summits—like Falwell, who has penetrated Reagan's White House, and particularly Balaguer, who beats them all with the blessings of no less than five popes and the prospects of canonization! In the case of the last named of those superstars, one is inclined to think that the discernment of spirits is not exactly as keen as it should be nowadays.

But how can one explain the overall success of those show-biz pros? The late Mr. Barnum would tell us: "Senators, there's a sucker born every minute."

This is fine and true, but it is not enough. There is still more to say about these false prophets, for that is what they are, including Escrivá de Balaguer. We shall come back to them later.

[*Translation*]

Josemaria Escrivá de Balaguer, Spanish priest, was born in 1902 and died in 1975. Year 1902 sets him in an era when stuffy religion prevailed, a time which stood witness to the apotheosis of the superstitious religiosity which was his hallmark, the same religiosity which poisoned the children of my generation and would have destroyed its adolescents had we been unable to react with timely self-preserving reflexes. Therefore I simply do not see anything original or surprising in the mentality and teachings of Monsignor Escrivá de Balaguer. On the contrary, to me they are like a recurring nightmare.

Nineteen seventy-five indicates that, as a resident of Rome since 1946, Escrivá had every opportunity indeed to benefit personally from the conciliar *aggiornamento* and turn certain liberating intentions to his own advantage, especially with respect to laity.

We do have plenty of files and witnesses. But he is the one we will call to the stand. Well, you will say, are you forgetting

that he is dead? Balaguer dead? Not so, if I may put it this way, for he has managed to survive through his writings, awaiting his survival through his own statues on the altars of Navarre or elsewhere, should he emerge unscathed from the trial he is now undergoing in Rome, a decidedly more mind-boggling trial than the one begun by our critic. Indeed, "the Father", as Opus Dei advocates bleatingly call him, is in the process of being beatified, the first step in the long stretch to canonization.

[*English*]

Now, honourable senators, we are dealing with a man who, thanks to a prodigious churchwide lobby, has such a good chance of being elevated to the ranks of the blessed and the saints that I would not bet 50 cents that he is to be left with us among the lowly throngs of our cemeteries. At such prospects, imagine the ecstatic delight, and the intense and ever-hardening confidence, the holy tumescence experienced in the intimacy of the so-called "families" of Opus Dei. Again, facing such an august set-up and confronting such a display of power, are we to put on the gloves of reverence and awe? Are we to have the creeps? And are we ourselves to start creeping?

Certainly not, most emphatically not! Because we are men of our times, and because the dominant characteristic or our age is criticism. For us moderns anybody, anything stands to be criticized. It is now an irrepressible will, it has become an unconditional right for which we still pay dearly. Not only our experiences and beliefs at whatever level of existence but also their deepest historical, kerygmatic, social and psychological contexts are subject to a criticism of the most rigorous kind. Nature itself, the fluid reality of things, we cannot any more take as a given, but only as the manifold result of critical and permanent interpretation. In our age we are bound to interpret everything under the penalty of trying to reverse or stop not only history but evolution itself in their courses. We can speak here without undue exaggeration of a real mutation of human understanding, and conclude that as the essence of modernity, criticism constitutes the very legitimacy of the age. Thus is guaranteed the freedom we are now exercising.

[*Translation*]

I want to assure honourable senators that I will not be drawn into a religious controversy which would befit a theological venue more than these precincts. However, how could our debate be exempt from religious considerations? How could we avoid raising the issue of religion, however unpleasant it might be, however indecent it might appear to some of us?

For one thing, Opus Dei is an officially religious matter, and as such we would be quite prepared to let the ecclesiastical authority deal with it as best it can. But at the same time as we must try to be heard by the accessible elements of the said authority, we have to alert the political authority, for in any event it would have had to intervene in this case. For another thing, indeed, we are aware of the equivocal nature of Opus Dei which, I repeat, stems from religious sources; we are aware of its fanaticism, we know that its adolescent-oriented proselytism is scandalous, and we know to what extent its action hypocritically reaches into the realm of laity. Let me be more specific: the Escrivá foundation represents here a dangerous and unacceptable resurgence of the notorious "undue influence", of this clerical meddling which for years on end poisoned the political and intellectual atmosphere in French Canada, as everywhere else in Catholic English Canada.

There is no question of denying anyone's rights, for we are merely seeking to inform, and we want this case to be examined closely so that justice eventually be done, should that be required, if, in light of everything that is known, there is no other option (may God forbid!).

I would hope that other senators, expert in legal matters, will rise before Bill S-7 is adopted on second reading and referred to the Standing Committee on Legal and Constitutional Affairs. Let us not forget that second reading means the principle of the bill is endorsed. I am among those who simply cannot bring themselves to support this principle.

I would like to draw an analogy. There is the law as seen by Creon and the law as seen by Antigone; there is the Constitution and the Charter, and there are human demands that transcend them; there is the legal aspect and the so-called political order. Sometimes we must tell the powers that be that we cannot obey. The right to say "non possumus" has lost its exclusivity and is now in the public domain. Honourable senators, having invoked the protection of Saint Antigone, I shall vote against Opus Dei.

• (1430)

[*English*]

Escrivá, worthy of his name, wrote a lot, but rather little has been published apart from his main book entitled *The Way*, which first appeared in 1934 in Spanish under the title *El Camino*, or *Le Chemin* in French.

We are, no doubt, discreetly reminded of someone else who said in John 14:6:

I am the way . . .

Escrivá's *Way* is made up of 999 maxims, or aphorisms, or sayings, or apophthegms, or whatever. I would rather call "notes", those short, often incoherent paragraphs. Despite their utter dreariness, *The Way* is a fantastic best seller, albeit a silent one, except among its peculiar public. It would probably have remained unknown to us had not Senator Bélisle consented to introduce Bill S-7. I need not explain what I mean by "us". Several million copies of *The Way* have been sold in some 30 languages. This is phenomenal, and we will see that such a success cannot be explained but by mediocrity, though Opusdeists have the gall to compare Escrivá's lucubrations to Thomas A Kempis' *The Imitation of Christ*, to Loyola's *Spiritual Exercises* and to the *Introduction to the Devout Life* of François de Sales.

Honourable senators would certainly like to know why the author had chosen to write 999 notes—no less, no more—each being carefully numbered. It was in honour of the Holy Trinity! You see, three times three equal nine and you repeat that pious operation thrice; and there you are! And there is Escrivá de Balaguer betraying magical tendencies, of which I

can add right now another symptom, detected by the auscultation of note 438. The literal translation follows:

> 438 Fool!—you thought yourself alone in the episcopal chapel—I saw you kiss each chalice and each paten freshly consecrated: so that He could find those kisses, when, for the first time, He would descend into those sacred vases.

Well, honourable senators, blow me down!

We know that Escrivá was also a great kisser of statues, each having a special appeal and inherent virtue, even if they happened to be images of the same saint. Magic is fond of multiplication.

[*Translation*]

From the outset, it is clear that Escrivá is not writing for the weaker vessel, as the members of the priesthood used to designate women in the past, in this case young women, and certainly not for labourers or waiters, but for students and young professionals. His approach is that of a teacher to a disciple, a priest to a penitent or a father to some idealized and archetypal son. The instructions, advice and admonitions he dispenses produce a kind of boy scout atmosphere. One sees the eternal boy scout, a variation on the eternal adolescent. Often Escrivá, in his informal father-to-son comments, is actually speaking to the eternal adolescent in himself. Young men were a favourite target of his apostolic zeal. See for instance Note 125, which I shall quote in extenso:

> 125 I would love to have, you told me, a heart to heart talk with John, the young apostle, who would give me advice and help me become pure of heart.
>
> If you really want to, tell him and he will encourage you with his advice.

Now that is encouraging to the *n*th degree. Because of some idiosyncrasy that is not unambiguous and would have been of considerable interest to Freud, the author refers again to John, the young apostle, in Note 430. Without any exegetical basis, he gushes that John was young, unmarried, a virgin, an apostle and every young man and young boy must remain pure. And to do so he must avoid "even the appearance of a special friendship", as recommended in Note 366.

At high school, we were never allowed to be alone or with only one other fellow student at recess. We had to be three. Of course, three is a minimum for a decent orgy! The young disciple's obedience must be absolute and unquestioning. He is merely a tool, a passive instrument. We are reminded of Ignatius of Loyola's famous words "perinde ac cadaver", ordering his followers to obey like a corpse. Escrivá must have tried very hard not to quote the founder of the Jesuit Order, an order he detested but whose precepts must have been a source of frequent inspiration. Obedience à la Balaguer forbids any criticism, not only of the magisterism but of any superior, and especially of the "priest", that infallible, untouchable, omnipotent and absolutely venerable personage. The following is particularly edifying:

> "72 Never make the priest lose his gravity. It is a virtue he must possess, though without stiffness."

[Senator Le Moyne.]

> "74 To love God and not venerate the priest . . . impossible!"
>
> "75 Like Noah's good sons, spread the mantle of charity over the faults you see in your father, the priest."

By the way, the story was that Noah was as drunk as a lord. In any case, notwithstanding vehement denials by the members of Opus Dei, their clerical bias is obvious: the priest is in a position of authority, and the laity must obey. (I may refer you to the outrageous "Constitutions" of Opus Dei, secret but not so secret, and especially the fourth part which contains rules for the women members, and we see that the priests keep a very close eye on their beloved daughters.) We have been through all that. We heard it all in days gone by, a time that Opus Dei wants to bring back. I wonder if those who remember what happened under the French Restoration would care to reflect on what it would be like if we turned the clock back! We have not necessarily put an end to the degradation of slavery.

Honourable senators, I thought it was funny, but I changed my mind when I happened to read Note 911, which I shall quote to you:

> "911 You write: "The ardent desire we all have to see that thing" work and develop is starting to turn to impatience. When will the "thing" explode? . . . When will the world be ours?"
>
> "And you add: "Our desire will not be useless if we use it to put pressure on our Lord: we "will have gained valuable time."

You heard it: forcing God's hand; the desire to see this thing work, to see it explode, to see the world belong at last to the members of Opus Dei, just like the Nazis wanted to conquer the world. The holy man of Opus Dei appears to us here as a totalitarian fanatic. Under the cross of Christ or the swastika, slavery is still slavery. When I first read Note 911, I could hear terrifying echos from the past:

> Ein Volk!
>
> Ein Reich!
>
> Ein Führer!

How do we go about conquering the world for its own good and salvation? See the answer in No. 914 of the "Way":

> "914 How sad it is to see all those masses—at all levels of society—who are deprived of ideals!—They no longer seem to have a soul; they are just a mass, a horde, a herd of people . . . "Jesus! with the help of your merciful love we will turn the masses into cohorts, the hordes into armies . . . "and we will separate from the herd, purify those who have had enough of degradation."

So there you have—in all its sickly style replete with hysterical hesitations—the charter of integral pharisaism!

"Free Sprachen? Stunk." "Liberty? Stunk", said Chaplin in *The Great Dictator*. Escrivá adds: "Equality? Stunk." Am I exaggerating? Listen to this note:

> "46 Do you not believe that equality, as it is understood, is synonymous with injustice?"

Now then, how will power be exercised? No. 387 provides the answer:

> "387 The plan of holiness which the Lord expects from us features these three points:
>
> "Holy intransigence, holy coercion, holy effrontery."

No. 394 drives the totalitarian nail a bit deeper:

> "394 Compromising is a sure sign that one does not possess truth."

Here in Canada, not so very long ago, did we not hear about this incredible thing, "the peaceful possession of truth"? We had been to the right school, had we not? Did Opus Dei proponents forget that? No way!

Here now are notes 398 and 399, and hang on:

> "398 Intransigence is more than mere intransigence, it is "holy intransigence".

Let us not forget that there is "holy coercion" as well.

I continue the quotation:

> "399 If we resort to force to prevent a man from committing suicide, thus saving a life and earning general plaudits, why should we hesitate to use the same coercion—holy coercion—to save the Life (capital L) of those who are bent on stupidly killing their own soul?"

● (1440)

[*English*]

Holy intransigence! Holy coercion! Honourable senators, what have we just heard if not a nostalgic recall of the Holy Spanish Inquisition? In 1932, aged 19, in a Catholic college of Montreal, in terms very close to those used by that excellent candidate for the sainthood, Escrivá de Balaguer, I listened horrified to a justification of the rack and the stake; that is, holy coercion. It is for our own good, and let us roast happily! But, again, do you imagine that the Opusdeists are not aware of such revolting utterances and of the dormant seeds they represent?

Back to *The Way*, or way back again, for three last notes. Women will be overwhelmed by them, so tightly packed are they with originality and so crushingly loaded with doctrine. Here they are, notes 26, 27 and 28 translated literally by your unhappy servant and quoted in their entirety:

> 26 Marriage is a sacrament, something holy. When you will come to think of receiving it, ask your director or confessor to recommend some appropriate book. So you shall be better prepared to take upon yourself the duties of a husband.

Honourable senators, it is that simple. Had I known that before, I would have read one book. Note 27 reads:

> 27 You laugh because I am telling you that you have "the vocation of marriage"? Well, you have it. And it is truly a call. Put yourself under the protection of Saint Raphaël, who will lead you, in chastity, to the end of the way, just like he acted as a guide for Tobias.

Now for the boner, which will stick forever to Escrivá's memory and which, as you can see, I am not quoting out of context, as so many adversaries of Opus Dei dare to do:

> 28 Marriage is for the privates and not for the general staff of Christ. Whereas food is a necessity for the individual, procreation is merely a necessity for the species, individuals being free to abstain.
>
> Craving for paternity? . . . If we sacrifice the egoism of the flesh, we shall have children, many children, and leave a permanent wake of light.

This, honourable senators, was a double lulu. I would not like to read it aloud in some slums of Mexico City or in a favella of Rio.

[*Translation*]

A number of years later, trying to cover his sexist and clerical blunder before a newswoman, Escrivá flounders through a quagmire of clichés on the role of women in contemporary society and worsens his own case in a way which no woman can fail to appreciate. My quotation is taken from answer 87—always going by the numbers—page 154 of *Conversations with Monsignor Escrivá de Balaguer:*

"Development, maturity, emancipation of women, all this cannot be interpreted as a claim to equality—to uniformity—with respect to men, an imitation of masculine behaviour. This would not be tantamount to success but rather a backward step for women: not because they are more or less valuable than men, but because they are different."

Enough is enough. File documents have gradually covered my desk like weeds which grow right back after hoeing. I express one wish before concluding: alerted by our debate and overcoming their distaste before such revolting sexism, complete with service stairs and separate quarters for the convenience of the devoted distaff servants of Opus Dei gentlemen priests and big wheels, may numerous women examine the Opus from their irreplaceable vantage point. No thought nor deed can be perfectly human if women are not equally involved. This is a long-standing personal conviction which I expressed many times, particularly during Cardinal Léger's pre-Council consultations, when I strongly advocated that Mothers of the Council sit with Fathers of the Council. Well, I am sure that such an aberration as Opus Dei cannot last very long under truly adult and truly contemporary feminine scrutiny. We, men, are not really able to remove ourselves far enough from the issue to strike lethal blows.

[*English*]

Honourable senators, dealing with Opus Dei will remain the most hateful task I have ever undertaken since I was called to the Senate. I have been fighting the same essential obscurantism, the same spirit of regression, the same dualistic mentality for more than 40 years. And now I am sick at heart and sick at soul. I am glad that it is over for me, at least temporarily. Getting back to my neglected but bravely flowering garden, after such a long sojourn in a waste land of platitude and falsity, will be a purification and the renewal of spring now turning into summer. There is no spring in the domain of a

Balaguer, just repetition and regression. How finally can we explain the astounding progress of Opus Dei or the dazzling glitz of Oral Roberts and company? We must obviously go beyond the philosophy of the sagacious Mr. Barnum. Maybe honourable senators will find a useful hint in my parting words.

Years ago, in the country, I was attending Sunday Mass with a friend, on the porch in the company of other reluctant faithful, all men, ready to bolt for a smoke at the first inkling of a boring sermon. Nobody did anything of the kind that Sunday. When the priest, a rather unattractive but witty and truly spiritual fellow, whom we used to call "Potato" because of his bulbous nose, announced that he would speak on the theme of false prophecy, my friend gave me a nudge, whispering, "I'll be waiting for him, now." But we did not wait long, for almost immediately he had us transfixed forever with the following words:

> "My dear brethren," said the Reverend Potato, "false prophecy has not much to do with loonies orating from soap boxes in Hyde Park. False prophecy is just this: the temptation of mediocrity."

On motion of Senator Corbin, debate adjourned.

● (1450)

## NATIONAL FILM BOARD

MOTION TO REFER REPORT ON FILM ENTITLED: "THE KID WHO COULDN'T MISS" BACK TO SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the motion adopted by the Senate on May 28, 1986, and passed by a vote of 28 for and 17 against, that the Report of the Standing Senate Committee on Social Affairs, Science and Technology entitled: Production and Distribution of the National Film Board Production "The Kid Who Couldn't Miss", tabled in the Senate on 15th April, 1986, be referred back to the Committee with instructions to consider and report upon the following:
>
> Strike out page 20 and substitute
>
> RECOMMENDATIONS
>
> 1. That after the titles of the film, the following disclaimer be added: "This film is a docu-drama and combines elements of both reality and fiction. It does not pretend to be an even-handed or chronological biography of Billy Bishop.
>
> Although a Walter Bourne did serve as Bishop's mechanic, the film director has used this character to express his own doubts and reservations about Bishop's exploits. There is no evidence that these were shared by the real Walter Bourne."
>
> 2. That the National Film Board be requested to take action to eliminate from the film the unproven allegations, charges and innuendoes against the integrity of Billy Bishop; and
>
> further, that consideration be given to the apparent disregard by National Film Board officials to their commitments to the Senate Sub-committee on Veterans Affairs arising out of evidence before the Sub-committee.—(*Honourable Senator Marshall*).



**Hon. Jack Marshall:** Honourable senators, before I continue with my third phase of the Billy Bishop affair, I want to say first of all that I will not be able to finish today. I do not want to keep honourable senators too long, but I will continue, and finish up with a motion on Thursday.

I would also like to bring to the attention of the Senate the fact that today, June 2, is the 70th anniversary of the raid of Billy Bishop. It was brought to my attention that on this morning's CBO morning program, Bob Johnstone, who has a program "Today in History" each morning, used Billy Bishop as his topic. Honourable senators, I would like to put the text of that broadcast on the record.

> Billy Bishop was the son of the Court Registrar in Owen Sound, Ontario, and that was a bit of a big deal in those days around the turn of the century. When young Bishop didn't show any inclination to go into law or to work very hard at anything, the old man was delighted to enroll him at the Royal Military College in Kingston with a view to him becoming an army officer. That was a big deal in those days, too.
>
> Bishop was supposed to be a cavalryman but when the war started in 1914, he soon got tired of the mud and the horse manure and he asked to be made a flier. The army figured that if anyone was dumb enough to want to go up in one of those machines, he was welcome to do it.
>
> Bishop was not a good flier, in fact he was almost taken off the job—but he was an excellent gunner. He had the instinct; he knew just where to shoot where the other plane was, or better still, where it would be by the time his bullets reached it. Everything about Bishop's career as an air ace was incredible and it still looks made up. He shot down twenty-one enemy planes within a couple of months of getting started. Most pilots spent years without doing that.
>
> One day before the Canadians captured Vimy Ridge and changed the whole war, Bishop shot down three enemy planes over Vimy. For that one day, he was awarded the Military Cross.

Honourable senators, I intend to skip over some of the conversation between Bishop and the top British ace, Albert Ball. The text of the broadcast then continues:

> In May of 1917, Ball suggested to Bishop that the two of them try something that no-one had ever done—attack an enemy airfield while the planes were still on the ground. That way, if they were lucky, they could get a half dozen planes instead of waiting until they were in the air and shooting them down one at a time. Bishop said he would

think about it. But before he could talk to Ball again, Ball was killed.

So in the early morning of the 2nd of June 1917, soon after three o'clock, Bishop took off alone and headed for the nearest German airfield. It was fogged in, so he went looking for another. He wasn't even sure which one he had found but he found one with eight planes warming up. He destroyed seven of them, either on the ground or as they took to the air.

When the war was over a year-and-a-half later, Bishop had destroyed, altogether, seventy-two German planes. It seemed incredible at the time—and it still does.

Recently, the National Film Board turned out a movie called "The Kid Who Couldn't Miss". It questions whether or not Bishop was really as good as the records say. Have no doubts—he was! That is what super heroism is all about—doing things that the other guys can't even think of.

Honourable senators, apart from the fact that I am recording the story, it is interesting to note that Billy Bishop's name lives on, 70 years after, and is still referred to for the feats of heroism that he performed during the First World War.

Honourable senators, when I spoke in the Billy Bishop debate following the tabling of the report on April 17, 1986, I explained that my involvement in the exercise came about not particularly because of Billy Bishop himself as a war hero—and I have come to admire him more and more as the debate evolved—and since then as other developments occurred—but primarily because of my continuing involvement and interest in the well-being of all veterans of Canada.

I have tried, as I felt it my duty, to devote a good deal of time to ensuring that Canada fulfils its commitment to all of our veterans; each and every one of them, many of whom were awarded medals of bravery. Most veterans are aware of the commitment which was made in 1917 at the same Vimy Ridge by the then Prime Minister, Sir Robert Borden. I will detail that commitment in a moment. As was also referred to in my address during the debate, my involvement in the exercise arose out of the efforts of, among others, Senator Molson, who set out to defend the record and the rights of a comrade whom he admired and with whom he served.

Coincidentally, when the Subcommittee on Veterans Affairs was established through the Social Affairs, Science and Technology Committee with the consent of the Senate, it provided a natural forum to consider the motion to examine and report on the activities of the National Film Board film, "The Kid Who Couldn't Miss". It not only provided a forum, honourable senators, it provided a subject which I feel is suited to our responsibility as senators, and that is to protect individual rights.

I previously referred to a commitment which was made by Sir Robert Borden, the Prime Minister of the day. That commitment, honourable senators, is worth while repeating again, despite its having been repeated many times over and over as the years progressed after 1917. Sir Robert Borden made this statement to the Canadian troops:

> The government and the country will consider it their first duty to see that a proper appreciation of your effort and your courage is brought to the notice of your people at home . . . and it will always be our endeavour . . .

—meaning the government and the people of Canada—

> . . . to so guide the attitude of public opinion that the country will support the government to prove to the returned men its just and due appreciation of the inestimable value of the services rendered to the country and empire . . . and that no man . . . whether he goes back or whether he remains in Flanders . . . will have just cause to reproach the government for having broken faith . . . with the men . . . who won . . . and the men who died.

Honourable senators, I ask the question: Do we now have just cause with this issue? It is worth while noting here that just a few weeks ago in April—"Bloody April" as it became known at the time—and at the same Vimy Ridge, the Minister of Veterans Affairs, representing the Government of Canada, uttered these words at the Seventieth Anniversary Commemorative Ceremony, with pride in his country, I am sure, and I quote his words:

> On this ridge . . . on this day, a nation was forged by men from one coast of the country to the other.

Honourable senators, our nation was not only forged by those admirable soldiers who fought in the bloody battle of Vimy Ridge during that "Bloody April" with its heavy and unnecessary loss of life, which we deplore. Steward K. Taylor, historian of the World War I Flyers, gave evidence before the committee and revealed the startling statistic that the average battle lifespan of a pilot in France was three weeks. Honourable senators, just imagine—three weeks! Another question is appropriate here: Have we forgotten?

Incidentally, it is also a startling coincidence that exactly 70 years ago today, as was referred to in Bob Johnstone's broadcast, on June 2, 1917, Billy Bishop landed his tiny shot-up aircraft after having carried out his lone raid behind enemy lines.

While I am sure that Sir Robert Borden was also referring in his address to Canadian troops to the efforts and the courage of Canadian airmen like Billy Bishop, that commitment he made on behalf of the people of Canada and his government raises some very vital questions as to the apparent silence of successive governments, who have the power to correct what is, in the kindest words I can find, a serious error by a government agency in the carrying out of its responsibility, an error admitted even by the National Film Board Commissioner himself to the committee rather than decide to hide behind such flimsy excuses as "artistic licence" and "arm's length relationships" or "censorship."

• (1500)

Last Thursday, in addressing the second phase of my inquiry, I alluded to an expression, "T.V. docu-drama—a licence to lie." Let me elaborate to describe some analogies to the Billy

Bishop inquiry, and I refer to an article in *Reader's Digest* in April 1986, which is headed with these words:

> When it comes to history as entertainment, the networks motivated by ratings competition—rarely let facts interfere with fiction.

The article is written by Victor Lasky, a U.S. columnist and author of many books on public figures, including John and Robert Kennedy.

Lasky begins as follows:

> On the evening of 23 June 1983, I watched in horror as a television documentary . . . portrayed me back in 1951 as having falsely accused a college professor of being a Communist. Because of that accusation, the professor purportedly lost her job and attempted suicide.
>
> Following my vigorous denials that I had ever made such an accusation, ABC-TV broadcast a "correction" that it had been unfair to me.

Unfortunately, Billy Bishop never had a chance to deny the NFB accusations.

> That program, "The American Inquisition" led me to examine what television can do to the truth. I soon discovered that the docu-drama— documentary and drama depicting real people and events, but with dramatic licence—plays havoc with history. Dialogue, scenes, even charcters often are invented.

Osborn Elliot, Dean of Columbia University's Graduate School of Journalism, asserts that docu-dramas confuse audiences with their blurring of reality and entertainment.

Syndicated columnist George F. Will, one of the most respected journalists in the U.S., describes docu-dramas simply as "a license to lie."

In another example described by the author, he refers to another film as follows:

> After receiving protests from people who reviewed a film, CBS agreed to run a printed advisory at the beginning which stated: "The following presentation is not a documentary, but a drama based on certain facts: some events and characters are fictionalized for dramatic purposes."

Yet Cowan and Symansky refused to accept our disclaimer and wanted to insert their own, which, incidentally, is similar to this one. So, I wonder why they kept refusing to show the disclaimer when they showed the film.

Despite this disclaimer, criticism continued. In an editorial, the *New York Times* suggested that the time had come to retire this art form and asked: "Does no one in charge of television care enough about either news or fiction to halt this corruption?" One who does care is former CBS President Richard Salant. He believes viewers tend to confuse docu-drama with news, thus undermining the credibility of broadcast journalism.

We in this chamber showed that we care, but what the results of our efforts will be remain to be determined.

Salant, the article explains, is not entirely opposed to docu-dramas. He considers it unfair to single out one branch of the media, since literature, theatre and motion pictures have traditionally used the form. But I say that they didn't denigrate a hero for no reason whatsoever.

Salant went on to say however:

> The networks should keep reminding viewers that they're seeing part fiction—but not to refuse with disdain what they promised as the NFB are doing.

Another comment by the *Washington Post* reads:

> A docu-drama is as offensive to journalism as the word itself is to the English language.

The docu-drama is also characterized by a magazine as a "trashy romp" laced with unprovable innuendo and raucous caricatures of public figures.

The National Film Board should use this article as required reading.

Honourable senators, while describing short extracts to point out the feeling of the powerful U.S. communicators, and also to describe the ongoing interest raised in other U.S. areas of concern, I want to read excerpts from a letter which I received January last, a letter that shows the problem will not go away, from a professor of Rutgers University's Department of History in New Jersey, in which he requested a copy of the report and proceedings of the subcommittee, and which is an example of ongoing interest. He states:

> I have been interested in attempts to manipulate history—and especially those cases in which such attempts have been resisted by persons unwilling to countenance the distortions.
>
> My subject attempted to make his mark by taking advantage of fuzzy evidence and by creating plausible scenarios to fill existing gaps in documentation—in short, by making claims which he knew would be extraordinarily difficult, if not impossible, to disprove. He also carefully cast aspersions on the characters and contrary testimony of others, often by wrapping himself in the prestigious guise of a putatively impartial historian.
>
> It seems to me that the controversy over "The Kid Who Couldn't Miss" has parallels to my work which are well worth pursuing.
>
> Just as anthropologists study extant societies to draw inferences about preceding ones, so too must those of us working in unusual fields of historical inquiry often seek enlightenment from possibly analogous events in our own time. It has not been easy to find such a model for my subject's pretentions but this controversy may prove to be an exceptionally useful one.

I am keeping in touch with this professor, honourable senators, and I hope to learn more. I will continue with the debate at the next sitting of the Senate.

On motion of Senator Marshall, debate adjourned.

[*English*]

## CANADA'S INTERNATIONAL RELATIONS

DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator MacEachen, P.C., calling the attention of the Senate to Canada's international relations.—(*Honourable Senator MacEachen, P.C.*)

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator MacEachen speaks now, his speech will have the effect of closing the debate on this inquiry.

**Senator MacEachen:** Honourable senators, in rising on this order today, my purpose is to conclude the debate, if there are no other participants, so that this item can be cleared away. I also wish to reiterate a number of points which I made in my original speech on the subject of Canada-U.S. relations on April 8, and to make one or two comments with respect to the speech given in the Senate by Senator Doyle on May 27, 1987. In his comments he referred to my agitated presentation with such words as "getting steamed up", "flailing away" and "elevated blood pressure". I will attempt to be utterly cool and placid on this occasion—

**Senator Doody:** A statesman!

**Senator MacEachen:** —so that I will not deserve such pejorative comments.

Senator Doyle reminded us that there is purpose and process in this government's relationship with the United States. He went on to add that "no government before has concentrated such attention on purpose and process." I will not deal with that point. What I had been dealing with in my speech is what had been the result of all this "purpose and process." Of course, either inadvertently or studiously, Senator Doyle avoided that area of Canada-U.S. relations.

The main contention of my intervention, supported by many examples, is that generally the result of all of this "purpose and process" has been bad for Canada and good for the United States. In fact, I stated quite boldly that "the United States has not yielded to Canadian demands in major areas of concern. In the meantime, Canada has made major concessions in energy, investment and trade." I was hoping that a spokesman on the government side would take issue and controvert that assertion.

I called attention to the trade irritants which were to be dealt with following the Quebec Summit. I asked for information about those; none has been forthcoming. I raised the question of acid rain—more research, no remedies; the renewal of NORAD with no ABM clause; shakes and shingles; softwood lumber; the National Energy Program; the Foreign Investment Review Agency; our cultural industries, and the pharmaceutical bill. Even since I made my list of disturbing developments, the situation has become even worse with the recent American decision on Canadian gas, and subsidized American wheat sales to our traditional customers.

Senator Doyle did avoid all current questions, except my reference to the extravagant Washington summit—the spectacular dinner, and the glossy brochure published at government expense. But I would say to Senator Doyle that if he is to deal with the complexities of international affairs, he should learn to be accurate. I never beatified Italian cuisine to the point of attributing to it the creation of "Angel Pasta". I did speak of the famous "Angel Hair Pasta" dinner, and I did so for a good reason. Senator Doyle stressed that there is purpose to and there is process in the government's relations with the United States. I leave it to others, certainly not to me, to determine what purpose was being served and what process was at work on this fatuous occasion, immortalized in a no less fatuous and extravagant publication.

Honourable senators, my purpose was to draw attention to the urgency of the substantive issues in our relationship. Even if Senator Doyle had succeeded in demolishing my comments about the Washington extravaganza, I would not be disheartened, because it really was a somewhat marginal comment and ought to be regarded as such. But there was absolutely no effort to deal with the current state of our bilateral relations and the apparent inability of the government to advance in a satisfactory way so many of these issues to a satisfactory conclusion.

I was interested that the senator, in his comments, praised the present government for having made 14 ministerial statements in the House of Commons in the last two and a half years in comparison to none having been given by the preceding government in a period of four years. Senator Doyle had, I think, chided me for not learning from the lessons of history, but he might have examined the reason why the former government had virtually ceased making statements on motions. And there was a reason. It was because the opposition, on one occasion after the other, abused the process by turning the opportunities provided for serious comment on foreign affairs into political and personal attacks. That is why the practice stopped.

If any senator is interested, he could refer to a number of occasions when, for example, the Prime Minister of the day made serious statements on foreign policy only to be castigated in a personal and political way. On one occasion, when he had returned to Canada after his visits to various European capitals, the Leader of the Opposition characterized his foreign policy explanations as a "bag of fog." That was the atmosphere that prevailed in the House of Commons. Today is not the first time, honourable senators, that I have referred to this particular matter which Senator Doyle has raised in his speech.

In an address which I gave on April 30, 1984, to the Canadian Institute of International Affairs and the Canadian Study of Parliament Group I dealt with the matter of statements on motions in the House of Commons, and the fact that the practice had virtually vanished because of the partisanship that prevailed in what should have been a reasonably bipartisan discussion of foreign policy, to the extent that the Prime Minister and the foreign minister had ceased making the statements. That was made clear in the House of Commons at the time. Now the practice has been revived, and if it is now possible—and I welcome the development—for the minister and the Prime Minister to make statements on motions, it is

presumably because the opposition parties are now dealing with these statements in a more serious way, and they have not developed to the point where they have become so partisan that they lost their value in a discussion of foreign policy. I just make that historical comment in approving the fact that these statements are now being made in an atmosphere that makes possible informed comment and constructive debate.

● (1520)

Honourable senators, I referred to a statement made by Ambassador Lewis in 1984, which was also referred to by Senator Doyle. I believe Senator Doyle misunderstood the purpose of my comment, because he committed what I considered to be a glaring *non sequitur* in referring to my interpretation of Ambassador Lewis' statement. I had been arguing from the very beginning that the Canadian government had started out on the wrong course in its dealings with the United States. In my first statement in the Senate on foreign policy more than two years ago I argued that at that time Canada was taking the wrong approach in its relations with the United States. I believe that my assertion has been proved by what we have seen up to the present time.

The reason I quoted Ambassador Lewis was because he agreed with my analysis in comments which he made prior to his appointment as Ambassador to the United Nations; an ambassador whom Senator Doyle described as forthright, even-handed and confidence winning. What better source to draw upon than Amassador Lewis, who possesses those characteristics much appreciated by the Conservative Party, in order to prove my assertion that the course was wrong from the very beginning?

What Ambassador Lewis said in *Maclean's* magazine following the Prime Minister's visit to Washington in September 1984 is worth repeating, because it does support my argument. He said:

> Our new fetish for America is flawed. More fundamental, perhaps, it's wrongheaded. What we're really doing ... is cementing a partnership of deference. And there's no mystery about who will defer to whom.

I used that expression because I thought it described the situation quite accurately, and it must appeal to Senator Doyle since it came from such a forthright, even-handed and confidence winning individual.

Honourable senators, I will conclude by referring again to what I thought was a very important point in my original statement which was picked up by Senator Doyle. It has to do with the benefit of the doubt. I have argued that in any controversy between Canada and the United States, between Canada and the United Kingdom, or between Canada and France, it is the obligation, if not the sworn duty, of ministers of the Canadian government to give Canada the benefit of the doubt. It is my contention that there is no place to give another country the benefit of the doubt when Canadian interests are at stake. The Prime Minister had made the comment himself, and later it was surprising, in my view, that the Secretary of State for External Affairs made this principle so explicit in a speech he made in San Francisco on March 20 of this year. Mr. Clark made the following statement, which I still find astonishing:

> Just so there is no danger of my being misunderstood, let me remind you that one of the principal criticisms, in Canada, of our government is that we are too friendly with the United States. Before his election as Prime Minister, Brian Mulroney said that his attitude, in a controversy, would be to give the United States the benefit of the doubt. That ... has been our practice as a government, and it will continue to be.

Has the government thought about what it means by "controversy"? Presumably, we are having not only a single controversy but a multiplicity of controversies with the United States in the trade negotiations. In the controversy on the trade remedy laws, when there is a stalemate, does the Canadian negotiator say, "Yes, it is Canadian policy to give the United States the benefit of the doubt"? Honourable senators, I could go on down the list.

I also find it interesting that Senator Doyle picked that up and asked the question:

> Would it be some kind of confession, in these circumstances, to express the hope that all our partners on this planet would not consider it a weakness to give us the benefit of the doubt when we advocate a position or enlist in a cause?

He asks if it would be some kind of confession to express the hope that our partners would give Canada the benefit of the doubt in any controversy, presumably, when we advocate a position or enlist in a cause. I did not want to say myself: What kind of confession would it be to ask that question? I think it would be a confession of naivety in international relations to ask the question, but I expect that Senator Doyle is a sophisticated individual, and certainly he would not ask a question that would exhibit naivety.

I thought that President Mitterrand answered that question quite eloquently when he met the citizens of Saint Pierre and Miquelon after he completed his visit to Canada. Presumably, he had cordial discussions about Canada-France relations, the strong bonds between our two countries, fisheries and boundaries, and left in an aura of goodwill. But when he was confronted by the citizens of France, and when their interests and, in consequence, the interests of France were at stake, he had no difficulty in answering Senator Doyle's question. He exploded any naive hope that one might have about his reaction by saying clearly that the Canadian position on fisheries was unacceptable and unjust.

● (1530)

**Senator Frith:** That is hardly the benefit of the doubt.

**Senator MacEachen:** He was also reported to have said that no negotiations would be resumed until the Canadian ports were opened to the vessels of Saint Pierre and Miquelon. I

understand that Mr. Clark said yesterday that that was not the French position. Here was the President of France clearly stating French interests, not giving Canada the benefit of the doubt when we advocate a position or enlist in the cause. Presumably, we advocated the Canadian position with him on the fisheries and on the boundaries, and he said, in effect, "No, I am not here to give you the benefit of the doubt. I am here to give the citizens of France the benefit of the doubt. I am the President of France." I am sure he would say, if he were asked to do otherwise, that it would be tantamount to asking him to be stupid, to be weak, and to betray the interests of France. I think that is how the French have earned a reputation for being hard-headed in international affairs—their interests come first, and they do not give the benefit of the doubt.

I cannot understand why the Canadian Prime Minister, the Canadian Secretary of State for External Affairs and now Senator Doyle—perhaps by inadvertence, or perhaps I misread him—should now say that Canada, which is ten times smaller than the United States, should give, in a controversy, the benefit of the doubt to this superpower. Honourable senators, I did not intend to raise that point again, but I was tempted to do so by Senator Doyle's references to it. I disagree fundamentally with giving the benefit of the doubt to any country in our international negotiations. Our job is to give Canada the benefit of the doubt. I can only assume that the Prime Minister and the Secretary of State for External Affairs have not thought this through, and that Senator Doyle said what he did more out of amiable fraternity with his political colleagues than any hard-headed assessment of Canadian interests.

**The Hon. the Speaker** *pro tempore:* If no other senator wishes to speak, this inquiry is considered debated.

## THE ESTIMATES, 1987-88

REPORT OF FOREIGN AFFAIRS COMMITTEE ON EXTERNAL AFFAIRS AND NATIONAL DEFENCE ESTIMATES ADOPTED

On the Order:

> Consideration of the Sixth Report of the Standing Senate Committee on Foreign Affairs (1987-88 Estimates for External Affairs and National Defence Departments), presented in the Senate on 27th May, 1987.—(*Honourable Senator van Roggen*).

**Hon. George van Roggen:** Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

## THE CONSTITUTION

MOTION TO REFER FIRST MINISTERS' ACCORD AND AGREED TEXTS TO COMMITTEE OF THE WHOLE—DEBATE ADJOURNED

**Hon. Allan J. MacEachen (Leader of the Opposition),** pursuant to notice of Wednesday, May 27, 1987, moved:

> That the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to a Committee of the Whole for the purpose of hearing witnesses and making a report.

He said: Honourable senators, it was not my expectation to take advantage of your indulgence by speaking twice today, but the order paper so demands. I have moved that the Meech Lake accord, the terms of which are already available to us, and any subsequent constitutional texts that are agreed to be referred to a Committee of the Whole for examination and report. I want to make comments in answer to two questions that will undoubtedly arise: First, why a committee? And second, why a Committee of the Whole? It may not be necessary to argue before this body the need for a detailed examination of the terms of the Meech Lake accord and the need for a better understanding of the impact of this accord upon Canada and its provinces if it becomes part of our fundamental law.

In the last week we have already seen that the examination has become more intensified outside Parliament. It is interesting and relevant that the former Prime Minister entered the debate after a silence of two and a half years on the constitutional question, that Senator Murray, the Minister of State for Federal-Provincial Relations, made an extended reply on Saturday in the *Globe and Mail*, and that at the same time Mr. Claude Ryan also made an extended reply in *La Presse*. Those are only a few instances of the examination that is now going on in the country. I think it is deserved and justified. It would be entirely appropriate for a body such as the Senate to take hold of the subject matter and to examine it, to hear witnesses expressing all points of view, and then to make a report.

I understand from statements made by Premier Peterson today that he is in favour of a more extended public examination of the Meech Lake accord than had previously been anticipated. Indeed, it is suggested, possibly not by the Premier himself but by others, that it will not be possible to dispose of an inquiry in the province of Ontario and pass the necessary legislation until some time in the fall. Indeed, it has been suggested that this resolution will not be dealt with in Ontario until after the next election. I am not attributing these comments to the Premier at all, but he certainly did suggest that he was open to an extended public examination.

In my own province, the legislature has adjourned and normally would meet in the fall; and it may be that the legislature of Nova Scotia will not deal with the Meech Lake resolution—indeed, if there is a resolution—until after several months have passed.

● (1540)

I understand that in Manitoba there is an established method by which a constitutional amendment will be given public scrutiny. So we are not stepping out of line with the prevailing mood, and we are not in any way delaying—nor could we be accused of delaying—this process if we examine the accord and the text over a period of time, possibly an extended period. But that will be determined by the Senate.

Honourable senators, may I say a word about why the Committee of the Whole? I know that when it was first suggested that we examine the fisheries and boundaries treaty in Committee of the Whole, there was a certain natural resistance and reluctance. Various members of the house will have their own interpretation, but, as a beginning of a new process, it was my opinion, and it still is, that the examination of the fisheries and boundaries agreement between France and Canada proceeded rather well. There are certain improvements and refinements that could be made, but, in general, the examination in Committee of the Whole did not detract from the dignity of the chamber or the decorum of our proceedings. From the point of view of efficiency, it was possible to hear the witnesses and interrogate them in a reasonably speedy and thorough manner. That is my impression of the Committee of the Whole. It may not be shared, but I advance it as one reason why in this case I think it would be the appropriate body.

The question will be asked, "Why not participate in a joint committee with the House of Commons?" I want to deal with that from two points of view. The most recent joint committee that I looked at had to do with international relations. It was a joint committee composed of, I believe, 19 members in total, five of whom came from the Senate. Three were from the opposition and two from the government side. In the joint committee which examined the Constitution in 1982 a larger number of senators participated than did so on the committee dealing with international affairs, but clearly the majority was made up of members of the House of Commons.

At best, in a joint committee only a percentage of senators could participate in an examination of the Meech Lake accord. In Committee of the Whole any senator can participate fully in the normal way as a matter of right. He can ask questions and be heard with exactly the same right as any other member of the Committee of the Whole.

It is true that any honourable senator can go to a standing committee and be heard, but, as I understand it, he does not have the same status as a regular member of the committee. So, a hearing in Committee of the Whole has the distinct advantage in that it provides for very wide participation. Remember, honourable senators, that when we had the inquiry—which has not yet been completed—on fisheries and boundaries, the attendance was quite considerable, and the participation was considerable. We certainly had quite a number of senators in attendance even at the lowest point. I put that forward as a consideration.

There is another reason, honourable senators, why we might consider our own separate inquiry. In this particular instance our constitutional position is different from that of the House of Commons, because the Senate, with respect to a constitutional amendment, is operating under a suspensive veto. We do not operate under a suspensive veto in the examination of a bill. The provisions governing the role of the Senate in dealing with a constitutional amendment are different from those applicable to the House of Commons, and might suggest that the Senate should proceed separately and apart from the House of Commons and be in total control of its own business and activities, and should not become a subordinate party in a joint committee when the constitutional positions of the houses are different.

I will also make a final point, one which may not appeal to all. I am firmly of the view that in the controlled situation that would be provided by an examination in Committee of the Whole, it would be an appropriate time to bring the television cameras into the Senate. It would not be television for the Question Period or for all of our activities, but it would be to provide the country with an opportunity to hear from this chamber evidence from witnesses on various sides of the question, and to hear the views of senators from all parts of the country.

I think it would be a fair way of examining the applicability of television coverage and, I believe, would have the useful by-product of letting the country know that the Senate is a body that can speak, act and reason. It could help to change the image of the Senate, which is so frequently projected as a body that is incapable of acting and is generally in a state of lethargy. It would be a good occasion to show the country that that is not the Senate, that there are persons sitting in the Senate from every part of Canada, from every province, who are making a contribution, and who could make a greater contribution if the Senate, through a changing political consensus, were permitted to do so.

There is a desire on the part of honourable senators to do more, to contribute more to the country, but it appears that every time a step is taken out of the traditional mode, a hand of reproach is raised to suggest that the Senate really has no right to act or speak at all.

I hope that at least on this occasion we might consider letting the country take a look at the Senate in action. I believe it would contribute to public enlightenment, and it would contribute positively to the image of the Senate. This is one of the advantages of televising the proceedings on this question in Committee of the Whole. But for the moment, I merely raise the point. I may follow it up later.

• (1550)

**Hon. Orville H. Phillips:** Honourable senators, may I direct a question to the Honourable the Leader of the Opposition?

**Senator MacEachen:** Yes.

**Senator Phillips:** I listened to the honourable senator's remarks with great interest. I would like to ask for some clarification on his reference to a joint committee. Did I understand the honourable senator correctly in that he has now ruled out the possibility of his party joining a joint committee to study the Meech Lake accord?

**Senator MacEachen:** Honourable senators, we have not been presented with a resolution from the other place to participate in a joint committee. I suppose that at that point we will make the decision. However, I noticed that Senator Murray stated that a decision as to whether there ought to be a joint committee or a separate study by each house had not yet been taken. Since the matter was open in his mind and in

the mind of the government, it seemed to me to be appropriate to take advantage of that openness and to move to have a separate study by the Senate. Certainly that would be my preferred position; for the Senate to conduct its study for the reasons I have stated, and for the House to conduct its own study. As the honourable senator knows, I am not hostile to the House of Commons, but I think that the situation argues for a separate study, if only to give the Senate an opportunity to run its own operation and to promote the wide participation a Senate study could give, especially if it is conducted in Committee of the Whole. Those are my thoughts. I presume the government will take note of what is happening here in making up its mind with respect to a joint committee.

**Senator Phillips:** Honourable senators, I note that the honourable senator favours a separate study in each of the two houses. I agree that no decision has been taken, but let me rephrase my question. I am asking this question in an attempt to prevent this motion from precluding the possibility of a committee such as the Special Committee on Bill C-22, which deals with amendments to the Patent Act, going across Canada to get the views of people. I am wondering whether this motion precludes the possibility of a joint committee travelling across Canada.

**Senator MacEachen:** Honourable senators, if travel is the objective, one does not need to have a joint committee to travel. Each house can travel on its own. I am arguing the case for a separate study by the Senate on this particular constitutional amendment. Someone might then ask whether I would oppose a joint committee. I have not been presented with a resolution, and I would hope that if we adopted this motion we would not be asked to participate in a joint committee.

**Senator Phillips:** Honourable senators, I thank the honourable senator for his reply. May I direct to him another question which, as he knows, is very dear to my heart. What happens to the various Senate standing committees that are meeting while the Senate is in Committee of the Whole? Do they meet at the same time?

**Senator MacEachen:** Come on.

**Senator Phillips:** Honourable senators, I rather doubt that I will be participating in this debate, but I suspect that my leader will want to participate. Therefore, I move the adjournment of the debate in his name.

On motion of Senator Phillips, for Senator Murray, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

# THE SENATE

**Wednesday, June 3, 1987**

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

Prayers.

## THE LATE RIGHT HONOURABLE ERROL WALTON BARROW PRIME MINISTER OF BARBADOS

TRIBUTES

**Hon. Anne C. Cools:** Honourable senators, I should like to direct your minds to that recent tragedy, the untimely death of the Right Honourable Errol Walton Barrow, the late Prime Minister of Barbados.

As you know, I was born in Barbados. I feel strong kith and kin attachments to that society. It is a society which has a colonial background, born of slavery and sugar plantations. It was an especially unique colonial society in that it was founded by royalists in 1625. From 1639 on it had its own Parliament which has sat undisturbed for a few centuries.

I should like to convey to the immediate family of Mr. Barrow, his sister Dame Nita Barrow, who is the Barbados Ambassador to the U.N., members of the Legislature of Barbados, the High Commissioner to Canada, His Excellency Peter Morgan, who is with us today in the gallery, and, most important of all, the peoples of Barbados, my warmest and my most heartfelt sympathy.

The Right Honourable Errol Barrow was educated at a school in Barbados which some may recognize, Harrison's College. Mr. Barrow was what would be described in Barbados as an "island scholar," that is to say, he was a student of exceptional quality. He went to England to study economics. As a matter of fact, he had the distinction of having studied with Pierre Elliott Trudeau at the London School of Economics. In addition, he was called to the bar at Lincoln's Inn in 1949.

For those of us in this chamber who have served in the Canadian Forces, I should like to mention that Mr. Barrow was a member of the Royal Air Force and spent some time training in Canada. In regard to his political career, I should like to remind honourable senators that Mr. Barrow was elected in 1951. At that time he would have been called a "member of Colonial Parliament (M.C.P.)." As an aside for the benefit of senators here who have spent time in Barbados working on the various parliamentary associations, I should like to point out that in 1951 Mr. Barrow was the junior Member of Colonial Parliament (M.C.P.) while my uncle, the Honourable Frederik Edward Miller—the father of the Honourable Senator Billie Miller—was the senior member.

Honourable senators, my childhood was somewhat different from that of many others in this chamber in that a distinctive element in my childhood was the fact that I grew up in an era of decolonization. When I was a little girl, the concept "universal manhood suffrage" was an important and formative one. It was a term which forged my own personal experience, as it forged a society and created a new level of voters and new governments.

Mr. Barrow's passing away marks the end of an era when a particular kind and a particular quality of personality blossomed in the British West Indies. A cluster of men who are undoubtedly familiar to you were produced by that colonial society. They include Sir Grantley Adams, Mr. Michael Manley, Sir Alexander Busta-Mante and Sir Eric Williams. They represented an era. If I were to describe those men, I would have to say that they were men who travelled with Dante into the workings of the human psyche, both good and evil—they were men who were driven by a strong sense of democratic freedom and democratic expression as exemplified by a parliamentary system. They challenged old social orders and built new governments and new social orders from former colonies.

Politics is a very funny business, and those of us who are grappling right now with the constitutional amendment understand that it is business which can quickly bring participants to their knees. I would like to say in closing that Mr. Barrow was one of those persons who, as an intellectual, as an amateur cook, as a craftsman of the political process, exemplified and represented a notion articulated by Niebuhr as "Man's nature is good enough to make democracy possible, but bad enough to make democracy necessary." I think that the notion of democracy and the belief in the system are the reasons for our involvement in politics, and why Mr. Barrow served as a Prime Minister who led a colonial country into its independence. That is why we do the work that we do. I invite all honourable senators to join with me in expressing what, to me, is a personal, very personal loss, as it is for the peoples of Barbados.

**Hon. Heath Macquarrie:** Honourable senators, I follow the eloquent remarks of our colleague, Senator Cools, who has expressed with great sensitivity and tremendous feeling the regard which I am sure we all have for a distinguished, powerful and important statesman of the Commonwealth. Many of us here have a special feeling of fondness for that great institution, the Commonwealth, and some of us have refined that interest and appreciation even further by looking with special affection upon the group of nations which we call the Commonwealth Caribbean.

I have followed the career of the late Prime Minister Errol Barrow with interest. I met him a good many years ago. I have admired his leadership and his courage—his intellectual as well as physical courage. He was a fine military man and an outstanding statesman who, in the old scriptural expression, did not follow every wind of doctrine. He was a man of independence. As one who did not belong to the Commonwealth Caribbean, I admired always his belief in the hope that a stronger, more closely integrated Commonwealth Caribbean could and should be developed. I admired, too, the simplicity with which he chose to live, although he had walked with kings and had attained a very high position.

I suppose that some of us lay a special claim to Mr. Barrow because, as part of his military career as a distinguished airman, he spent a good deal of time in Prince Edward Island on the Summerside base, one known very well to my colleague, Senator Orville Phillips. We in Prince Edward Island feel that we have experienced a special loss in the departure of this distinguished statesman and broadminded internationalist. He was a fine administrator, and I think that Senator Cools has done the right and perceptive thing in placing him among a great quartet of Barbadian statesmen. I, on behalf of my party, join with her in extending our condolences to his family, to his sister, the distinguished Ambassador to the United Nations, and to all of those from Barbados who loved and admired him, especially my friend—and I am proud to call him my friend—the distinguished High Commissioner from Barbados to Canada, the Honourable Peter Morgan.

[*Translation*]

## THE CONSTITUTION

### 1987 CONSTITUTIONAL ACCORD TABLED

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, today, the Prime Minister of Canada tables in the House of Commons the text of the Accord approved early this morning by all First Ministers at their meeting on the Constitution. It is with great satisfaction and a tremendous sense of pride that I table this document before this chamber. Today, our country has again become an indivisible entity.

[*English*]

The principles embodied in the Meech Lake agreement have been transformed into constitutional language acceptable to all First Ministers. I am confident that it will also receive the firm and generous endorsement of Canadians.

[*Translation*]

As I did previously in this chamber, on May 5, I would like to stress the leadership shown by the Prime Minister in getting across his vision of Canada, as well as the statemanship and conviction of the provincial premiers.

All the First Ministers are to be commended for their hard work and determination. Despite the obstacles they encountered on their way, they persevered and achieved unanimity on an agreement which, I am convinced, will stand up to the test of time.

Today we have come to the end of a long and often arduous quest, which has dominated a large part of Canada's history in recent years. Today we welcome Quebec as a full partner in Confederation. Quebec's painful constitutional isolation is now a thing of the past.

We have also laid the foundations for our future together as a nation and as a people.

We have every reason to celebrate.

The long and complex negotiating process which brought the First Ministers to Meech Lake on April 30 this year and which was successfully concluded in Ottawa today, will have been instrumental in renewing and reinforcing the partnership between the federal government and the provinces.

The First Ministers met the challenge of Meech Lake and did an excellent job. We in this chamber will also be asked to do our share in the weeks to come.

Quebec now has the assurance that its legitimate aspirations are recognized and protected in the Constitution, as are those of Canada's other regions. Furthermore, both the process and the outcome of these talks have always accurately reflected the responsibilities and obligations of a national government.

[*English*]

Ours is a federal state in which the national government speaks firmly, but does not seek to submerge the voices of the provinces. The Government of Canada remains the guardian of the national interest, but not a taskmaster of uniformity. Our Confederation is a partnership whose members have worked and will continue to work together in a spirit of common cause.

Honourable senators, this is a time for healing. This Accord is a forceful declaration of nation-building. It acknowledges our past and shows confidence in our future. It represents the boldness of our political leadership, the diversity of our country, and the maturity of our people.

The June 3 Accord represents a touchstone in the life of a still young federation, out of which will grow a more tolerant, a more open and a more confident nation.

**Some Hon. Senators:** Hear, hear!

● (1410)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, the fact that what has been presented to us today is a document for constitutional change signed by the Prime Minister of Canada and all the premiers representing their provinces—and I underline "all," because it includes Quebec—is a reason for celebration. I congratulate all the participants for the evident energy and devotion they have put into bringing about a document signed by all the provinces and by Canada. Certainly, I congratulate the Leader of the Government in the Senate, the Honourable Lowell Murray, who played a large role in bringing about this event. He is entitled to share in the celebration of the fact that Quebec has signed the document.

**Some Hon. Senators:** Hear, hear!

**Senator Frith:** Honourable senators will not be surprised, if they have been attending sessions of the Senate since the original draft accord was made public, that many reservations have emerged as to the results or corollaries following from the signing of the agreement by Quebec. Those reservations have been expressed here through questions to Senator Murray, who has tried to find answers. But understandably, he also expected us to wait until we saw the actual agreement and the provisions of the constitutional text.

We have had less than an hour, though I did see a copy of the agreement before it was tabled in the Senate, to consider the textual form that is now before us. As far as amendment is concerned, I take it that the agreement will be presented to us in the form of a resolution.

In fact, the Accord specifically provides for this process. We find, too, that the signatories, or at least some of them, foresee a long and careful—perhaps I should put the adjectives in the other order—a careful and, if necessary, long study of this document, with full participation by the people of Canada, by the legislatures of the provinces and by the Parliament of Canada. If it takes time to do so, apparently the signatories are prepared to let it take that time. Premier Peterson has said that the signatories to this agreement are prepared to listen and to take advice. In fact, Premier Peterson has suggested that the process could take up to three years.

**Senator Murray:** Not quite.

**Senator Frith:** So, honourable senators, I repeat that we should, to borrow the word used by the Leader of the Government, rejoice that we have a document signed by all 11 First Ministers. We now have to get down to work and engage in the process that all the signatories apparently want to take place to study what it means for the country. Of course, we in this chamber have a particular responsibility to participate in the amending process. We already have before us a motion that the text and the agreement be referred to Committee of the Whole Senate for study, where each senator will have an opportunity to play an individual role in this very important process.

Honourable senators, I do hope that that motion will be brought to a vote soon so that we can get down to work and see the extent to which the reservations that any of us here had, or the reservations about the Accord that were made public otherwise, can be examined in the context of detailed evidence and study.

Honourable senators, I do not want to end on a negative note, so I will again congratulate the Leader of the Government in the Senate and congratulate all of the other participants on their efforts. However, I must say that on my first read-through the many reservations I had and still have have not been assuaged. So let us get to work and find out about that through our committee. Perhaps we can be convinced.

[The Hon. the Speaker.]

# QUESTION PERIOD

[*English*]

## REQUEST FOR ANSWERS TO ORDER PAPER QUESTIONS

**Hon. B. Alasdair Graham:** Honourable senators, I have a question for the Leader of the Government in the Senate. It relates to a couple of written questions I placed on the order paper on February 3. As this happens to be the fourth anniversary in terms of months for these questions, I am wondering when I might expect some answers.

The first question I asked on February 3, honourable senators, concerns the LaPrade Fund. Among other things, I asked how much money is currently in the fund; whether spending for the fund is restricted to a particular area of Canada, and, if so, what are the boundaries of the area and how are such boundaries determined? As is the case with the other questions I asked, I do not think those questions should be too difficult to answer.

The other question I asked on February 3 concerns Enterprise Cape Breton. My question was:

> Of the 511 offers of assistance made to industry by Enterprise Cape Breton as of October 7th, 1986, (i) how many of these offers have been accepted; (ii) what sums of money have been paid out to each individual enterprise; (iii) how many jobs are currently in place in each of such individual enterprises and (iv) what plants and how many jobs are now in place in Cape Breton as a result of the Cape Breton tax credit?

I know that Enterprise Cape Breton is very near and dear to the heart of the Leader of the Government in the Senate. I am wondering when we might anticipate answers to those questions, since they are now four months old.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I take some pride—which I believe is justifed by the record—in the alacrity with which the government has brought in answers to most questions asked in this house. I must say that I am all the more dismayed to find that several of Senator Graham's questions have been hanging fire since early February. I thank him for drawing them again to my attention, and I will have inquiries made immediately and try to bring in replies to those questions.

[*Translation*]

## THE CONSTITUTION

### 1987 CONSTITUTIONAL ACCORD—FRANCOPHONE MINORITIES OUTSIDE QUEBEC

**Hon. Eymard G. Corbin:** Honourable senators, I have a question for the Leader of the Government in the Senate, whom I refer to section 2, paragraph (2) of the Schedule to the Constitution amendment, which says:

> (2) The role of the Parliament of Canada and the provincial legislatures to preserve the fundamental char-

acteristic of Canada referred to in paragraph (1)(*a*) is affirmed.

Whereas paragraph (3) says:

(3) The role of the legislature and Government of Quebec to preserve and promote the distinct identity of Quebec referred to in paragraph (1)(*b*) is affirmed.

Of course, paragraph (1)(*b*) alludes to the fact that the majority of French Canadians are concentrated in Quebec.

Here is my question: Why is it that the Government of Canada did not receive from the provinces the right to promote the French language within the federal jusrisdiction and did not have that right included in the constitutional amendment?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, we intend to present the constitutional resolutions in this house and in the other place within a few days.

Then, you will have every opportunity, during debates and in committee, to talk about these issues, but not today.

**Senator Corbin:** Honourable senators, I think that up to now I have shown exemplary patience, if I dare say so myself, regarding the interpretation of these documents.

It seems to me, upon reading the document we now have and on which reviewing committees will work at a later date, it is quite obvious that the federal government does not intend to treat its French-speaking minority with the same generosity that Quebec will treat its French-speaking majority.

I could wait for a committee to study the matter, or wait for others to ask questions and provide answers, but I am not inclined to do so. I feel I waited long enough and that French-speaking Canadians outside Quebec have shown much patience. It seems to me that French-speaking Canadians outside Quebec should have answers right now, to be able to rejoice to the same degree as Quebecers.

However, up to that point, I do not think they can.

**Senator Murray:** Honourable senators, what is quite obvious, to borrow my colleague's expression, is the fact that for the first time, in one of its interpretative clauses, our Constitution gives explicit recognition to the linguistic duality of our country and to the fact that Quebec constitutes a distinct society within Canada. Until now, that recognition had not been included in our Constitution and least of all in the Constitution Act, 1982.

I repeat that my colleague will have an opportunity, in committee and during the debate on the resolutions in this chamber, to consider and discuss these issues. I do not think Oral Question Period is the right time or place to try to interpret all the clauses of this resolution.

## 1987 CONSTITUTIONAL ACCORD—TABLING OF RESOLUTIONS

**Hon. Jean Bazin:** Honourable senators, I have a question for the Leader of the Government in the Senate. As a senator from Quebec, I, of course, want to stress the importance of the unanimous constitutional agreement reached today by all political leaders in this country.

My question concerns a mere technicality. According to the text of the Accord, the resolutions are to be tabled in the Senate and the House of Commons as soon as possible.

Have any commitments been made at the provincial level regarding the time factor or does the text speak for itself, and are we to understand that for each province there is a commitment to table the resolutions as soon as possible?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the commitment is the same for both the federal government and the provincial governments. They are all committed to tabling the text in their respective legislatures as soon as possible.

There are of course a number of provinces, including Nova Scotia, where the Legislative Assembly has already adjourned for the summer recess.

As far as Quebec is concerned, I have the impression they are going to proceed very shortly, since the Meech Lake accord has already been the subject of a very lively debate in one of the parliamentary committees.

As far as the federal government is concerned, we intend to proceed very shortly.

## 1987 CONSTITUTIONAL ACCORD—POSSIBILITY OF AMENDMENT

**Hon. Azellus Denis:** Honourable senators, I have a question for the Leader of the Government in the Senate. If I understand correctly, that accord is to be approved as is by the Legislative Assemblies and Parliament. So there is no question of either those Assemblies or Parliament bringing in amendments. My question is this: Is it possible that a self-evident amendment and that would be made available to all provinces at the same time as Parliament, either by letter or otherwise, could be accepted by the First Ministers of Canada?

If I understand correctly, there is no question of changing even one word in that accord. There may be a committee, a hearing. But whatever the result of those hearings, it must be accepted without amendment anyway. That is the question I am putting to the Leader of the Government.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, let me say quite simply that nothing prevents my friend or any other senator or M.P. from proposing amendments to the constitutional proposal. In all good faith, we would have as a government to consider them. This being said, I must add that the Canadian and provincial governments are committed to abiding by those texts. The First Ministers made a very clear commitment to abide by the texts that were approved and ratified today. Let me repeat that nothing prevents a senator or M.P. from putting an amendment forward. In all good faith, we would have to consider it.

**Senator Denis:** If I understand correctly, all sorts of amendments may be put forward at the Canadian government level,

and legislatures can do the same. But in the end the resolution must pass as it is. Otherwise, how could we bind the Province of Quebec or the Province of Ontario to an amendment we in Ottawa would have passed? Unless, as I am asking, through some kind of process, this amendment was notified and approved by all provinces and Parliament. What you are saying is that we may bring in amendments but they would be to no avail.

• (1430)

[*English*]

1987 CONSTITUTIONAL ACCORD—PRIORITY OF CONSIDERATION BY HOUSE OF COMMONS

**Hon. John B. Stewart:** Honourable senators, I have a question following the same line. I think we would all agree that it is important that the process by which Parliament and the legislatures examine the proposed resolution should be as expedient and as efficient as possible.

I wonder if the leaders of the governments have considered the possibility of the following timetable, namely, that the resolution would be dealt with first in the House of Commons so that the legislatures of the several provinces would have before them an assurance that the text on which they were passing was one which had been found acceptable to the House of Commons. Otherwise, we can envision the situation where one legislature might amend its resolution in one particular while yet another legislature might amend its resolution in yet another particular, and the whole thing might become quite confused. Should there not be some sort of order so that the legislatures, when they deal with the proposed resolution, know that it is the one which has already had the imprimatur of the House of Commons?

**Senator van Roggen:** And the Senate.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, Senator van Roggen added, "And the Senate." Indeed, I was going to observe, given the rapport des forces as between the parties in this place, it might be equally useful for a premier to know what disposition the Senate had made of a constitutional resolution.

All I can say for the moment is that I appreciate the points raised by Senator Stewart, but he will know from even a cursory glance at the Accord that the First Ministers have gone no further than to commit themselves to present these resolutions in their respective legislatures as soon as possible.

**Senator Stewart:** Honourable senators, I did not mention the Senate because, as the Leader of the Government in the Senate knows, the power of the Senate in relation to a constitutional amendment of this kind is quite different from that of the Houuse of Commons. We have, in a sense, an advisory role. Some might call it a constitutional suspensive veto with a suspensive veto period which runs from the time that the House of Commons has dealt with the resolution.

I was not suggesting that the provinces be asked to hold the matter in abeyance until the House of Commons and then the Senate had dealt with the proposed resolution. That is why I did not mention the Senate.

I ask the Leader of the Government in the Senate if it is his proposal that the consideration by the Senate and the House of Commons proceed simultaneously, in view of the fact that the constitutional powers and process for the two houses is quite different now under the Constitution.

**Senator Murray:** Honourable senators, I have not given any thought to the last part of my friend's question. What I have given some thought to, and what the government has decided to do, is to propose a special joint committee of this place and the other place to consider these resolutions.

**Senator Stewart:** May I ask then if, when the government made this decision, it took into consideration the fact that, first, the powers of the House of Commons and the Senate are really not in tandem in this situation; second, that the responsibilities of the Senate are quite different in that we are not here to deal with the federal government or provincial governments but are here to represent provinces or regions; and, third, the fact that under the Constitution our role is, as I said earlier, advisory rather than decisive?

I raise that point to suggest that we have a special kind of responsibility here, which might oblige us to retain independence to ensure that we can discharge our responsibilities. Has the Leader of the Government taken those points into account?

**Senator Murray:** Honourable senators, we have. I appreciate the comments of the honourable senator concerning the different responsibilities and the different role or powers of the Senate with regard to constitutional amendments, and we will, presumably, exercise our responsibilities when the resolution comes before us.

Meanwhile there does not seem to the government to be any good reason for preventing the constitution of a joint committee of this place and the House of Commons to study these texts.

[*Translation*]

1987 CONSTITUTIONAL ACCORD—POSSIBILITY OF RECALLING PROVINCIAL LEGISLATURES

**Hon. Gildas L. Molgat:** Honourable senators, my question is along the line of Senator Bazin's question. The Leader of the Government stated that certain provincial legislatures had already adjourned for the summer. In such cases, will the legislatures be recalled or can they wait until the normal fall session?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Frankly, honourable senators, I do not know.

[*English*]

1987 CONSTITUTIONAL ACCORD—VENUE FOR CONSIDERATION BY PARLIAMENT

**Hon. George van Roggen:** Honourable senators, my question is directed to the Leader of the Government in the Senate. It is not my intention in any way to put him in an unfair position.

As a result of a lunch which I was hosting this afternoon, I escorted my guest to the Speaker's Gallery of the House of Commons where I tarried for half an hour during Question Period before coming over here. In response to questions from the Leader of the Official Opposition on this question of process within the Parliament of Canada, the Prime Minister, as I heard him in the other place, was quite specific in not saying directly that it would be referred to a committee of the House of Commons or a joint committee; he simply said that the usual parliamentary process would follow, and that the Deputy Prime Minister and government house leader would consult with his opposite numbers in the Official Opposition and the New Democratic Party to decide on that process.

That seems to be a somewhat more reticent answer to this question than the very forthcoming answer given by the Leader of the Government in the Senate to the effect that, indeed, it has been decided by the government that there will be a joint committee. I wonder which version I should accept.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I trust I have not missed any signals from the Prime Minister or the Deputy Prime Minister, and I trust that no conversation I have had in recent days with the Prime Minister and the Deputy Prime Minister have been overtaken by events. That is altogether possible. However, I must say that on the basis of my discussions, it was the intention of the government to propose the creation of a joint committee of this place and the other place to study these texts.

## 1987 CONSTITUTIONAL ACCORD—CONSIDERATION BY ONTARIO LEGISLATURE

**Hon. Jerahmiel S. Grafstein:** I have a question for the Leader of the Government in the Senate along the lines of that asked by Senator Bazin as it pertains to the Province of Ontario.

Last week the Premier of Ontario indicated that, in any event, he intended to put over any consideration of a resolution leading from the Meech Lake Accord to the fall session of the legislature. The Ontario Legislature is currently in session. I take it that, based on the Constitutional Accord as now set out in legal terms, "as soon as possible" would oblige the Premier of the province to put the resolution before the Ontario Legislature forthwith.

• (1440)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the honourable senator is asking me for an interpretation of that clause, which I am hesitant to give. I suppose that much depends on when the prorogation or, indeed, the dissolution of the present Legislature of Ontario will take place. My honourable friend will be in a better position than I to know that.

**Senator Grafstein:** I used to be, honourable senators, but that is no longer the case.

## 1987 CONSTITUTIONAL ACCORD—CONSIDERATION BY NOVA SCOTIA LEGISLATURE

**Hon. John B. Stewart:** Honourable senators, in view of Senator Murray's response, might I ask him if in the case of Nova Scotia, where the session has been terminated, there has been any commitment by Premier Buchanan to call the Legislative Assembly of that province back into session before the time at which it would normally meet? Has any understanding been reached in that respect, or is that a matter to be decided by the authorities in Nova Scotia?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, it is a matter to be decided by the authorities in Nova Scotia. I myself have not discussed the matter with Premier Buchanan or any of his colleagues. It would not be unprecedented for that historic Legislative Assembly, which is the seat of responsible government in this country, to meet during the summer or the fall.

**Senator Stewart:** Am I to understand that the Leader of the Government is saying that discussion of that point was not thought to be necessary, and that the Premier is entirely open to decide this matter without any suggestion of a commitment to the Prime Minister or to any other federal minister?

**Senator Murray:** All I can say, honourable senators, is that I have not discussed the matter with the Premier of Nova Scotia or with any of his ministers. Nova Scotia's commitment is the same as that of all other provincial governments and of the federal government; that is, to table those constitutional texts in the Legislative Assembly as soon as possible.

## FIRST MINISTERS' ACCORD—REQUEST FOR ANSWERS

**Hon. Jerahmiel S. Grafstein:** Honourable senators, a number of questions were asked of the Leader of the Government in the Senate following the Meech Lake accord. The leader said at that time that he would delay responding to those questions until, I think, this time. Could he let us know now whether he intends to respond to those questions? Some of them dealt with important principles. Does he intend to wait to respond to those questions until such time as this chamber or other chambers have had a fuller opportunity to deal with the detailed resolution?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** I would prefer the latter course, honourable senators. Nevertheless, I acknowledge the fact that there may be outstanding some delayed answers to questions of my honourable friend and others. I will undertake to bring to the chamber prepared replies to those questions.

**Senator Grafstein:** I appreciate the leader's response. Could he, if at all possible, deal with the question I asked last week on the economic impact? Has the government conducted any studies of the economic impact on the federal spending power as it might apply under the new Accord?

**Senator Murray:** Honourable senators, without meaning any offence, I think I will have to ask a team of my best experts to try to fathom that question.

**Senator Grafstein:** I would certainly be prepared to elucidate further.

**Senator Murray:** Go ahead; I wish you would.

**Senator Grafstein:** A major question has obviously arisen with respect to the allocation of the taxpayer's dollar as it applies to federal and provincial programs. Some consideration has been given to the thought that something approaching 70 per cent of every taxpayer's dollar is now spent by the provinces of Canada. I just wonder whether the Leader of the Government in the Senate or the Department of Finance have analyzed the Accord to see whether it affects that pattern, which has changed quite dramatically since the Tremblay commission of 1955. The Leader of the Government in the Senate will recall that there was an allocation made at the time of the Tremblay commission in 1955 indicating that a fair equilibrium between federal and provincial spending should be 50-50. We have passed that mark. I simply wonder whether the federal government has now established a danger line beyond which provincial spending should not go in order to sustain federal spending power.

**Senator Murray:** Honourable senators, that is a very broad question. I still have difficulty understanding its relevance to the Meech Lake agreement. However, I will re-read the question that was asked by my friend some days ago and I will reflect on the points he has made today. I will take counsel and will see whether the government has some comment or information that I can bring in at this time on that matter.

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## UNEMPLOYMENT INSURANCE

COMMISSION OF INQUIRY REPORT—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

**Hon. Douglas D. Everett:** Honourable senators, on June 30, 1987, I will call the attention of the Senate to the Report of the Commission of Inquiry on Unemployment Insurance, otherwise known as the Forget commission.

[*Translation*]

## PRIVATE BILL

REGIONAL VICAR FOR CANADA OF THE PRELATURE OF THE HOLY CROSS AND OPUS DEI—SECOND READING—ORDER STANDS

On the order:

> Resuming the debate on the motion of the Honourable Senator Bélisle, seconded by the Honourable Senator Nurgitz, for the second reading of the Bill S-7, An Act to incorporate the Regional Vicar for Canada of the Prelature of the Holy Cross and Opus Dei.—(*Honourable Senator Corbin*).

[Senator Grafstein.]

**Hon. Eymard G. Corbin:** Honourable senators, I intend to seek leave to have the debate deferred and stood in my name.

However I would advise my colleagues that if other senators wish to speak to Bill S-7 I would gladly yield to them while reserving the right to rise at a later time.

Order stands.

[*English*]

## BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, June 9, 1987, at 2 o'clock in the afternoon.

Honourable senators, if leave is granted and if it is the wish of the Senate, I will give a brief explanation.

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

**Hon. Senators:** Agreed.

**Senator Doody:** Honourable senators, the order paper is now such as to put no immediate legislative demands upon us. From the government's point of view, there is no legislation coming forward immediately. It seems to me that the Senate could be better served if we take the next several days to deal with matters before committees. Most of the committees now have a very full workload. We have run into some problems in terms of scheduling committee meetings when the Senate is sitting. This has been brought before the Senate on several occasions recently.

It seems to me that if the Senate does not sit formally tomorrow, senators could perhaps arrange committee meetings. They can also arrange meetings on Friday and Monday of next week and, of course, during the mornings and evenings of next week. I repeat that I think the time of the Senate would be best served in committee meetings at those times rather than to have sittings of the chamber with the order paper as it now stands.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I agree with the assessment by the Deputy Leader of the Government of the work presently before the Senate. I also agree that most of that work is now in the committees rather than before the chamber. He will understand, however, that I would not want us to lose the opportunity to deal with Order No. 5, standing in Senator Murray's name, which reads as follows:

● (1450)

> Resuming the debate on the motion of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:

That the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to a Committee of the Whole for the purpose of hearing witnesses and making a report.—(*Honourable Senator Murray, P.C.*).

May we have an understanding that we will dispose of that one way or the other? I do not want to prejudice in any way Senator Murray's views on it, and no doubt he will want to take advice on whether there has been some discrepancy in signals on the question of the joint committee before he speaks on it. So I can understand his not wanting to speak today or perhaps even tomorrow. However, can we have an understanding that we will dispose of this one way or another next week?

**Senator Doody:** We have no problem with that, honourable senators. We will certainly deal with it next week. I cannot say that we will bless it next week—

**Senator Frith:** I understand.

**Senator Doody:** —but certainly it will be spoken to and perhaps voted on, if it is the desire of the Senate.

**Senator Frith:** Very good.

Motion agreed to.

The Senate adjourned until Tuesday, June 9, 1987, at 2 p.m.

# THE SENATE

**Tuesday, June 9, 1987**

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

Prayers.

## ATLANTIC CANADA OPPORTUNITIES AGENCY

MINISTER'S STATEMENT

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I wish to advise the Senate formally that since we last met the Prime Minister has assigned to me additional responsibilities as a member of the government. I have been named minister responsible for the Atlantic Canada Opportunities Agency, which we propose to create by legislation in the fall.

**Some Hon. Senators:** Hear, hear!

**Senator Murray:** This agency will have its headquarters at Moncton and its offices in the four provincial capitals of the Atlantic region. The President and Chief Executive Officer of the agency will be Mr. Donald McPhail, a highly respected public servant who is well known to many honourable senators. He is presently the Canadian ambassador to the Federal Republic of Germany, and has had extensive experience in trade and economic development policy in Canada and, in particular, in the Atlantic region. Pending the creation of the agency by legislation, Mr. McPhail will be president-designate and special adviser to the minister. He will chair a board of people from the private and public sectors in the Atlantic provinces.

The mandate of the Atlantic Canada Opportunities Agency will be to promote the development of small and medium sized business and industry in the Atlantic provinces and, in this regard, to develop policies and implement programs in cooperation with the provincial governments and the private sector. The agency will also have a mandate for the coordination and planning of all federal activities contributing to economic growth in that region, particularly procurement, training and skills development, job creation, technology infrastructure development, and local investment promotion. The agency will thus have a dual mandate—a responsibility for actions as a regionally-based agency and a responsibility for advocacy at the level of national policy and programs. The offices of the four federal economic development coordinators in the Atlantic region are being brought together to form the nucleus, the administrative base of this proposed new agency.

There will be transferred to my ministerial responsibility the powers and functions now exercised by the Minister of Regional Industrial Expansion under the Industrial and Regional Development Act so far as the four Atlantic provinces are concerned, and so far as any loan or grant is below $2 million in a given fiscal year or $10 million over a five-year period. This includes programs under the Atlantic Enterprises Program and Enterprise Cape Breton. Also transferred to the agency and to my ministerial responsibility are the Special Areas Act and the Small Business Loans Act insofar as these apply to the Atlantic provinces. Most of DRIE's ERDA subagreements are being transferred to my responsibility and will be managed by the new agency. The exceptions to this are those subagreements which are firm-specific or which relate to the restructuring of major industrial sectors.

The financial commitment announced by the Prime Minister for this agency last Saturday is $1.05 billion over a five-year period in new money. That is in addition to what we are spending on ERDA's and other federal economic development programs in the region. The programs and responsibilities that I referred to earlier, which are being transferred to me from other departments and agencies, will come to me with their budgets and person years. They will not, of course, be financed out of the $1.05 billion that the Prime Minister has committed to the agency for the next five years. That amount is new money for a new agency and for new programs. I will preside over a committee of ministers from the Atlantic provinces which will monitor the activities of the agency and meet on a frequent basis with the president to review the mandate of the agency.

Honourable senators, in creating this agency the Prime Minister sends a strong message to all in Ottawa, or to all in the region who are interested in these matters, that the battle against regional disparity is the Prime Minister's priority. While some exception has been taken in the other place to the appointment of an honourable senator to have responsibility for it, the fact of the matter is that the Prime Minister wanted to have a minister who was not already burdened with heavy departmental responsibilities and who was responsible for a central agency that cuts across departments and agencies of government and has a government-wide mandate. The Prime Minister is also sending a strong message that an effective attack on regional disparity is vital to any proper concept of national reconciliation and national unity.

I would like to say one word to honourable senators with respect to my duties here. Every time that I undertake something in addition to my responsibilities in this place as Leader of the Government, it increases the workload on my colleagues, the Deputy Leader of the Government, Senator Doody, and the Chief Government Whip, Senator Phillips. Therefore, I wish publicly to thank them for their cooperation and forbearance, and to acknowledge the considerable assistance that they have been to me in relieving me of many of the

responsibilities that I should be carrying as the government leader in this place.

**Hon. Senators:** Hear, hear!

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I want to congratulate the Leader of the Government in the Senate on the confidence that the Prime Minister has shown in him by adding to his ministerial responsibilities, and I take the opportunity to encourage the government to increase ministerial responsibility in the Senate. In this particular case it has not increased the number of ministers, but it has increased the size of the ministerial responsibility.

I was watching the proceedings in the other place yesterday, and I wish to tell the minister something that he may already know. There was something that could be, by way of understatement, expressed as disappointment in the opposition in the other place, namely, that the minister chiefly responsible for this initiative would not be available to them for information, criticism and opposition. The Minister of Transport rallied round to say that he would also be adding to his now manifold responsibilities the responsibility to answer in the other place for Senator Murray. I have also heard that there is some criticism of this initiative, that it is not really an increase in contributions to the Atlantic provinces when all the factors are taken into account. But that is secondhand information. However, I do want to assure the minister that if these criticisms and disappointments expressed in the other place are going to worry him, we mean to make up here any deficiencies in that regard to the best of our ability.

**Hon. H.A. Olson:** Honourable senators, I would like to say a few words about the announcement the minister has just made. When I listened to him explain his responsibilities and, indeed, the structure, it occurred to me that it was exactly the same as the program this government phased out some two and a half years ago; namely, the Ministry of State for Economic and Regional Development. I want to join with my deputy leader in congratulating the minister and the Prime Minister on giving this responsibility to a member of this place. I certainly support the idea and concept that matters having a major regional dimension, as this one has, ought to be entrusted to the Senate. I have no problem with this policy at all. I think it is appropriate that a senator should be appointed the principal minister in charge of a central agency, the responsibility of which is to promote regional economic development.

However, I have a great deal of difficulty with this announcement, because I am sure that all the words the minister just uttered were taken from the text of the speeches made when MSERD was set up in the first place. They are exactly the same. I am glad to see that the minister and his government has come full circle to promoting what was in place and what they destroyed. Now, under some new concept—

**Senator Murray:** It was DREE that was destroyed.

**Senator Olson:** It was not DREE that was destroyed but the Ministry of State for Economic and Regional Development, and the acronym for that is MSERD. All the great things that the minister has said about what they are going to do were there in that original announcement.

**Senator Austin:** It involves the same bureaucrats.

**Senator Olson:** Let us not have any misunderstanding that this idea that has been advanced for the Atlantic region, or for any other region, is a new idea. I hope the minister will get the responsibility from the government and the Prime Minister soon to do something along these lines for the other parts of Canada that are deserving of regional development as well, particularly western Canada.

Whether or not this $1.05 billion of so-called new money will materialize is a question that we will take, I think the popular expression is, with a grain of salt until we see it. In a few minutes I will be asking the question: What happened to the $1 billion that the government promised the grain farmers of western Canada? Thirty per cent of that amount was paid earlier this year, and not one bloody red cent since. In other words, 70 per cent of that money is still outstanding, and we would like to know why.

**Senator Frith:** Pay up!

**Senator Olson:** The honourable senator might want to know what happens in giving a transfusion to a corpse—it is too late. Why not give us the money now?

**Senator Argue:** Why not last fall?

**Senator Olson:** Yes. Where is the program for 1987, when you have not paid 70 per cent of the program for 1986? We are starting to wonder about these things. In any event, I wish the minister success, but he should not have come along announcing that it was a great new concept, because it is almost a perfect duplicate resurrection of a program and administration that was in place and that his government destroyed, threw out.

• (1410)

**Senator Murray:** But you were a member of the government when the administration of John Turner did away with that.

**Senator Olson:** I want the record to show accurately that this government completely abandoned regional economic development on September 4, 1984, when they were elected. Now they have finally come to recognize that there was a program in place with all the trappings, all the details, which the minister has enunciated today. We had FEDC officers in place in every provincial capital in Canada. They threw them out. Now they are coming along with a great idea that they are going to do it for the Atlantic provinces first, and the minister has said that they are going to transfer a large number of the programs from DRIE and from ERDA. Well, where were they before they took them out? They were in the program under MSERD.

**Senator MacDonald:** Who destroyed MSERD?

**Senator Olson:** You guys.

**Senator Frith:** We are glad you asked that. Are there any other questions?

**Senator Olson:** Let it be clearly understood so that there is no misunderstanding that this program has been in effect before. We hoped that it would work then, and we hope it will work now, but let there be no misunderstanding that there has been any new thought. They have resurrected old thoughts.

Listening to the minister I was amazed. His speech was exactly the same as the speeches I made at that time, so I hope it works.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I regret I was delayed briefly in coming into the chamber and for that reason I asked my colleague, Senator Frith, to make some initial comments, because he had heard the full statement, which I had missed in part.

However, I have at least a reasonable grasp of the import of the minister's statement based upon material which he had circulated earlier and the announcement made by the Prime Minister.

I congratulate the Leader of the Government in the Senate on, as my colleague has said, the confidence the Prime Minister has placed in him, and I welcome the opportunity of giving the question of regional development, insofar as the Atlantic provinces are concerned, even higher profile in the Senate. I believe that will be a positive development, good for the program and good for the region.

I am not quite certain precisely what philosophy of regional development the Government of Canada espouses. In the initial budget presentation of the Minister of Finance, it was very clear that it was expected that the private sector would become the principal engine of development in the Atlantic provinces and the public sector would be subordinated in regional development policy.

Indeed, in that concept, the energy industry was expected to provide a fundamental thrust to the development of the Atlantic region. Of course, that expectation was not realized, and as the government philosophy of private sector development was implemented, it was discovered that it was inadequate and that it was still essential to maintain a good deal of public sector involvement in the Atlantic provinces.

Not so long ago, when the free trade debate was held in the House of Commons and here in the Senate, it was held out to us that the major future prospects for the Atlantic region rested upon the successful conclusion of a free trade arrangement with the United States. I thought at that time that the government had reached a development policy which was based upon the negotiation of a free trade arrangement with the United States. But now, more than two and a half years after it assumed office, we have a new program and a new thrust by the government. We can only conclude that the government has realized rather belatedly that its efforts to date have been ineffective, or to put it another way, have not achieved the objectives originally held out.

It is easy to see why the government should reach that conclusion. The Canadian economy has moved out of the recession, and economic growth is reasonable on the basis of national averages. But the fact of the matter is that the recovery and the growth have been concentrated, in the main, in the province of Ontario and, to some extent, in the province of Quebec. The recovery, for reasons well known, has bypassed western Canada because of agriculture developments and because of energy policy and developments.

It is obvious that the recovery has bypassed the Atlantic provinces completely. In my province, the economy is weaker today than it was during the recession. That is the fact. The unemployment statistics for April of this year for Nova Scotia were higher than they were during the recession. That is not good news, and that is just the average for Nova Scotia. Speaking from memory, the unemployment rate in April of this year was the highest April rate in my province since the Dominion Bureau of Statistics began to keep statistics in, I believe, 1966. That is a reflection of what has happened in the Atlantic provinces.

I make this point, honourable senators, to underline the fact that a new thrust in regional development is urgently required. After we examine the new program, we hope to be able to determine whether it has the capability of achieving the objectives that have been set forth.

In conclusion, honourable senators, I welcome the appointment of Ambassador McPhail as the head of the new economic office in the Atlantic provinces. I believe he has an excellent grasp of the economics of the Atlantic provinces and will prove to be understandable and approachable in the administration of these programs. I wish to emphasize that this is a new stage and a major challenge for the minister, because at this moment the economies of all of the provinces of the Atlantic are quite weak and need new impetus.

**Hon. L. Norbert Thériault:** Honourable senators, I, too, want to join with my colleagues in offering congratulations to the Honourable Senator Murray, first, because he is one of us, and, second, because he has a good knowledge of New Brunswick, having been the Deputy Minister to the Premier of New Brunswick.

I, like most New Brunswickers and I presume all people from the Atlantic provinces, watched with care and attention the announcement that we knew was coming. If we can accept the word of the Prime Minister this time that this will be $200 million of new money, then we all have to rejoice, but, as my leader just pointed out, after almost three years of this government, this is sadly needed in his province, as it is in my province.

What concerns me, and is starting to concern a number of people in my province, is the fact that the announcement also stated that the agency would require 300 people. The Leader of the Government has stated that these programs will be in addition to the programs—the joint programs and others—already existing in the Atlantic provinces where the federal government is involved. So, I have to ask myself—and perhaps the minister could look at this and give me an answer some time—where are those 300 people to come from? It is nice to say that we will have all of the same programs; but we all know that it takes people to administer programs. So, if the

government is to recruit 300 people from those who are already engaged in various programs to the benefit of the Atlantic provinces, then we start worrying.

• (1420)

I really do not know whether it should be 300 people or 500 people, but what I am concerned about—and what the people of New Brunswick are starting to look at—is the fact that if we get those people who are now working in existing programs, and bring them into this new agency, it will be hard to convince New Brunswickers that this will be an addition to all of the programs that already exist.

Sometimes we have to listen to what is said and also to what is not said. If this is new money, then it is new money on top of what? If it is new money on top of money that has been expended in the Atlantic provinces by this government, then it does not amount to new money, because it would be less than what has been expended in years gone by. If it is new money, then I want to know that it is new money, and that it is new money on top of what? I want to know if it is going to include joint programs, whether some of that money will be used for joint federal-provincial programs, or whether it will be $200 million per year added to what should have been there and what was there prior to 1984, as has been pointed out by Senator Olson and Senator MacEachen.

In closing, I would say that there is potential there. The Leader of the Government is raising the hopes of people in the Atlantic provinces. You did that in 1984, and then sadly disappointed them. We accept your appointment; we accept the $200 million; but we have to reserve our jubilation for a year down the road.

**Senator Olson:** Action first.

**Hon. M. Lorne Bonnell:** Honourable senators, I would be remiss in my duties as a senator if I did not congratulate Senator Murray on taking on this task. Senator Murray is a man who understands Atlantic Canada, and although he represents that riding in Ontario, he still has his heart in Atlantic Canada. I feel that the Prime Minister could not have picked a better man, unless it were myself.

**Some Hon. Senators:** Hear, hear!

**Senator Frith:** You are number two. That's not bad.

**Senator Bonnell:** Senator Murray, as Leader of the Government, does a good job here. When answering questions he keeps cool, he conducts himself in a pleasant manner, and we all like him. However, there is one thing about which I feel a little sad. He will have to spend a lot of time now in Atlantic Canada, because the problems there are tremendous. I would like to suggest to him that he go to the Prime Minister and ask that he appoint either Senator Doody or Senator Phillips as a member of the government, not necessarily with a portfolio, so that we can get answers in the Senate and be informed.

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** Why not both of them?

**Senator Bonnell:** I really believe that we in the Senate deserve someone here all the time to answer questions on behalf of the government. But at the same time I do not want Senator Murray to be here all of the time since the job that he has to do in Atlantic Canada is very important if we are to bring that part of the country back into Confederation, because it has been forgotten.

The other day, when he talked about Meech Lake, I thought that if I were the Premier of Prince Edward Island, I would have said, "Yes, I want special status for Prince Edward Island." The reason why I want special status for Prince Edward Island is because I cannot even visit New Brunswick, the next province, without having to pay for the simple fact of setting foot in the province. If I were in Ontario, I could go to Manitoba, and if I were in Manitoba, I could go to Saskatchewan. I could go to Ontario. I cannot even have the privilege of having a friend of mine come from Nova Scotia to see me without having to pay for crossing from one province to another. But someone from British Columbia can go to Alberta and it does not cost five cents to do so. As a Prince Edward Islander, I need special status, along with people from Newfoundland, to put me on an equal footing with the rest of Canada. I say to the Leader of the Government in the Senate that with this $105 billion the first thing we should do is equalize the transportation system in those two provinces, Newfoundland and Prince Edward Island, as promised in Confederation, and take away that fee so that I can travel freely among the provinces as I should be able to do in the same fashion as all other Canadians.

After that, perhaps we will have a few dollars left over for some other things. The next thing I would suggest by way of special status for Prince Edward Island is a pipeline. Trans-Canada Pipelines has a pipeline that can bring cheap gas down to Ontario, Saskatchewan and Manitoba, but I, as a Prince Edward Islander, have to pay the high price for gas. Therefore, the next thing you might do with the $1.05 billion is make sure that we get that gas down in Prince Edward Island and Newfoundland at the same price as they are paying in Saskatchewan and Alberta.

Then, Mr. Minister, the next thing you should look at is transportation. In Prince Edward Island and Newfoundland you took away our railroads. Perhaps we should now have an up-to-date road system so that we can transport our goods. I say to you, Mr. Minister, before you do anything else with that $1.05 billion, perhaps you should inflate the status of those two provinces so that we are kind of half equal with the rest of the provinces, instead of having special status.

The next thing you should then look at is protecting our fisheries so that we do not let the French or the Americans take them away. Perhaps if we get that area straightened out, we will end up a little more equal with the rest of Canada, before you start spending the rest of that money.

Therefore, Mr. Minister, if I had been the Premier of Prince Edward Island during the negotiations on that Meech Lake accord, I would have said, "I am prepared to sign this accord. I think it is wonderful to have Quebec rejoin the family.

However, we need special status for Prince Edward Island." I am sure Senator Rossiter would agree.

I would then say, "Let's go back to the old days when the farmers of Prince Edward Island could have their potatoes inspected free by the federal inspectors, and thus return to the way things have been done since Confederation, and not have to pay that inspection fee."

Then I would say, "Perhaps we should then stop charging those poor potato farmers a fee for dredging out the harbours in the wintertime in order that they can sell their potatoes to Africa or South America." That fee was started two years ago, and I say we could return again to the way things have been done since Confederation by stopping that charge.

After we have done all of these things, we could finally see ourselves getting to the point where we were almost on an equal basis with the rest of the country. However, by this time we have probably spent the $1.05 billion, so perhaps we should then look for some more. I for one would like to see Prince Edward Island and Newfoundland getting almost to the point where we could start to talk to the other provinces on an equal footing. Therefore, Mr. Minister, you see the problems you are facing.

Honourable senators, I have a further point that perhaps the minister could take into consideration. Mr. Minister, since you are now the minister, you know there are many senators in this chamber who have a great deal of knowledge and experience of Atlantic Canada. There is Senator Macquarrie, Senator Phillips, Senator Rossiter, Senator Doody, Senator Rowe, Senator MacEachen, Senator Thériault and others from the Atlantic provinces. Perhaps, Mr. Minister, you could form a committee of Atlantic senators to assist you in making decisions on how best you could help that area and make it grow. Perhaps you could put all the brains, ability and energy that you have here in the Senate to work to assist you in making Atlantic Canada grow and thus show the Canadian people that this Senate is behind you 100 per cent in making that region prosper. With that kind of support, and with Senator Phillips or Senator Doody acting on your behalf in the cabinet as the minister without portfolio to answer here to the other senators, I think that together we could do something for Atlantic Canada.

**Hon. Senators:** Hear, hear!

[*Translation*]

**Hon. Pierre De Bané:** Honourable senators, I wish to congratulate our colleague the Leader of the Government in the Senate, Senator Lowell Murray, on his new responsibilities. I do not doubt that, given his huge talent and his dedication to the Atlantic Provinces, he will want to do all he can to iron out disparities.

All the same, I would like to ask him a few questions. First, does he really believe that a yearly budget of approximately $200 million, which represents less than one fifth of one per cent of the yearly federal expenditures, will effectively help to iron out regional disparities?

[Senator Bonnell.]

Second, can Senator Murray tell us what are the government objectives? Does it want to reduce disparities by 20 per cent in the next 10 or 25 years? Does it want to reduce them by 30 per cent in so many years? I think we must know that if we really want to appraise the efficiency of that new federal agency.

Finally, I would like to remind the senator that all his efforts to iron out disparities will be in vain unless an agency also coordinates the activities of the other federal departments that control more than 99 per cent of the budget, the 30 other departments that spend more than $110 billion a year. For his efforts to be successful, he must also be able to coordinate the activities of other departments. So, those are a few preliminary reflections that I wanted to address, along with my congratulations, to Senator Murray. Thank you.

● (1430)

[*English*]

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTEENTH TO TWENTY-EIGHTH REPORTS OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Guy Charbonneau,** Chairman of the Standing Committee on Internal Ecomony, Budgets and Administration, presented the committee's sixteenth to twenty-eighth reports approving budgets of the following committees:

16th Agriculture and Forestry;
17th Banking, Trade and Commerce;
18th Energy and Natural Resources;
19th Fisheries;
20th Foreign Affairs;
21st Legal and Constitutional Affairs;
22nd National Finance;
23rd Official Languages;
24th Regulations and other Statutory Instruments;
25th Social Affairs, Science and Technology;
26th Social Affairs, Science and Technology;
27th Standing Rules and Orders;
28th Regulations and other Statutory Instruments.

(*For text of reports see Appendix "A", p. 1187.*)

● (1440)

**The Hon. the Speaker:** Honourable senators, when shall these reports be taken into consideration?

On motion of Senator Frith, reports placed on the Orders of the Day for consideration at the next sitting of the Senate.

## OFFICIAL LANGUAGES

THIRD REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Dalia Wood:** Honourable senators, I have the honour to present the third report of the Standing Joint Committee on Official Languages. I ask that the report be printed as an

appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

*(For text of report, see Appendix "B", p. 1191.)*

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

On motion of Senator Wood, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

## VISIT OF SENATE DELEGATION TO JAPAN

NOTICE OF INQUIRY

**Hon. Guy Charbonneau:** Honourable senators, I give notice that on Tuesday next, June 16, 1987, I will call the attention of the Senate to the visit of a Senate delegation to Japan, from April 12 to 19, 1987, in response to an invitation from the Japanese House of Councillors.

## SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE SUBCOMMITTEE ON TRAINING AND EMPLOYMENT TO MEET DURING SITTING OF THE SENATE

**Hon. Philippe Deane Gigantès:** Honourable senators, I give notice that tomorrow, Wednesday, June 10, 1987 I will move that the Sub-Committee on Training and Employment of the Standing Senate Committee on Social Affairs, Science and Technology, have power to sit while the Senate is sitting on Monday, June 29, 1987, and that Rule 76(4) be suspended in relation thereto.

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# QUESTION PERIOD

[*English*]

## AGRICULTURE

DEFICIENCY PAYMENTS TO WESTERN GRAIN FARMERS—DELAY IN PAYMENT OF SECOND INSTALMENT

**Hon. H.A. Olson:** Honourable senators, as I gave notice a few minutes ago, I would now like to ask the Leader of the Government in the Senate when the farmers in western Canada can expect the other 70 per cent of the grain acreage—or whatever other name it is called—payment. I am referring to the $1 billion of which 30 per cent was paid, I believe, in January of this year. The other 70 per cent has not yet been paid.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the most recent information I have on that matter is that the cheques were to have been sent out early in June. I acknowledge the fact that this is June 9, and I shall make inquiries later today to see exactly what the status of this matter is.

**Senator Olson:** I thank the Leader of the Government for that answer. I suppose there is no other supplementary question I can ask, since he has said that he will inquire. That's great, but I want to give him notice today that I will be asking the same question tomorrow. Some people have spent a very large part of that money for their spring seeding operations on the basis upon which the government promised it. The people to whom they owe that money for fuel and all of the other input costs are waiting, and this payment is approximately six weeks late. I hope that the minister will have an answer, but, while a reply is important, what is even more important is that the cheques get into the hands of the people who expect them as soon as possible.

## DIEFENBAKER CENTRE, UNIVERSITY OF SASKATCHEWAN

FINANCIAL CRISIS—REQUEST FOR GOVERNMENT ASSISTANCE

**Hon. Sidney L. Buckwold:** Honourable senators, it may surprise some of my colleagues across the way to know that a number of my warmest and best friends are members of their party. The one I honour most is the late Right Honourable John G. Diefenbaker, who, naturally, was from Saskatchewan and was one of our local heroes.

The question I want to raise involves the Diefenbaker Centre, which is located on the campus of the University of Saskatchewan. It was named after this illustrious son of the prairies, and is a very worthy museum, educational centre and recipient of many of the Diefenbaker memorabilia and other artifacts associated with his work.

The centre is facing a financial crisis, as it has since it opened in 1980. As I have said, it is part of the University of Saskatchewan, and that university has in recent years actually been funding the operation of the Diefenbaker Centre to almost the entire cost of the financing. Because of cut-backs in university funding, which I suppose go on in all provinces, and perhaps especially in Saskatchewan, the President of the university, Dr. Kristjanson, has indicated that there will be no further university funds available for this national shrine. The cost of operating the centre is $350,000 to $400,000 a year. I think it is shameful that the benefits of this important museum should be paid for by a university that has its own financial problems. Federal governments, both Liberal and Tory, have been asked to support this national institution. Each has found reasons for not doing so. I now have to advise honourable senators that the centre is in danger of closing—that has been made clear by the President of the university. In my opinion it would be shameful if that fine institution closed for lack of federal support. Surely we have enough interest and pride in our former prime ministers and in our local heroes that we can support, in a modest way, the cost of that centre.

My question to the Leader of the Government in the Senate is this: Would he and his cabinet colleagues review once again

this situation in light of the developments that I have announced and because of the likelihood that the centre will close? Will federal funds be made available to support this centre? Federal funds are provided to Laurier House, and Pearson College of the Pacific can tap the proceeds of a $4 million federal trust fund. Can the people of Canada, especially the people of western Canada, be assured that this centre will continue to operate? Can the thousands of people who come there each year continue to visit?

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I thank Senator Buckwold for his representations in this regard. I shall make inquiries and report back.

## CANADA-UNITED STATES RELATIONS

NATURAL GAS EXPORTS—U.S. REGULATORY COMMISSION'S DECISION

**Hon. H.A. Olson:** Honourable senators, I would like to ask the Leader of the Government if a reasonably satisfactory solution has been found to the dispute that was acknowledged by the Secretary of State for External Affairs and others respecting a decision that was made by the regulatory body in the United States on transportation charges for natural gas. I do not know whether the minister is familiar with the details of that dispute, but I expect that he is. FERC, the Federal Energy Regulatory Commission of the United States, passed a regulation prohibiting certain transportation charges. Unless some resolution is found, somewhere between $140 million and $400 million per annum will have to be paid by the gas producers in Canada, most of whom are in Alberta. It has been approximately ten days since this was a hot item. I have not seen much of it lately, but I also have not heard whether or not the government—and I know that they had good intentions, because they were stated by the Minister of External Affairs and others—was able to reach a satisfactory resolution of this problem with the United States.

● (1450)

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I am aware of the facts as stated by the honourable senator, but I do not have any further information to offer on the matter today. I shall make inquiries to see whether there is any further information that we can bring in tomorrow or the next day.

## DELAYED ANSWER TO ORAL QUESTION

## TRANSPORT

CN MAINTENANCE SHOPS, MELVILLE, SASKATCHEWAN—PROPOSED LAYOFFS

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 28 last by the Honourable Senator Argue regarding Transport—CN Maintenance Shops, Melville, Saskatchewan—Proposed Layoffs.

[Senator Buckwold.]

(*The answer follows:*)

The Melville layoffs relate to a company-initiated, country-wide program to reduce operating costs prompted by recent technological improvements in the railway industry and a much more competitive marketplace.

The work which occupied the 47 employees in question is not being transferred to Winnipeg or elsewhere. The work has come to an end because of technological improvements in methods of operation and because of a reduction of over two million tons in Saskatchewan-based potash traffic since 1980.

The mayor of Melville met Monday, June 1, 1987, with Ron Lawless, Chief Executive Office, Canadian National in Montreal. Mr. Lawless undertook to review whether any further work could be found for Melville.

## ANSWER TO ORDER PAPER QUESTION

## REGIONAL INDUSTRIAL EXPANSION

ASSISTANCE TO INDUSTRY—ENTERPRISE CAPE BRETON

Question No. 7 on the Order Paper—**By Hon. B. Alasdair Graham.**

3rd February, 1987—Of the 511 offers of assistance made to industry by Enterprise Cape Breton as of October 7th, 1986, (i) how many of these offers have been accepted; (ii) what sums of money have been paid out to each individual enterprise; (iii) how many jobs are currently in place in each of such individual enterprises and (iv) what plants and how many jobs are now in place in Cape Breton as a result of the Cape Breton tax credit?

*Reply by the Minister of Regional Industrial Expansion:*

(i) As of October 7, 1986, of the 511 offers of assistance made to industry by Enterprise Cape Breton, which also includes offers made by the Industrial Development Division (IDD) of the Cape Breton Development Corporation, 352 offers were accepted. Of this, Annex 1 lists the 134 companies/individuals to which funds were disbursed.

(ii) and (iii) Answer is provided in Annex 1.

(iv) As of October 7, 1986, 10 Cape Breton Investment Tax Credit certificates were issued which aided in supporting the creation of 52 jobs. Under the Income Tax Act, the identification of specific companies must be excluded.

ANNEX 1

ENTERPRISE CAPE BRETON

| COMPANY/ INDIVIDUAL | AMOUNT DISBURSED | JOBS CREATED/ MAINTAINED |
|---|---|---|
| Sid's Machine Shop | $ 9,000 | /4 |
| Roy MacLean & Son | 55,000 | /7 |

ENTERPRISE CAPE BRETON

| COMPANY/ INDIVIDUAL | AMOUNT DISBURSED | JOBS CREATED/ MAINTAINED |
|---|---|---|
| Actpro Services | 11,464 | /1 |
| Eastern Carbide Tools | 10,826 | /4 |
| Loravan Development Corp. | 25,964 | 2/ |
| Tartan Bakery | 5,000 | /16 |
| Cape Breton Offshore Fabricators | 15,077 | |
| Haak Mining Equipment | 112 | |
| Shaw & MacDonald | 10,300 | |
| Canadian Fabrications | | 3/3 |
| Wacasco | 2,500 | |
| S. Madden | 2,200 | |
| Cape Community Planning | 1,685 | /15 |
| Breton Exothermic | 2,795 | /4 |
| S. Swarun | 10,568 | 2/ |
| D. Goldman & Son | 15,000 | /10 |
| Premium Distributors | | 2/2 |
| D&B Samson | | /3 |
| Industrial Welding | | /9 |
| Pier Times | 3,500 | |
| Sydport Trade Zone | 25,000 | /2 |
| Richmond County Indust. Commission | | /2 |
| Port Hawkesbury Airport | 9,616 | /3 |
| N.S. Highland Vil. Soc. | 1,000 | 1/ |
| Percy Giles | 1,000 | |
| C.B. Tourist Assoc. | 7,500 | |
| Grant Crabtree | | 3/1 |
| Pleasant Bay Motel | 16,000 | |
| Gables Motel | 30,000 | |
| J.V. MacNeil Motel | 19,435 | 1/ |
| Mike's Lunch | 29,904 | 4/2 |
| Petit Jean Restaurant | 13,342 | 2/ |
| G.M. Poirier | 1,500 | |
| Dolly O'Toole | 4,500 | |
| F. & P. Keating | 1,500 | |
| C. & J. Livingstone | 1,000 | |
| Carmel Timmons | 2,250 | |
| Marj. Theriault | 4,500 | |
| Boisdale Wood Work | 750 | |
| J.C. MacLean | 1,000 | /1 |
| J. Pittman | 1,000 | 1/ |
| W. Campbell | 1,000 | |
| E.J. Martin | 1,000 | 1/ |
| C. Collier | 1,000 | 1/ |
| W. Morrison | 1,000 | 1/ |
| D. Phillips | 1,000 | 1/ |
| Louisbourg Harbour Front Park | 4,000 | 1/ |
| C. LeGrow | 5,000 | |
| St. Mary's Polish Church | 1,064 | |
| Port Hood Island Recreation & Ind. Com. | 5,000 | 2/ |
| Smelt Brook Park Society | 2,177 | 3/ |
| Inverness Miners Museum | 5,000 | 2/ |
| Festival on the Bay | 20,000 | |
| Musique Royale | 5,000 | |
| Louisbourg Volunteer Association | 5,000 | |
| Mulgrave Road Theatre Society | 20,000 | 18/ |
| Summertime Productions | 8,000 | 10/ |
| Downtown Theatre Project | 11,000 | |
| D. Jeans | 10,000 | 3/ |
| Festival of the Strait | 1,000 | |
| Expographic Ltd. | 474 | |
| J. Mansley | 3,700 | |
| F.M. Gallop Funland | | /4 |
| Council of Mayors & Wardens | 15,000 | |
| SAM Enterprises | 75,000 | |
| North Inverness Recreation Assoc. | 40,000 | 5/ |
| Cape Breton School of Crafts | 1,000 | |
| Syd. Harbour Ports Reg. Dev. Board | 2,736 | |
| Cape Breton Boatyard | 4,320 | |
| Highland Fisheries | | /157 |
| C. Gillis | 2,755 | 1/ |
| Big Harbour Investments Ltd. | 100,000 | |
| D. Jardine | 2,500 | 1/ |
| D. Quinby | 2,500 | |
| G.H. Ferguson | 543 | 2/ |
| J.K. MacLeod | 2,500 | |
| Main-A-Dieu Fishermens Assoc. | 10,000 | |
| Seacoast Fish Farming | 93,419 | 4/ |
| Allan Hicks | 30,000 | |
| Stuart Salmon Farms | 100,000 | |
| D.J. Gillis | 5,000 | |
| Mary Gillis | 5,000 | 2/ |
| Grand E'Tang Fishermens Co-Op | 10,000 | 2/ |
| Pleasant Bay Fishermens Assoc. | 7,900 | |
| Loch Bras d'Or Salmon Farms | 29,300 | 5/2 |
| Cheticamp Boat Builders | 66,350 | 18/ |
| Good People Sea & Shore Services | 25,000 | 46/27 |
| Tim Boudreau | 600 | 1/ |
| Landy Brothers Ltd. | 1,600 | /3 |
| Total Recycling | 500 | 1/3 |
| R. Voutier | 7,370 | /1 |
| Human & Org. Development | 2,152 | |
| Port Hawkesbury Mall | 10,160 | 9/4 |

| | | |
|---|---|---|
| Town of Sydney Mines | 16,606 | |
| Glace Bay Mall | 176,737 | 20/ |
| Northside Industrial Commission | 213,019 | |
| R. Keough | 2,265 | |
| Centre Bras d'Or | 12,188 | 6/10 |
| Inverness Dept. Tourism | 5,000 | 1/ |
| Arichat Motel | 377 | 1/ |
| Ross & Brett Motel | 30,000 | |
| Howley's Restaurant | 687 | 1/ |
| River Ryan Campground | 930 | /1 |
| Driftwood Park | 9,153 | /3 |
| B. Giorna | 1,000 | 1/1 |
| Barra Stained Windows | 2,000 | |
| St. Patrick's Church Museum | 3,546 | /3 |
| Cossitt House Museum | 437 | /3 |
| Sydney & Louisbourg Railway | 5,000 | |
| Castle Players | 20,000 | |
| Winnie Chaft & Friends | 20,000 | 60/ |
| East Coast Fabricators | 13,785 | 26/16 |
| McKinley & Sons | 25,000 | /14 |
| Ross Bennett | 93,419 | 9/ |
| Isle Madam Fish. Co-Op | 500 | |
| Bluenose Fisheries | 13,500 | |
| Cheticamp Fish. Co-Op | 14,000 | |
| County of Inverness — Port Hood Beach | 5,000 | |
| Canadian Popular Theatre Alliance | 2,188 | |
| Carousel Developments | 44,000 | |
| VCM Consultants | 1,829 | |
| Scotsburn Co-Op | | /25 |
| Canada Safety Products | 3,075 | |
| Highland Breweries | | /2 |
| PMS Developments | 4,009 | |
| Collins Barrow | 3,500 | |
| Atlantic Industrial Research Institute | 6,447 | |
| Amtek Management Inc. | 2,766 | |
| Tabufile Atlantic Ltd. | 1,000 | |
| The Starter Shop | 30,954 | /1 |
| Superior Sausage Co. | | /3 |
| Laurie's Motel | 83,973 | /8 |
| Silver Dart Motel Ltd. | 16,818 | |
| The Door Factory | 2,275 | /4 |
| TOTALS | $2,003,391 | 286/384 |

(1) Where no numbers are present, either (a) no funds were disbursed as of October 7, 1986, (b) they are funds for studies which do not involve capital expenditures and therefore do not create jobs, or (c) the information on jobs created/maintained is not readily available.

(2) Jobs created/maintained also include part-time and/or seasonal employment.

## PATENT ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator David, for the second reading of the Bill C-22, to amend the Patent Act and to provide for certain matters in relation thereto.—(*Honourable Senator Doody*).

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have no wish to speak to this matter. If anyone else wishes to move the adjournment, I will certainly yield.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, perhaps it is a good idea to note at the same time that we have a committee studying this bill.

Order stands.

## CITIZENSHIP ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Bosa, seconded by the Honourable Senator Frith, for the second reading of the Bill S-8, to amend the Citizenship Act (foreign spouses).—(*Honourable Senator Doody*).

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I have asked the department for some information on this act. I have not yet received it, but if anyone wishes to speak on it, I will yield to him. I have no intention of trying to delay the passage of the bill, but I am interested in it.

Order stands.

## THE CONSTITUTION

MOTION TO REFER FIRST MINISTERS' ACCORD AND AGREED TEXTS TO COMMITTEE OF THE WHOLE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:

That the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to a Committee of the Whole for the purpose of hearing witnesses and making a report.—(*Honourable Senator Murray, P.C.*).

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I yield to Senator Phillips.

**Hon. Orville H. Phillips:** Honourable senators, following my questioning of Senator MacEachen when he introduced the motion, I indicated that I would probably not be speaking on this subject. However, my son recently gave me a package of memos entitled: "Everybody is Entitled to My Opinion." Perhaps it is in that mood that I am speaking today.

**Senator Frith:** I suppose that we cannot waive that right!

**Senator Phillips:** Yes, you can; you can withdraw the motion!

**Senator Frith:** That is not what I said.

**Senator Phillips:** The subject has not been discussed in our caucus—I rather anticipate that it will be tomorrow—so today the views are mine and no one else's.

There is no objection on this side to examining the Meech Lake accord. In fact, we are happy with it, and are rather pleased that this government was able to cooperate with the provinces and bring them all into Confederation. The Prime Minister in his media remarks last week indicated that he, too, favoured an examination of the accord, and hoped that this would be carried out during the coming months.

The question that faces the Senate is: In what manner should the examination be carried out? We have two options: we have the Committee of the Whole, as indicated in the motion; we also have the probability of a joint committee.

Perhaps my interpretation of Senator MacEachen's remarks is not entirely accurate, but I interpreted them the other day as indicating that his party was not in favour of a joint committee. At that time I do not think that Senator MacEachen had an accurate indication that a joint committee would be proposed. However, since that time Senator Murray has indicated that the government is considering a joint committee.

Let me deal briefly with the concept of a Committee of the Whole. It is based on what I call the "codfish concept," where the Senate went into Committee of the Whole to consider the codfish treaty between Canada and France. Despite Senator MacEachen's opinion that the committee was a success, I cannot agree with him on that point. The committee set out and made phone calls by the thousands. In fact, Bell Canada almost had to put in new lines between Ottawa and the maritimes to handle the invitations extended by Senator MacEachen and his group to people to appear before the committee. We have had five committee hearings since February 10, 1987. That is one committee hearing a month—hardly a success! The committee is still floundering around caught in some trawl net, and there is no possibility of the committee's proceeding and presenting a report before the end of the session.

There are a number of questions that should be asked about the Committee of the Whole. In what manner will it proceed? Who will receive invitations? Will the Senate be thrown open to everyone who wants to come in and criticize the Meech Lake agreement? Will the committee report before the end of the present session? This is a most important question, honourable senators. Those who have been here for a number of years realize that about the middle of June the floodgates open in the House of Commons and we are deluged with legislation. The Senate has often tried to meet this ugency by having pre-studied the legislation coming in at the last minute. However, we are now facing a heavy agenda for the remainder of June. We anticipate considerable debate when the committee reports on Bill C-22. All senators seem to be awaiting that report before proceeding with their arguments. The completion date for Committee of the Whole, therefore, becomes most important.

The House of Commons will be adjourning on July 1, 1987.

**An Hon. Senator:** Hopefully.

**Senator Phillips:** However, there is no obligation on the Senate to adjourn at that time. We can continue on and deal with the legislation and study the Meech Lake accord in the Committee of the Whole, if that is the wish of the Senate. I am not advocating that. However, if it is the wish of the Senate, I will be here and hope that other senators will be here also.

**Senator MacEachen:** If it is the wish of the Senate.

**Senator Phillips:** Yes, if it is the wish of the Senate. I shall go along with the wishes of the majority.

• (1450)

It is possible that a joint committee and a committee of the whole Senate could co-exist and proceed at the same time. However, it is very likely that a joint committee would be given a date to report back to their respective houses, probably some time in the coming fall. If that were the case, it would be urgent and incumbent upon the Senate to have a similar termination time for its Committee of the Whole. It would be rather ridiculous for the Senate, having participated in a joint committee which has already submitted its report, to continue with its Committee of the Whole. If we follow our usual procedure for the rest of June and meet on Tuesdays, Wednesdays and Thursdays, we will have six sitting days after the committee is formed. We will lose a day, as is customary, to celebrate Saint Jean Baptiste Day, reducing the number of sitting days to six. It then becomes an impossible task to deal with all the legislation coming in from the other place and to have a committee of the whole Senate on the Meech Lake agreement. Therefore, honourable senators, I propose that if the Committee of the Whole procedure is adopted by the Senate, it meet on Mondays and Fridays. We could begin our sittings at 10 o'clock in the morning, carry on until noon, omit Question Period, and continue on until the evening. That

would allow us approximately six and a half to seven hours on the Meech Lake accord each day. I would like to suggest—

**Senator MacEachen:** You are all heart!

**Senator Phillips:** —that we could proceed by inviting the—

**Senator MacEachen:** Why don't you suggest Saturdays and Sundays, too?

**Senator Phillips:** —honourable member for Saint-Henri-Westmount to appear in the morning. In the afternoon we could have the honourable member for York South-Weston, Mr. Nunziata. I am sure honourable senators would want to receive his views. We could also receive the views of the honourable member for Laurier, and we could be very fair and invite the honourable member for Papineau to appear in rebuttal to the honourable member for Saint-Henri-Westmount.

**Senator Frith:** Everybody has a right to their opinions, as your son would say.

**Senator Phillips:** That is correct, and I am suggesting that you give these people the opportunity to express their viewpoints.

**Senator MacEachen:** And would you put Mr. Babushka on the list, too?

**Senator Doody:** Senator MacEachen wants to sit on Saturdays and Sundays.

**Senator Phillips:** He does? Well, I would agree to that.

**Senator MacEachen:** We will bring Mr. Babushka in on Saturday.

**Senator Phillips:** I think the Meech Lake accord is so successful that it merits the type of study suggested. We should also have some agreement on who will be invited. Certainly we would want to invite the ten premiers. There was some difficulty in getting Premier Peckford to appear before the Committee of the Whole on the Canada-France Fisheries and Boundaries Agreement, but he eventually found a time that was satisfactory, and I am sure that we could do the same with all the other premiers.

**Senator Marshall:** And the territories?

**Senator Phillips:** And the territories, too.

**Senator Frith:** Why not, indeed? An excellent suggestion!

**Senator MacEachen:** We would need maps for Mr. Peckford.

**Senator Marshall:** How about Colonel North?

**Senator Phillips:** Today's newspapers had a very interesting item, and I quote the one from the *Montreal Gazette*, which is headed, "Turner not opposed to Senate study of accord." That is rather encouraging and very generous of him. Then the article has a sub-heading, "Trudeau touted." It reads:

> Most Liberal senators are thought to oppose the deal, even if it means undermining Turner, who is trying to convince his caucus and party to support the pact because it secures Quebec's formal recognition of the Constitution.

The next paragraph begins with the sub-heading, "In Ottawa":

> —Royce Frith, deputy Opposition leader in the Senate and a strong critic of the accord, said he is hopeful the Senate hearings would be televised and that former prime minister Pierre Trudeau would appear.
>
> "I would certainly like that to happen," he said. "I would hope that all the big players would come," suggesting the government might like to call some of the premiers as witnesses.

The honourable senator and I find ourselves in agreement on one point.

**Senator Frith:** On more than one. You will see.

**Senator Phillips:** The senator goes on to criticize the provinces for receiving too much power, but that is really irrelevant.

**Senator Frith:** That does not usually stop you.

**Senator Phillips:** I am intrigued by Senator Frith's idea of calling in the big guns. We on this side of the Senate always thought that Senator Frith was one of those big guns, but he wants to move up and join the big players. I really have no objection to that, and if he would like to join the big players, that's fine with me, but why not do it before a joint committee or something of that nature?

There is perhaps an advantage to a Senate study that I can see, and that is the public will be watching to see what Liberal senators are going to do. Are they going to take the high road with their leader, Mr. Turner? Are they going to follow Mr. Trudeau's low road, or will they amble down the MacEachen bridle path? I know the public is waiting to see what they are going to do.

**Senator MacEachen:** As long as we get to Loch Lomond!

**Senator Phillips:** As soon as the pact is signed, the honourable senator will be in Loch Lomond. The Honourable Senators MacEachen and Frith have a great desire for TV. Senator MacEachen's ego is such that he was telling us the other day that he could not operate, could not think, and could not be reasonable without the glare of the TV camera upon him.

**Senator MacEachen:** I will be a changed man.

**Senator Phillips:** Honourable senators, the Leader of the Opposition operated in the other house for years under the glare of the TV cameras, and there is not a shred of evidence that says that his performance was improved by the presence of a TV camera. In fact, I cannot say that TV improved his performance, because I do not think that it could have been much worse if he had been operating without the benefit of a TV camera.

**Senator Frith:** More of the high road.

**Senator Phillips:** Perhaps, before a decision is reached, we can anticipate someone from the other side rising and explaining why they must have TV. Perhaps, when they do that, they

would be kind enough to explain to us where they would like the cameras located.

**Senator MacEachen:** I have been impressed with the British Tories and Lords who love TV. That is my inspiration.

**Senator Phillips:** What rules will guide the televison cameras? Will they show the whole Senate, as my friend Senator Roblin once expressed it, warts and all, or will we be limited to the benefit of seeing one senator only? Will the camera focus on one senator, and switch to the witness when the response is made?

• (1510)

**Senator Marshall:** Will they just focus on the empty seats?

**Senator Phillips:** Perhaps we could invite some of the staff in to fill the empty seats. That may be the answer.

**Senator MacEachen:** It would be better to bring senators in.

**Senator Phillips:** Recently I attended a meeting of the Standing Senate Committee on Energy and Natural Resources when it was considered essential to televise the proceedings. There were six cameras, three along each side of the table, and there was hardly room for senators. Let us bear some of these things in mind when we are satisfying the ego of the honourable senators who want to appear on television.

Honourable senators, we should consider what will happen if the Senate refuses to join in a joint committee that will probably be proposed by the government. You will remember that the Senate participated in a joint committee in 1982 when the Constitution was being developed. I think honourable senators made a worthwhile contribution to that committee. I would be curious to hear from the honourable senators opposite as to why a joint committee was desirable in 1982 and is not desirable in 1987.

Senator MacEachen expressed the viewpoint that the Senate should not join in a joint committee because the Senate has no veto over constitutional amendments. Is the honourable senator suggesting that the Senate in Committee of the Whole would have a veto? Is anyone going to pay any more attention to the views of the Senate in Committee of the Whole than they would to a joint committee?

**Senator MacEachen:** Yes.

**Senator Frith:** Next question.

**Senator MacEachen:** That is a clear yes, because senators could not express their views in a joint committee where the majority would be from the House of Commons.

**Senator Phillips:** Senator MacEachen is suggesting that the Senate did not make its views clear or that they were ignored in 1982. I do not think that is the case at all.

The Senate would probably have five members on the joint committee. I am not trying to coach Senator MacEachen and suggest who he would want to nominate, but let us consider the nomination of Senators Frith, Gigantès and Stewart, as an example. Is he suggesting that those three senators are so mediocre in their talents that they would not be able to influence a joint committee? I do not believe that at all. I think those three gentlemen would make an impact on that committee, and one that would be worthwhile hearing. I could suggest Senators Kirby, Pitfield, Argue or Austin, and certainly all of those individuals are capable of making their views known.

Another advantage of the joint committee would be that it would, doubtless, have TV coverage, and if the honourable senator is interested in TV coverage, he can get it in that joint committee. He does not need TV cameras in here.

**Senator MacEachen:** I might change my mind. That is the best argument yet.

**Senator Phillips:** The committee would also, doubtless, invite former Prime Minister Trudeau. If you want to hear from Mr. Trudeau, I am sure you can do that in the joint committee.

**Senator MacEachen:** Are you ready for Babushka?

**Senator Phillips:** Can honourable senators imagine the former Prime Minister refusing to appear before a joint committee because he wants to appear before the Senate? That would be a very unusual step for the former Prime Minister to take. I would fully expect that, having established a joint committee himself, he would prefer to appear before the joint committee. That only seems logical. I think the honourable senator is being very unfair to the former Prime Minister to even suggest he should appear before the Senate and not before a joint committee.

Again, honourable senators, I say that there is no objection to studying the Meech Lake accord. My concern is that the Senate would refuse to participate in a joint committee. If that be the case, honourable senators, consider the criticism. A number of senators are now sensitive about the criticism received by the Senate. We have not heard any criticism yet. Let the Senate refuse to join a joint committee and listen to the justified criticism that will undoubtedly occur.

The Senate is supposed to represent the provinces. May I remind the Senate that it was the federal government and the governments of the ten provinces that agreed on and urged examination of the Meech Lake accord, and they agreed upon a joint committee.

Honourable senators, I hope that the Senate will still consider a joint committee, and that it will participate in the proposal which will undoubtedly be made by the government. It is a proposal that has been approved by the federal government and the ten provinces. Surely the Senate is not going to be the odd man out.

**Some Hon. Senators:** Hear, hear!

**Hon. John B. Stewart:** Would Senator Phillips permit me to ask a question? He said many controversial things and he made many points with which I would disagree completely, but towards the end of his speech he made one point which I think he would want to clarify. As I recall, he said that senators represent the provinces, and that the premiers of the provinces have already indicated quite emphatically where they stand. Does he really mean to say that senators are here

representing the premiers or even the legislatures of the provinces?

My understanding is that the premiers speak for the provincial governments in areas within their jurisdiction whereas senators are members of a federal body, selected to represent the provinces in federal matters. Surely we have not yet gone to the point—this constitutional amendment has not yet carried—where senators represent premiers. Is there not a distinction there that Senator Phillips is not recognizing? I wonder if he would clarify that point.

**Senator Phillips:** I attempted to say that senators represent provinces, and I think we do represent provinces. I certainly did not intend to imply that senators represent the premiers. I am sure that a number of premiers would not want us representing their provinces. However, we do represent the provinces in the federal sense.

**Senator Stewart:** I thank the honourable senator for making it quite clear that he does not represent Premier Ghiz and that I do not represent Premier Buchanan.

**Senator Phillips:** Again, I say that I do not think either premier would want us.

**Hon. Daniel A. Lang:** Honourable senators, over the weekend I had an opportunity to study the "Langevin Resolution," as I call it, and compared it with the Meech Lake accord and how those two documents fit into the Constitution Act, 1982. I can only say that after approximately three hours I realized I was into a legalistic document of the first order, very technical in its details and with very significant underlying connotations.

• (1520)

I have grave reservations about this important and probably one of the most significant matters we have had before us in years being referred to Committee of the Whole. I will give you my reasons for that.

I have spoken to several people I think would be of great value in interpreting both the meaning of these documents from a legal point of view and their effects over the years on our judicial system and on our parliamentary system. I have found already that some of those people, whom I know the Senate would want to hear, would be very reluctant to appear before a Committee of the Whole whereas they would be pleased to appear before a committee of the Senate or a joint committee of Parliament, if necessary.

In trying to analyze that reluctance, I came to the conclusion that, as we exhibited here ourselves, the Committee of the Whole tends to break down into histrionics, wherein the evidence given by the witnesses becomes secondary to that fact. Therefore, I would like some of my friends on the opposite side of this house to consider how we may delimit ourselves and delimit the country by adopting the Committee of the Whole procedure, although it may appear to some to be politically attractive.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, there seems to be no doubt that all honourable senators support a study of the Meech Lake accord and of the Constitutional Resolution which, I assume, will be coming—in fact, we can count on the fact that it will be coming separately to the Senate, because it is part of the accord that that should happen. Senator Murray acknowledged that last week.



So, the questions, as Senator Phillips has put them and as Senator Lang has put them, are: Should we consider it in one of our own committees and, if so, should that committee be the Committee of the Whole? Or should we study it in a joint committee of Parliament?

Senator Phillips started by criticizing, or least not supporting, the Committee of the Whole procedure on the basis that, in his opinion, the Canada-France deliberations by the Committee of the Whole were, to quote him, "not a success" whereas Senator MacEachen has said that they were a success. That is a matter of opinion. On this occasion I must find myself, by conviction, on Senator MacEachen's side rather than on the side of Senator Phillips. Those to whom I have spoken outside of the Senate, who were aware of the proceedings on the Canada-France question, supported the step the Senate took and found that that procedure was a success. However, I do not think we should approach a matter of this kind on the basis of whether the Committee of the Whole on the Canada-France matter did or did not enjoy good reviews. I think this is something we should approach quite independently.

There are, it seems to me, separate reasons for deciding, first, that we should not participate in a joint committee but that we should conduct our own study. In 1982 the Senate, the House of Commons and all of the provinces necessary to bring about a constitutional amendment decided what the role of the Senate, the House of Commons and the legislatures should be in all future amending proceedings. That was as recently as 1982. We must assume that the provinces which signed the Meech Lake accord and the House of Commons intended the Senate to fulfil the duties assigned to it in 1982.

What did they ask the Senate to do? How did they suggest the Senate should participate in this amending procedure? Did they suggest, for example, that the House of Commons should propose a resolution and then send it to the Senate to ask the Senate to concur in that resolution with the House of Commons? Did they suggest the provinces should propose an amendment and then send it to the House of Commons and, finally, to the Senate for approval? No, they did not. All of those people who are signatories to the Meech Lake accord and the House of Commons agreed in 1982 that amendments to the Constitution should:

> —be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by
>
> (a) resolutions of the Senate and House of Commons;

As well as resolutions of the legislative assemblies.

So all parties had and still have an independent role to play. None is there simply to rubber stamp what is done by the others. We can launch a resolution amending the Constitution

in the Senate by ourselves. We do not have to wait for the House of Commons to launch a resolution in that regard, or for the legislatures to launch resolutions in that regard; we can do that ourselves. So can the House of Commons, as can any of the legislatures. We all have, under the Constitution of Canada, our own duty, including the Senate.

The Senate is also singled out in section 47, which provides that the amending procedure can take place without the consent of the Senate in certain circumstances.

So, the Senate was asked by the House of Commons, told by itself, and asked by all of the legislatures to deal with a resolution itself. That is why, it seems to me, we would be abdicating the duties imposed upon us by those representatives of the people of Canada—that is, members of the House of Commons, members of all the legislatures and ourselves—to play our role in constitutional amendments if we decided that, as a part of the process, we would hand over part of our duty to a joint committee that would be dominated by members of the House of Commons.

Of course, the membership of that joint committee would be dominated by the House of Commons. One could not blame them for asking that the committee be dominated by members of the House of Commons. Does any honourable senator think for one minute that the members of the House of Commons, when they invite us to join them on a joint committee, are going to say, "Honourable senators, we know that you have an individual responsibility under the Constitution, the same responsibility as we, the members of the House of Commons, have to make up our own minds about constitutional amendments." That is what the Constitution says. It says that the House of Commons must make up its own mind and must decide on its own resolution, and that the Senate must decide on its own resolution. Does any honourable senator think that, with that background, the members of the House of Commons will send the Senate an invitation to join the members of that house on a joint committee and say, "We don't mind, because of your special and distinct responsibilities, if you have a majority on the committee. We will let the Senate have more members on the committee, because we know senators want to do their own job as required by the Constitution." Of course they will not.

So, a committee dominated by the House of Commons should do the job of the House of Commons and not the job of the Senate. That is why there are definite reasons, in this case particularly, to have a separate committee.

• (1530)

Why a Committee of the Whole? Why not a standing or special committee? Senator Phillips asked rhetorical questions suggesting that it might not operate. How would it operate? How would it decide who is to come? We had no difficulty in connection with the Canada-France fishing agreement. We set up a steering committee. The committee decided what witnesses should be called and got in touch with them. When the witnesses were able to come, they did so, and the procedure was handled quite effectively. I never heard anyone complain that the steering committee did not do its job, or that the committee was unable, to quote Senator Phillips' words, "to operate." It operated quite smoothly and efficiently.

When will it report? I do not know that the question has any separate significance for a Committee of the Whole. When will it report? It will report as part of the process. And what is that process? The process requires the House of Commons to have a resolution passed; it requires the Senate to have a resolution passed—these are to lead up to the proclamation—and a resolution of the legislatures. For some of the subject matters in the Meech Lake accord, it will require the unanimous support of the legislatures.

We are part of that process. When will we report? We will report, I suppose, when we have completed our investigation—the same as the other institutions involved in this process. Let us take, for example, Nova Scotia. The Nova Scotia Legislature has adjourned for the summer. Therefore, it will assume its role in the process—which is no less important than ours, in fact, it is just as important—in the fall.

Premier Peterson said that he intended to make sure that everyone had a chance to be heard. So one of our partners in this important constitutional process, an important partner—namely, the Province of Ontario—will hold hearings apparently in the fall. Premier Peterson pointed out that the process could take as long as three years, and the idea of its taking that long did not seem either to surprise or alarm him.

Will we take that long? Who knows? We will do our job; and when we have done our job, we will report. I do not see any pressure on us either to hurry or delay the process. We will play our role as given to us in the Constitution.

With reference to sitting in the summer, it is very possible that that could happen. But I do not think there is any reason for us to feel hurried. Senator Phillips said that the House of Commons was going to adjourn on June 30. Assuming that is so, what is the implication—that the House of Commons will finish its resolution by June? If so, that's fine, if it wants to do that, because that is its job. It can do it any way it wants. But that is one reason why it seems to me that we should not be looking at a joint committee, if that is the kind of hurry it has in mind, when many of the other partners in the process, such as the provinces, do not see the situation as requiring that kind of closure.

On the question of co-existence—that is, whether we can have a Committee of the Whole and also have a joint committee—there is one reason why that could happen. I suppose there is no procedural difficulty. In fact, I believe there are examples. I believe it took place in connection with Bill C-60, for example. So there is no procedural reason against it.

But there are two good reasons against it. One is that if we agree to a joint committee, then we admit that our reasons for having a separate committee are not valid. The reason for having a separate Senate committee and not a joint committee, instead of or in addition to, is that we have our job to do, and we should not be looking for help from a joint committee with the House of Commons or with the Legislature of Ontario, or the Legislature of New Brunswick, or a joint committee with

whomever. Should it be with everybody? Why not have a committee with everyone? Why not have a committee of all of the legislatures and of the two houses of Parliament? Why is that ridiculous? It is ridiculous because that is not what the Constitution asks us to do. It asks all of us to do our job separately.

The other reason against it is that it just would not work. How could we have a separate study here, studying it in the Senate, and yet have some senators on a joint committee? What happens when they report? Perhaps they would report differently. What happens to those senators who are on the joint committee and who are also in the chamber? What would they say? They could say, "I am a joint committee senator, I am not a Committee of the Whole senator." It is just absurd.

So, there are two very good reasons why we should not do it. First, because it is not what the Constitution contemplates, and, second, because it would not work to have the two.

On the question of sittings, that, of course, would be up to the steering committee to decide. Senator Phillips knows that I am very much in favour of having Monday and Friday sittings of committees, and I see no reason why the committee could not sit on Mondays and Fridays, or Tuesdays, Wednesdays or Thursdays. I want to make it very clear—and if this is the point which Senator Phillips is raising; and if so, it is a valid one—that if Senator Phillips is objecting to the Committee of the Whole because he believes that it is our intention to limit the sittings of the Committee of the Whole to Tuesdays, Wednesdays and Thursdays when the Senate normally sits, that is not the purpose, and I put it on the record that that is not the purpose.

I thank him for the list. We have a steering committee, and it can decide on sittings. We will be grateful for that list of proposed witnesses, which Senator Phillips outlined in his intervention. I thank him also for reading the newspaper article regarding some scheme to undermine Mr. Turner. I welcome the opportunity to point out that the proposal for a separate committee and for a Committee of the Whole were advanced here before any intervention by Mr. Trudeau. The burden of the suggestion is that some senators are doing the work for Mr. Trudeau. I know that the senators who support this approach are doing it for themselves and not as a group supporting any cabal to undermine anyone. It is being proposed, as we see it, for the benefit of the Senate, and for the reasons I have described—namely, that the Senate has to play its own role given to it in the Constitution.

On the question of television, Senator Phillips has spoken on several previous occasions on the question of televising the proceedings of the Senate. I must say that he is entitled to the tribute of consistency—to mono-consistency. He seems to feel that the only reason why anyone would want to televise the proceedings in the Senate is because of the ego of the person proposing it.

**Some Hon. Senators:** Shame!

**Senator Frith:** Does the honourable senator hear his colleagues? I join with them. I, too, say "shame" for having that as the only reason. I do not understand why he seems to think that it is only other people who, in their opinion, would show up well on television. We saw Senator Phillips perform today. It was a terrific act. I think he would have shown up very well on television today.

**Senator Perrault:** There's no business like show business!

**Senator Frith:** The honourable senator is much too modest if he thinks that the only reason for appearing on television is because of ego, and that somehow he thinks that his ego would not be so served. However, that is not the reason.

• (1540)

I do not understand any other reason for Senator Phillips to be opposed. I know he is not by nature a secretive or mean-spirited person. I know that his style is generous; that he is a populist, a true democrat, and for those reasons I ask him to engage that side of his character in looking at how television will aid the people of Canada in gaining access to the proceedings of the Senate on a very important issue; an issue that they are entitled to hear about.

We know that the greatest communicating device in modern times is television. For example, everyone seems to agree that television has done great things for the House of Lords. Therefore, I do not understand, when we are engaged in such important work, why we should not want to have the people of the country join in the proceedings in order to get the benefit of what, I think, is part of the role that the Senate should play in exposing matters of this kind to public scrutiny. I think we should welcome the opportunity to do so through the medium of television, in addition to radio and print.

Honourable senators, that leaves just a couple of points: The question of why, in 1982, we engaged in a procedure by joint committee as opposed to our present suggestion that we ought not to do so. I remind honourable senators that the situation in 1982 was not the same. For one thing, the amending formula that now exists did not then exist, and the formula that I have underlined and relied upon as a reason for us to take our individual responsibility is the formula that is contained in the pact of 1982. In any event, nothing that happened in 1982 should deter us from that acceptance of our responsibility.

The next question is: Will there be criticism? This is another thing we constantly hear. As senators, I am sure that we all understand that agreeing to become a Canadian senator is accepting a fundamental Catch-22, or dilemma, and that is: If one as a senator, or if the Senate as a whole, does nothing, it is criticized for doing nothing. The minute it does something, it is criticized by way of people saying: "How come you have the nerve to do something?" Therefore, whether we do things or refrain from doing things, we are criticized, and I do not complain about that. Anyone who takes this job has to expect that kind of trouble, because we all know that that is the role or the position that you accept when you become a senator. Therefore, as a result of that, when we do propose to take action, especially important action such as that which faces us now—and that is a separate study and a Committee of the Whole on this proposed amendment—we anticipate criticism.

Is Senator Phillips right when he says that there will be criticism of us for deciding to stiffen our spines and take our responsibility? Of course he is right; of course there will be criticism. But surely the question is, if we are right—and I think we are—should we let that deter us? I hope not. I hope we will not let that deter us.

I respect the opinion of any senator who thinks that there should be a joint committee as I respect the opinion of any senator who disagrees with my view that if there is a separate committee, it should be a Committee of the Whole. However, honourable senators, let us not decide anything of this kind on the basis of fear of criticism. When the Fathers of Confederation set up this body, they must have known that there would always be criticism directed at it for its activities when it accepted its responsibilities, if those responsibilities were unpopular with the press or with members of the House of Commons.

Honourable senators, I have nothing further to say about the question of a joint committee, because I have outlined why I think it would be a terrible mistake and an abdication of our duty to go with a joint committee on this occasion. However, on Senator Lang's question of whether it should be a Committee of the Whole or a select committee, I remind honourable senators of the intervention by Senator MacEachen, when he introduced this motion, as to the reasons why we should have a Committee of the Whole. In summary, those reasons that recommend themselves to me are: I believe that this is the kind of matter in which all senators should be present for all proceedings, and that those proceedings should take place right here in the chamber. I think the Committee of the Whole is eminently suitably designed for this procedure.

Also, I think we can take heart from the proceedings that we held on the Canada-France question. I thought that they were dignified. No witness who ever appeared here objected, and I recommend that to Senator Lang's potential witnesses. I do not know how much they know about the procedure of Committee of the Whole in the Senate. Senator Lang says that they have some fear that there will be too many histrionics. In fact, I have seen more histrionics in select committees than I ever saw in Committee of the Whole. Senator Lang has been here longer than I have, but I have been here for more than ten years, and every time we have had Committee of the Whole, it has either been on the Canada-France matter or it has been when we have had some special bill: for example, the question of a strike that required legislation for settlement, or other occasions when it was suitable to have the minister appear before Committee of the Whole. Honourable senators, on none of those occasions do I recall any histrionics. Certainly there was none on the Canada-France hearings. Perhaps Senator Lang was not present for those, but I do not remember any histrionics on the Canada-France hearings, and I would have been very proud to have those proceedings produced on television. I never heard a complaint from a witness.

Therefore, I thank Senator Lang for having studied the two versions and having come up with what I believe is a true and correct analysis; that there are many technical issues and questions on which we must have advice. However, there are also some very broad issues, and on the broad issues I think the Senate Committee of the Whole would be a perfect vehicle to deal with them in the same way as we did with the Canada-France agreement. I also think it would be the perfect vehicle to deal with the detail. For example, someone who has publicly made some comments on the technical aspects of the Meech Lake accord: John J. Robinette. Why should all of us not have the benefit of Mr. Robinette coming here? We are not going to pull any histrionics on Mr. Robinette. We are going to listen to him and hear what he has to say, and we are all going to benefit from his advice.

Therefore, honourable senators, I really believe that this is a classic example of an undertaking by the Senate of Canada to fulfil its responsibilities under the Constitution; to do so separately; to accept its separate and distinct responsibility, and I do believe that the Committee of the Whole is the perfect place in which to do it, because I think we should all be present and all participate and be enlightened and edified at the same time, and together, for this important process.

**Some Hon. Senators:** Hear, hear!

**Senator Phillips:** Honourable senators, before I direct a question to Senator Frith, let me congratulate him on the progress he is making with his drama lessons. You are doing very well, sir.

**Senator Frith:** I am not taking any lessons, but I am prepared to give some, if you wish—for a fee.

• (1550)

**Senator Phillips:** The question I would like to ask in an effort to get clarification is this: I believe the Honourable Senator Frith said that the motion introduced by Senator MacEachen was made prior to Mr. Trudeau's nailing his edict on the doors of Parliament. Is that correct?

**Senator Frith:** No, the notice of the motion was given prior. As I recall it, the notice was given on a Tuesday. Mr. Trudeau's declaration, or whatever the right word is, was made on the Wednesday of the same week. I may be wrong, but I believe I am right. Check it.

**Senator Phillips:** I will do that.

On motion of Senator Doody, for Senator Murray, debate adjourned.

[*Translation*]

## THE ESTIMATES, 1987-88

### INTERIM REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE CONCLUDED

On the order:

> Consideration of the Eleventh Report of the Standing Senate Committee on National Finance (Main Estimates 1987-88), presented in the Senate on 28th May, 1987.—(*Honourable Senator Leblanc (Saurel)*).

**Hon. Fernand-E. Leblanc:** Honourable senators, the report tabled on Thursday, May 28, is an interim report. It explains

the work done by the Committee on National Finance regarding the estimates. In conclusion, it gives an indication of the work to be done. Considering the evaluation of this report, I did not ask the Senate to concur in a report that deals simply with past and future work. If no one else wishes to speak on this report, that is comprehensive in my opinion, I think we could now conclude the debate.

**The Hon. the Speaker:** If no other senator wishes to speak, the debate on this item is concluded.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX "A"

(*See p. 1174*)

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTEENTH TO TWENTY-EIGHTH REPORTS OF COMMITTEE

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TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

### SIXTEENTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Agriculture and Forestry for the proposed expenditures with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on March 24, 1987. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 12,600 |
| Transportation and Communications | 32,600 |
| All Other Expenditures | 3,300 |
| | $ 48,500 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

### SEVENTEENTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for the proposed expenditures with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on October 28, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 122,500 |
| Transportation and Communications | 2,000 |
| All Other Expenditures | 2,000 |
| | $ 126,500 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

### EIGHTEENTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Energy and Natural Resources for the proposed expenditures with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on October 28, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 40,030 |
| Transportation and Communications | 1,500 |
| All Other Expenditures | 2,000 |
| | $ 43,530 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

## NINETEENTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Fisheries for the proposed expenditures with respect to its examination of all aspects of the marketing of fish in Canada, and all implications thereof, as authorized by the Senate on October 28, 1986 and March 31, 1987. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 146,637 |
| Transportation and Communications | 97,200 |
| All Other Expenditures | 3,500 |
| | $ 247,337 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

## TWENTIETH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Foreign Affairs for the proposed expenditures of the said Committee with respect to its examination of Canada's participation in the international financial system, as authorized by the Senate on November 4, 1986 and March 24, 1987. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 15,445 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

## TWENTY-FIRST REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs for the proposed expenditures with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on November 25, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 29,200 |
| Transportation and Communications | 13,440 |
| All Other Expenditures | 1,500 |
| | $ 44,140 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

## TWENTY-SECOND REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on National Finance for the proposed expenditures with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on October 28, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 100,880 |
| Transportation and Communications | 750 |
| All Other Expenditures | 6,000 |
| | $ 107,630 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-THIRD REPORT

Your Committee has examined and approved the budget presented to it by the Joint Chairman of the Standing Joint Committee on Official Languages for the proposed expenditures of the said Committee with respect to its examination of the Report of the Commissioner of Official Languages for the calendar year 1986, as authorized by the Senate on March 31, 1987. The said budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 21,000 |
| Transportation and Communications | 150 |
| All Other Expenditures | 1,155 |
| | $ 22,305 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-FOURTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, for the proposed expenditures of the said Committee with respect to its review of statutory instruments, as authorized by section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 18,180 |
| Transportation and Communications | 2,430 |
| All Other Expenditures | 900 |
| | $ 21,510 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-FIFTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, for the proposed expenditures with respect to its study on the Consultation Paper on Child and Elderly Benefits, as authorized by the Senate on November 6, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Transportation and Communications | 10,500 |
| All Other Expenditures | 1,300 |
| | $ 11,800 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-SIXTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, for the proposed expenditures with respect to its study on the Consultation Paper on Training, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future", as authorized by the Senate on October 30, 1986. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 49,968 |
| Transportation and Communications | 1,700 |
| All Other Expenditures | 2,500 |
| | $ 54,168 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-SEVENTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Committee on Standing Rules and Orders for the proposed expenditures of the said Committee with respect to its examination and consideration of amendments to the *Rules of the Senate*, as authorized by Rule 67(1)(*f*). The said budget is as follows:

| | |
|---|---|
| All Other Expenditures | $ 2,000 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-EIGHTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, for the proposed expenditures of the said Committee with respect to its review of statutory instruments, as authorized by section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 14,600 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

APPENDIX "B"

(*See p. 1175*)

## OFFICIAL LANGUAGES

THIRD REPORT OF STANDING JOINT COMMITTEE

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TUESDAY, June 9, 1987

The Standing Joint Committee on Official Languages has the honour to present its

### THIRD REPORT

### INTRODUCTION

1. In compliance with its Order of Reference from the Senate dated April 15, 1986, and its Order of Reference from the House of Commons dated April 15, 1986, both of which dealt with the 1985 Annual Report by the Commissioner of Official Languages, your Committee discussed with the Commissioner amendments to the *Official Languages Act*, and considered the situation of Canada's official-language minorities, concentrating in particular on education in the language of official-language minorities.

2. In response to a recommendation by the Special Joint Committee on Official Languages in its Fifth Report, tabled in April 1983, the government changed the Committee's status to that of a Standing Committee. In February 1986, following adoption of the new Standing Orders of the House of Commons, the Committee was re-named the Standing Joint Committee on Official Languages.

3. The Committee held 18 public hearings between October 1985 and June 1986, at which many witnesses were heard. On the subject of amendments to the *Official Languages Act*, it heard the Commissioner of Official Languages and the Secretary of State. On the subject of education in the language of official-language minorities, the Committee heard the following witnesses: representatives of associations such as the Fédération des francophones hors Québec, Alliance Quebec, the Société nationale des Acadiens, the Association canadienne d'éducation de langue française, the Canadian Teachers' Federation, Canadian Parents for French and the Commission nationale des parents francophones. Lastly, a number of expert witnesses spoke with the Committee: Messrs. Bastarache, Lachapelle, Caldwell, Castonguay, Cartwright, Foucher, Scott, Goldenberg and Churchill. (Appendix I contains a list of the witnesses heard and the meetings held during the First and Second Sessions of the Thirty-Third Parliament.)

4. This Report therefore deals with the two areas mentioned above (the bill to amend the *Official Languages Act* and education in the language of official- language minorities) and contains three related recommendations.

Amendments to the *Official Languages Act*

5. The *Official Languages Act* was passed in 1969 with the support of all parties, and has never been amended. Since its creation in 1980, the Committee on Official Languages of the Senate and the House of Commons has been considering the application of the Act in the policies and programs initiated by the government. To do so, it has frequently invited to appear before it representatives of the central agencies responsible for implementing the Act within the Public Service, as well as outside it, among the official-language communities themselves. The Committee has also heard representatives of various government departments and bodies. And also, it has on a number of occasions discussed possible improvements to the Act with the two most recent Commissioners of Official Languages. It has regularly tabled to Parliament Reports concerned with such improvements: in July 1981, June 1982, April 1983 and June 1985.

6. The Committee is thus in an excellent position to assess the appropriateness of the changes the Government is planning to make to the Act. Its members, both Senators and Members of the House of Commons, share a lively interest as well as a broad range of expertise in the area of official

languages. It seems reasonable, therefore, that the Committee on Official Languages should consider the bill, rather than a legislative committee. Such a measure would also help expedite the procedure, as the two Houses would be considering the bill simultaneously.

For this reason the Committee recommends:

**RECOMMENDATION 1**

**THAT the bill to amend the *Official Languages Act* be referred to the Standing Joint Committee on Official Languages.**

### Official Languages in Education

7. Education in the language of the official-language minority has been and continues to be, a subject of controversy in a number of provinces. Although education falls under provincial jurisdiction, by virtue of section 93 of the *Constitution Act, 1867*, the teaching of the language for the official-language minority is subject to the provisions of the Constitution, under section 23 of the *Charter of Rights and Freedoms*.

8. A number of witnesses appeared before the Committee to describe the persistent difficulties facing education in the language of the minority. The chief difficulties raised were:

- Most provincial legislatures still do not comply with the requirements set down in section 23 of the *Charter* with respect to access to education in the language of the official-language minority and to governance of institutions serving such minorities; the result is that many cases are now being heard by the courts and others are being prepared;

- It has been indicated to the Committee that the financial assistance given by the federal government to the provinces in support of official languages in education is not always used towards the aims for which it was intended; this question should be studied seriously on the eve of discussions intended to lead to renewal of the bilateral agreements in this regard;

- The Committee heard numerous complaints about the lack of post-secondary education in French outside Quebec; since the federal government contributes on a large scale to post-secondary funding, it might therefore be useful to work towards the development of post-secondary education for Canada's French-speaking minority.

For this reason the Committee recommends:

**RECOMMENDATION 2**

**THAT the government call a federal-provincial First Ministers' conference early in 1988 to discuss official languages in education at the elementary, secondary and post-secondary levels throughout Canada.**

**RECOMMENDATION 3**

**THAT the government add to the agenda of the forum on post-secondary education that is to be held in Saskatoon, in October 1987, the question of the lack of post-secondary education for Canada's French-speaking minority.**

## APPENDIX 1

Meetings and Witnesses
(September 1985 to June 1986)

First Session of the Thirty-Third Parliament

| Issue | Date | Witnesses |
|---|---|---|
| no. 17 | September 24 and October 8, 1985 | - In camera meeting<br>- D'Iberville Fortier, Commissioner of Official Languages |
| no. 18 | November 19 and November 27, 1985 | - In camera meetings |
| | December 10, 1985 | - The Honourable Benoît Bouchard, Secretary of State |
| no. 19 | December 17, 1985 | - The Honourable Benoît Bouchard, Secretary of State |
| no. 20 | January 28, 1986 | - Michel Bastarache, Professor, Faculty of Law, University of Ottawa |
| no. 21 | February 4, 1986 | - Father Léger Comeau, President Société nationale des Acadiens |
| no. 22 | February 6, 1986 | - Michael Goldbloom, President, Alliance Quebec<br>- Gilles Leblanc, President, Fédération des francophones hors Québec |
| no. 23 | February 11, 1986 | - D'Iberville Fortier, Commissioner of Official Languages |

| | | |
|---|---|---|
| no. 24 | March 4, 1986 | - Réjean Lachapelle, Demographer, Statistics Canada<br>- Gary Caldwell, Sociologist, Quebec Institute for Research on Culture |
| no. 25 | March 11, 1986 | - Charles Castonguay, Mathematician, University of Ottawa<br>- Don Cartwright, Geographer, University of Western Ontario |
| no. 26 | March 18, 1986 | - Stephen Scott, Professor, Faculty of Law, McGill University |
| | April 15, 1986 | - Pierre Foucher, Professor, Faculty of Law, University of Moncton |
| no. 27 | April 23, 1986 | - Stephen Scott, Professor, Faculty of Law, McGill University<br>- Ivan Fellegi, Statistician, Statistics Canada<br>- Robert Blain, Director General, Human Resources, House of Commons |
| no. 28 | April 30, 1986 | - D'Iberville Fortier, Commissioner of Official Languages |
| no. 29 | May 6, 1986 | - D'Iberville Fortier, Commissioner of Official Languages |
| no. 30 | May 14, 1986 | - Mark Goldenberg, Director, Official Languages in Education, Secretary of State |
| no. 31 | May 21, 1986 | - Stacy Churchill, Researcher, Ontario Institute for Studies in Education |
| no. 32 | May 28, 1986 | - Liliane Beauchamp, President, Association canadienne d'éducation de langue française<br>- Frank Garritty, President, Canadian Teachers' Federation |
| no. 33 | June 4, 1986 | - Carolyn Hodyck, National President, Canadian Parents for French<br>- Raymond Poirier, President, Commission nationale des parents francophones |

## Second Session of the Thirty-Third Parliament

| | | |
|---|---|---|
| no. 22 | June 3, 1987 | - In camera meeting |

Respectfully submitted,

**DALIA WOOD**
*Joint Chairman*

# THE SENATE

**Wednesday, June 10, 1987**

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

Prayers.

## THE SENATE

**Hon. Finlay MacDonald:** Honourable senators, I should like to attempt to correct a comment in yesterday's *Hansard* following the statement of the Leader of the Government with respect to the Atlantic Canada Opportunities Agency, the establishment of which was supported generously by a number of senators, even though some may have had misgivings. It was particularly supported by those senators from the Atlantic region—Senators MacEachen, Thériault, Bonnell and De Bané. I find it difficult to understand some of the comments, and that is why I rise at this time. My difficulty is with respect to remarks attributed to Senator Olson.

**Senator Frith:** Which page are you referring to?

**Senator MacDonald:** These comments appear at page 1171, where Senator Olson said:

> . . . I am sure that all the words the minister just uttered were taken from the text of the speeches made when MSERD was set up in the first place. They are exactly the same.

Colleagues will know that MSERD is the acronym for Ministry of State for Economic and Regional Development. He went on to discuss the merits of what was known then as MSERD, at which time Senator Murray interjected:

> It was DREE that was destroyed.

Senator Olson said:

> It was not DREE that was destroyed but the Ministry of State for Economic and Regional Development, and the acronym for that is MSERD. All the great things that the minister has said about what they are going to do were there in that original announcement.

Then there follows a discourse between some honourable senators. Then Senator Murray said:

> But you were a member of the government when the administration of John Turner did away with that.

Senator Olson replied:

> I want the record to show accurately that this government completely abandoned regional economic development on September 4, 1984, when they were elected. Now they have finally come to recognize that there was a program in place . . .

and so on. I then asked him:

> Who destroyed MSERD?

I put the question to Senator Olson, to which he replied:

> You guys.

Then Senator Frith said, cheekily:

> We are glad you asked that. Are there any other questions?

**Hon. Royce Frith (Deputy Leader of the Opposition):** What did I say? Honourable senators, could I ask two questions? First, under what heading are we in terms of procedure? Second, could I ask Senator MacDonald which adverb it was that he just used?

**Senator MacDonald:** The adverb, Senator Frith, was "cheekily".

**Senator Frith:** Thank you.

**Senator MacDonald:** The key question, before I was distracted, was: "Who destroyed MSERD?" I asked a simple question. "You guys," said Senator Olson. "Are there any other questions?", cheekily asked Senator Frith.

I have to say that both MSERD and the other agency, which is not part of this, were abolished by Order in Council P.C. 1984-3036 of August 31, 1984, to be effective the following day, September 1, 1984. They were abolished under the prime ministership of the Right Honourable John Turner. I simply ask Senator Olson if he will be kind enough to acknowledge the correction.

**Hon. H.A. Olson:** Honourable senators, I will be happy, for the sake of accuracy, to say that I was aware that there was an order in council passed prior to the term of office of John Turner. But you guys destroyed the structure that was set up. That has not changed.

**Some Hon. Senators:** Hear, hear!

**Senator Olson:** It was still in place. There was an election on September 4, but you did not get into office until September 17—you should remember a little more carefully—because it took a few days for the old government to resign and move out and for you people to move in. If you bothered to read the rest of what I said, you would find that I said that what was in place was an organization known as MSERD, with all of the trappings and details and the administrative requirements that are there to make it work, and so on—exactly the same thing that Senator Murray described in his speech yesterday. There is no question in my mind as to who destroyed that whole thing.

If you want to be accurate, I should point out that Senator Murray said:

> But you were a member of the government when the administration of John Turner did away with that.

I was never part of that administration. If you want to speak of accuracy, then let us have it completely accurate. There is a bit of a problem here, because I do not really know on what basis Senator MacDonald occupied the floor at this stage. If one disagrees with someone in debate, I guess that one can get up and say, "I disagree with you. I want to correct it," and so on. But there is no question of privilege, because I did nothing to offend any member of the Senate. Is there any point of order?

**Senator Frith:** I was the one who was cheeky, not you.

**Senator Olson:** Yes, it was the honourable senator who was cheeky, not me. Are we setting up something that is new, a new question of something? Possibly it is a question of disagreement. It is not a question of privilege and it is not a point of order. What reason did Senator MacDonald have for rising in his place?

**Senator Roblin:** You were just wrong, that's all.

**Senator Olson:** Senator Roblin knows enough about the rules in a democratic forum to know that one does not jump to one's feet for nothing. I am not sure on what basis Senator MacDonald is making what he alleges to be a correction. Really, it is a difference of opinion as expressed in debate.

**Senator Roblin:** It's a fact.

**Senator Olson:** I know when the P.C. order was passed. But you guys destroyed the whole structure that was set up.

**Some Hon. Senators:** Hear, hear!

**Senator Olson:** This gives me an opportunity to tell Senator Murray one or two things that I think he ought to know, which is that he will come back here day after day saying that he has not had enough time to get the infrastructure and all of the trappings that he needs in place so that he can deliver some effective regional economic development. I can predict that now. I will just tell him that had he left what was there, set up by competent bureaucrats and politicians, including support from some Conservatives, he would not have to waste all that time in putting it in place now.

As a matter of fact, the person whom he named—I am not quite sure of this; I will check it. I think it is a Mr. McPhail—to be the head bureaucrat of this new agency was, in fact, the FEDC officer in New Brunswick when they destroyed it. I am not sure whether it is the same name, so I want to be careful.

**Senator Murray:** It was DREE before that.

**Senator Olson:** So now you are bringing them all back. It is a lot of garbage to say that you are coming in with a new program. You are so bankrupt of ways of doing things in areas where you know you have responsibility that you are going back to look at stuff that is already five or six years out of date. I am glad that at least you acknowledge that there were some good things going then that you feel you must resurrect now. It is a little late. The sad part about it—and I hope Senator MacDonald is listening—is that you have wasted all this time. It is too bad.

**Senator MacDonald:** Why should I listen? You are never going to make the point anyway.

**Senator Olson:** If honourable senators opposite look at the polls that came out this morning, they will find that the kind of garbage they are perpetuating in here is not being bought by the people out there. The people want some action. They want this government to demonstrate what it can do, and not come along with a bunch of fancy ideas and words that really involve the resurrection of something that was set up months and, in many cases, years ago.

**Some Hon. Senators:** Hear, hear!

**Senator MacDonald:** Honourable senators, possibly some honourable experts in this house can indicate to me, as a relative newcomer—only two and a half years tenure—the proper procedure for drawing to the attention of the Senate a statement made, in this case yesterday, which is totally incorrect. Perhaps someone could advise me as to what my privileges are with respect to getting up and pointing out this inaccuracy. I am not making a case, good or bad, for MSERD. I am simply asking Senator Olson—

**Senator Frith:** Cheekily!

**Senator MacDonald:** —to acknowledge, without distracting us by raising matters involving Mr. McPhail, previous events or anything else, that he was wrong when he answered my question, "Who destroyed MSERD?" He says, "You guys." It was not us guys, it was you guys! Just acknowledge it! I shall not hold up the proceedings of the chamber any longer.

**Senator Olson:** Peace!

## DISTINGUISHED VISITORS IN GALLERY

**Hon. Rhéal Bélisle:** Honourable senators, I would like to draw to your attention the presence in our gallery of a parliamentary delegation from India led by the Honourable D. Shankaranad, Minister of Water Resources, and the High Commissioner of India, Mr. S.J.S. Chhatwal.

**Hon. Senators:** Hear, hear!

## AGRICULTURE AND FORESTRY

THIRD REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Dan Hays:** Honourable senators, the Standing Senate Committee on Agriculture and Forestry has the honour to present its third report respecting power to incur special expenses pursuant to the procedural guidelines for the financial operation of Senate committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**A Clerk at the Table:**

Wednesday, June 10, 1987

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

THIRD REPORT

Your Committee, which was authorized by the Senate on May 6, 1987, to examine and report upon Farm Finance to assess the gravity of the current problems facing the Canadian Agricultural Industry, to consider the degree to which existing government policy and programs have been successful in meeting their objectives and to make recommendations on how to better meet the needs of the Canadian Agricultural Industry,—

**Some Hon. Senators:** Dispense.

**Hon. Eymard G. Corbin:** Honourable senators, I would like to have the report read.

**A Clerk at the Table:**

—respectfully requests that it be empowered (i) to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study, and (ii) to adjourn from place to place within and outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees* the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

DANIEL HAYS
*Chairman*

(*For text of appendices to report, see p. 1209.*)

● (1410)

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

**Senator Hays:** Honourable senators, with leave, I move that the report be taken into consideraton now.

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

**Hon. Duff Roblin:** Honourable senators, I think it would be appropriate to let us have a chance to read the report before it is debated.

**Senator Hays:** Honourable senators, I am sorry, I did not hear Senator Roblin.

**Senator Roblin:** I would much prefer if it were dealt with at the next sitting of the Senate and not now.

**Senator Hays:** Honourable senators, I have not had an opportunity to speak to the deputy chairman about this, but if the matter could be adjourned in his name, so that it can be dealt with during my absence next week, that would be appropriate.

[The Hon. the Speaker.]

**Hon. Orville H. Phillips:** What about tomorrow, that is, at the next sitting of the Senate?

**Senator Hays:** Very well.

On motion of Senator Hays, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

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# QUESTION PERIOD

[*English*]

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

CONSIDERATION IN COMMITTEE OF THE WHOLE—
AVAILABILITY OF CANADIAN AMBASSADOR TO FRANCE AS WITNESS

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, yesterday Senator Phillips, in his address to the Senate, referred to the examination of the Canada-France fisheries and boundaries agreement by the Committee of the Whole. His intervention brought to mind that that subject still remains an item of unfinished business that takes on additional urgency in light of the announcement that the French are now proposing to undertake explorations in the disputed zone off St. Pierre and Miquelon.

Honourable senators, the steering committee had been interested in securing the evidence of Mr. Lucien Bouchard, the Canadian Ambassador to France. However, at that time we were notified by the department that Mr. Bouchard was deeply involved in the preparations for the visit to Canada of President Mitterrand and could not attend. I wonder whether the Leader of the Government would assist us in determining whether Ambassador Bouchard could come to the committee now so that we could get a French perspective on these developments. I know that when he was in Ottawa, the ambassador made himself available to the party caucuses, and I thought that it would strengthen our hand in having him appear before the Senate Committee of the Whole, in view of his availability to address the Liberal caucus, the NDP caucus and, I presume, the Conservative caucus.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I thank the Leader of the Opposition for reminding me that I had agreed to convey to our colleague, the Secretary of State for External Affairs, the considerable interest of honourable senators in hearing Ambassador Bouchard. I did follow through on that undertaking, and I did send a message to my colleague, but I have not yet heard back, and I will make inquiries shortly.

FRENCH EXPLORATION IN DISPUTED ZONE—ROLE OF PRESIDENT OF FRANCE

**Hon. Allan J. MacEachen (Leader of the Opposition):** I thank the minister for that assurance of assistance.

I should like to ask a somewhat related question, and that is whether President Mitterrand alerted the Government of Canada to the possibility of France's undertaking exploration in the disputed zone.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have no reason to believe that that was the case.

**Senator MacEachen:** The minister said that he has no reason to believe that that was the case, which is not a complete answer to the question. I should like to have it confirmed with a "yes" or "no" whether the President of France came to Canada, had discussions on this sensitive question of boundaries with the Government of Canada, and did not tell the Government of Canada that his government was proposing quick action in asserting its jurisdiction in the disputed zone.

It is obvious that a decision to explore is an assertion of jurisdiction, and anticipates the negotiations that were to take place to determine the boundary.

Perhaps the minister does not have the answer today, but I should like to have some information on that point, because I think it says something about the frankness of the exchanges between the two governments, if President Mitterrand did not convey the intention of the Government of France with respect to exploration in the disputed zone.

## REQUEST FOR ANSWERS

**Hon. H.A. Olson:** Honourable senators, the Leader of the Government in the Senate said yesterday that he would bring some information to the Senate today respecting the 70 per cent of the $1 billion that was to be paid in deficiency payments to western grain farmers and that has not been paid.

He also indicated that he was going to bring to the Senate information respecting whether or not Canada was successful in making representations to the Government of the United States, dealing with the regulatory order made by the Federal Energy Regulatory Commission prohibiting sellers and transporters of Canadian natural gas from adding on transportation costs, so that there could be a flow through of those costs to the utilities and the consumers. He said that he would give the Senate information on that today.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, with regard to the first part of the question, I am informed by the Minister of Agriculture that the cheques are or will be in the mail this afternoon.

Regarding the second question, I have no further information on the FERC decision, but I do hope to have something tomorrow.

## DELAYED ANSWERS TO ORAL QUESTIONS

## THE CONSTITUTION

FIRST MINISTERS' ACCORD—INTERPRETATION OF TEXT RE AGENDA FOR FIRST MINISTERS' CONFERENCES

**Hon. Orville H. Phillips:** Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 28 last by the Honourable Senator John B. Stewart regarding The Constitution—First Ministers' Accord—Interpretation of Text Re Agenda for First Ministers' Conferences.

(*The answer follows:*)

Clause 13 of the Schedule found in the Constitutional Accord signed on June 3 by First Ministers clearly states that the annual constitutional conferences "shall have included on their agenda" the matters referred to in the Honourable Senator's question. This agenda is thus mandatory for the first and subsequent conferences.

Understandably, First Ministers could agree to repeal this obligation, for example, once Senate reform had been achieved.

FIRST MINISTERS' ACCORD—TERMINOLOGY OF TEXT—DANGER OF CLASSIFYING FRENCH-CANADIANS UNDER TWO CATEGORIES

**Hon. Orville H. Phillips:** Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 28 last by the Honourable Senator Pierre De Bané regarding The Constitution—First Ministers' Accord—Terminology of Text—Danger of Classifying French Canadians Under Two Categories.

(*The answer follows:*)

The proposed amendments, which are appended to the constitutional accord signed by First Ministers on June 3, recognize the existence of "French-speaking Canadians, centred in Quebec but also present elsewhere in Canada . . ."

This recognition will not create, as suggested by the Honourable Senator, two groups of French-speaking Canadians. Rather, it makes clear that the existence of French-speaking and English-speaking Canadians, no matter where they live, is a fundamental characteristic of Canada.

As for the use of the words "promote" and "preserve", it should be noted that Parliament and provincial legislatures will not in any way be limited in efforts to promote the fundamental characteristic of Canada described in the constitutional text. It represents, for the first time in Canadian history, a common commitment of governments to the linguistic duality of Canada. Parliament has played and will continue to play a major role in promoting respect and understanding in this area.

## PATENT ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator David, for the second reading of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto.—(*Honourable Senator Doody*).

**Hon. Orville H. Phillips:** Honourable senators, while this item is adjourned in the name of Senator Doody, he is willing to yield to any other senator who wishes to speak on it.

Order stands.

[*Translation*]

## THE CONSTITUTION

MOTION TO REFER FIRST MINISTERS' ACCORD AND AGREED TEXTS TO COMMITTEE OF THE WHOLE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:

That the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to a Committee of the Whole for the purpose of hearing witnesses and making a report.—(*Honourable Senator Murray, P.C.*).

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, the motion before us has to do with the parliamentary procedure to be followed in the case of the resolution to amend the Constitution.

I do not intend today to speak to the subject matter of the resolution itself. In the near future I will have an opportunity to open the debate on the motion in this House. However my position and that of the government are very well known.

However the position of the Leader of the Opposition in the Senate is not as clear. He did not take the opportunity—

**Senator Frith:** The Leader of the Opposition in the Senate?

**Senator Murray:** The position of the Leader of the Opposition in the Senate is not very well known.

Senator MacEachen did not take the opportunity of his speech last June 2 to state clearly his position on the constitutional project. As far as I know he has yet to endorse, at least publicly, the courageous, crystal-clear and unequivocal position of his national leader, the Right Honourable John Turner.

Still, the statement on the Meech Lake accord made in this house by the Leader of the Opposition last May 5 as well as his interventions during the oral question period since then enable us to draw certain conclusions concerning his approach to this project.

According to his May 5 statement, the Leader of the Opposition in the Senate claims that the accord would represent a significant shift of power and authority from the Parliament of Canada to the provinces. He seems to denote a weakening of Parliament and the federal government to the benefit of the provinces.

During the oral question periods since May 5, Senator MacEachen, with the support of Senators Frith and Stewart (Antigonish-Guysborough), has led an attack against the Meech Lake accord.

**Hon. Senators:** No.

**Senator Murray:** They all seem very concerned, if not scandalized, about the recognition of Quebec as a distinct society within Canada in the Constitution and about what they see as the implications. Most of their questions and comments in the house on the Constitution were, in fact, about the issue of recognizing Quebec as a distinct society in our Constitution.

As my colleague, Senator Phillips, said yesterday, considering the tone and scope of the questions and comments we heard from these three senators, we may conclude they are not lining up behind their present leader, Mr. Turner, but behind the former leader, the Right Honourable Pierre Elliott Trudeau.

We do not know whether the Liberal caucus in the Senate supports the approach taken by the Leader of the Opposition in the Senate, or if the Liberal senators stand solidly behind their national leader, Mr. Turner.

In any case, honourable senators, there are several aspects of the public debate on the Constitutional accord on which I would like to comment briefly this afternoon.

First, I notice to my great satisfaction the very positive reception given by Canadians to the accord. According to all the polls, Canadians support the accord by a very impressive majority. Fifty-one per cent are in favour, 27 per cent are against, and 21 per cent are undecided, according to the poll by *Maclean's* magazine. In fact, all the components of the accord seem to be receiving solid support in the various polls.

What is even more satisfying and revealing is the massive support shown by Quebecers. The headline in *Le Devoir* of June 4: "Canada says yes to Quebec", seems to summarize in one sentence what a majority of Quebecers had been waiting for since 1982.

This accord will enable Quebec to take its place at the constitutional table with, to borrow a phrase from Prime Minister Mulroney, "honour and enthusiasm". I think our fellow Canadians are very impressed with the unanimous support the accord received from the eleven First Ministers. Canadians have waited a long time for a sign that federal and provincial governments are capable of working together in the national interest.

Fortunately, this unanimous support is now being echoed in the Parliament of Canada, at least by the leaders of the three political parties in the House of Commons. And as I have said before, we must not forget the extraordinary leadership and national vision of Prime Minister Mulroney, without whom this accord would not have been achieved.

May I also commend Mr. Turner and Mr. Broadbent, who are giving the constitutional proposal a non-partisan aspect

that will make it still more legitimate, impressive and convincing.

The position taken by Mr. Turner on the accord is in basic agreement with the statements he made over these last two years and the policies voted by the Liberal Party's national convention. I would say roughly the same for Mr. Broadbent and the New Democratic Party.

The five conditions set by Quebec to its concurrence to the 1982 constitutional agreement were put forward by Mr. Bourassa and the Quebec Liberal Party during the provincial elections, in December 1985. That was an integral part and a major component of his electoral platform. As we know, Mr. Bourassa and his colleagues received quite an impressive mandate at that election.

Since then, Quebec's premier and Minister Rémillard elaborated on many occasions on Quebec's five proposals. Notably in May of last year, at Mont-Gabriel.

Mr. Turner, for his part, publicly commented in a very open and positive way on Quebec's proposals. In particular, he gave a long interview to *Le Devoir* on June 13, 1986.

**Senator Frith:** The reference is always to process, rather than substance, as you promised.

**Senator Murray:** That involves the process that we just started in this house and in Parliament. It is very unfortunate indeed if my friend finds it hard to accept the information I am providing him.

Mr. Turner, as I said, commented publicly, in an open and positive way on Quebec's proposals, in an interview with *Le Devoir*, on June 13, 1986. That interview dealt with almost every component of the constitutional, Canada-Quebec matter.

On November 29 and 30 last, the National Convention of the Liberal Party adopted a number of resolutions concerning Quebec, the Constitution and even the Senate. There is therefore nothing surprising about Mr. Turner's support for the accord. In fact, the opposite would have been a surprise. I would have been most astonished had he opposed it.

[*English*]

Mr. Turner, of course, has taken the position that there are details in this accord that he thinks might have been done differently and, in his view, might have been done better. He intends, as is his right and duty, to draw attention to these matters in the course of the parliamentary proceedings. He has also made it clear, however, that the official position of his party is that its members will vote for the accord as it is at the end of the debate.

I raise these matters now not to discuss the affairs of the Liberal Party but because the point, the very important and essential point, that Mr. Turner has made touches upon the parliamentary process that we are discussing today. It seems to me that Mr. Turner recognizes, first, that whatever reservations he may have on certain details are outweighed by the attainment of the goal that we all share—the voluntary assent of Quebec to the Constitution. Put another way, his reservations on certain details are not such, he believes, as to justify his attempting to block the achievement of Quebec's reintegration.

Second, as a practical matter, Mr. Turner knows that there will be a second round. It is provided for in the accord. Indeed, there will be annual conferences on the Constitution, during which some of the proposals he and others are now putting forward can be considered. He can use, and obviously intends to use, the parliamentary process we are now embarking on to have these proposals discussed in the hope that we might reach agreement on them at a future conference.

Third, he knows that if the present resolution does not pass Parliament and the legislatures, there will be no second round. Our constitutional evolution would continue to be blocked, or at least badly impeded, by the refusal of Quebec to participate in it.

Fourth, Mr. Turner knows that in the present process no Parliament, no legislature, can unilaterally effect a change in the resolution. Any amendment, unless it already enjoyed unanimous agreement, would require that we begin again at zero; that is, that we commence the process all over again. So he is, as a practical matter and as a matter of principle, prepared to make his points strongly this round and to vote for the resolution at the end of the day.

Fifth, of course—and here I may be stepping somewhat on to territory that is not my own—he has said, and properly and correctly so, that he is on the right side of history. I cannot but recall that, while attention is paid to dissenting voices from time to time, history will always judge in the near and the longer term where the leader and the party stood on such a matter. My mind goes back—not with a great deal of pleasure, but, nevertheless, it does go back—to the year 1969 when the Official Languages Act was going through Parliament. Mr. Stanfield and the large majority of his caucus voted in favour of the bill. Some 16 or 17 members stood in opposition to it. The experience did not destroy or ruin the Progressive Conservative Party. The large majority, in any case, stood together. What would have destroyed the Progressive Conservative Party for some time to come would have been if the leader of the caucus had officially been opposed or, worse, tried to equivocate on a matter of fundamental and national importance.

[*Translation*]

I referred earlier to the headline in *Le Devoir* of June 4, 1987—"Canada says yes to Quebec". It is my ardent hope there will never be cause to change that headline to read: "Canada says yes to Quebec, but Liberal senators say no."

[*English*]

The debate on the motion that is now before us has touched to a great extent on the different roles of the Senate and the House of Commons in constitutional amendment. It has been pointed out that our roles are different, and that we in the Senate have only a suspensive veto. As honourable senators know, our powers, in principle at least, are virtually equal to those of the House of Commons in most other respects. It follows, it seems to me, that those who framed the Constitu-

tion in 1982 wanted to give the Senate a lesser role, even a subordinate role—a suspensive veto—vis-à-vis that of the House of Commons.

**Senator Olson:** It was not for that reason, either.

**Senator Murray:** I am not aware that my honourable friend was one of the framers of the Constitution in 1982 so that he can speak clearly to the motivation behind it.

**Senator Frith:** But you don't have any such inhibition and you were not any such framer.

**Senator Murray:** Honourable senators, we have the evidence that a constitutional amendment must pass the various provincial legislatures, it must pass the House of Commons, and it will pass the Senate after six months if the House of Commons re-introduces it. We have only a suspensive veto.

**Senator Frith:** In that case, it will not pass the Senate. It will pass without the Senate.

**Senator Murray:** It will pass without the Senate, quite. What that amounts to, and surely Senator Olson will agree to this, is a lesser role for the Senate in the process of constitutional amendment—a role that is less than that enjoyed by or accorded to the House of Commons. That is a fact. It is not an interpretation. It is not a statement of anyone's motivation, it is a fact.

**Senator Olson:** It is your interpretation.

**Senator Murray:** Under the circumstances, I raise the question as to whether this house should not, as we normally do, defer to the elected chamber insofar as the process is concerned. We have a motion before us to refer this matter to Committee of the Whole. I must inform the Senate what I am sure most senators already know, that the government proposes that there shall be a joint committee of this place and the House of Commons. The Deputy Prime Minister has made a proposal, as of last Monday, to the house leaders of the other parties in the House of Commons. Indeed, he has left with them a draft joint order for the creation of a joint committee. So it seems as certain as one can be that we in the Senate will be confronted in a couple of days with a motion from the House of Commons asking us to concur in the creation of a joint committee of this place and the other place to study the constitutional resolution.

Surely we are not, therefore, going to anticipate that motion, which we know is coming, and which is based on a proposal for a joint committee, which we have known for some days was on the table. Surely we are not going to anticipate this by rushing ahead today and referring the matter to a Committee of the Whole. Is the Senate going to put itself in the position of refusing to concur with a motion which we know is coming to create a joint committee? I certainly hope not. I would have hoped that honourable senators opposite, and the Leader of the Opposition in particular, knowing what they know, would have agreed that the Leader of the Opposition withdraw his motion, or at any rate adjourn it, until we have heard from the House of Commons as to its desire in connection with the parliamentary process.

[Senator Murray.]

MOTION IN AMENDMENT

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I have an amendment to the present motion which I believe will acomplish the purposes of which I speak. My amendment, seconded by Senator Phillips, is:

> That the motion be not now adopted, but that it be amended to read as follows:
>
> That unless a message is received from the House of Commons by Wednesday, June 17, 1987, inviting the Senate to participate in a special joint committee on the Constitution, the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to a Committee of the Whole for the purpose of hearing witnesses and making a report.

**Some Hon. Senators:** Hear, hear!

**Senator Argue:** A good try, but it won't work.

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:

> That the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to a Committee of the Whole for the purpose of hearing witnesses and making a report.

In amendment, it is moved by the Honourable Senator Murray, P.C., seconded by the Honourable Senator Phillips:

> That the motion be not now adopted, but that it be amended to read as follows:
>
> That unless a message is received from the House of Commons by Wednesday, June 17, 1987, inviting the Senate to participate in a special joint committee on the Constitution, the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to a Committee of the Whole for the purpose of hearing witnesses and making a report.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

POINTS OF ORDER

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I know that Senator Olson wishes to address this question now, but I would like to make it clear that I wish to raise a point of order on the amendment, which I regard as a new substantive motion requiring notice. In other words, it is not an amendment.

**Senator Frith:** Quite right. You could look it up.

**Senator MacEachen:** It is a substantive motion in itself, and its purpose could be achieved by a straight negativing of the main motion.

**Senator Frith:** Agreed. Exactly.

**Senator MacEachen:** I simply assert that it is out of order, and I will be arguing that point.

**Senator Argue:** A double negative.

**Hon. Eymard G. Corbin:** Honourable senators, on another point of order, I question the acceptability of the motion, procedurally speaking, inasmuch as it attaches a condition; and I would like that matter to be debated and examined, and perhaps we should also have a ruling on that aspect of it.

**Senator MacEachen:** Honourable senators, I presume that the comments of Senator Corbin and myself have been noted and that it is clearly understood that there are two points of order before the chamber to be dealt with in the normal way.

**Hon. Orville H. Phillips:** Honourable senators, I will be interested to hear from the Leader of the Opposition on his assertion that Senator Murray's motion in amendment is a substantive motion. It does not alter the principle of the motion presented by the Leader of the Opposition. All it does is ask that the house delay a decision. I believe the motion in amendment is in order, and I am interested in the fact that his colleague, Senator Olson, is now prepared to speak. On what will he be speaking?

**Hon. H.A. Olson:** I did not know that the Leader of the Government was going to move an amendment.

**Hon. Royce Frith (Deputy Leader of the Opposition):** You gave us no notice that you were going to move an amendment.

**Senator Olson:** Honourable senators, speaking first to the point of order that has been raised by the Leader of the Opposition, I fully concur in his view that this is not a proper amendment to the motion that is before us. I have to say also that I fully agree with Senator Corbin's assertion that this makes the motion before this chamber conditional on some action being taken in the other place. That is unprecedented. There is no provision of any kind in the rules of which I have ever heard that says that one can move something on the floor of this chamber, some assertive action, provided that somebody else does something in the meantime. That is the most ridiculous condition to a motion that I have ever heard.

**Some Hon. Senators:** Hear, hear!

**Senator Olson:** I think that both Senator Corbin and the Leader of the Opposition are right. Quite frankly, I wanted to make a speech, because I have some very firm views on some of the matters contained in the Meech Lake accord. The motion, as I knew it up until five minutes ago, was to bring it before this chamber in Committee of the Whole so that we could discuss it, and I wanted to give reasons why I consider that to be an excellent idea. However, if the Leader of the Opposition is ready to proceed with his point of order, we should probably deal with that first. If not, I am prepared to give my speech. I agree with Senator Corbin's assertion. In my view, it is ridiculous that this chamber can accept a motion on the condition that somebody else does something.

**Senator MacEachen:** Honourable senators, I am quite prepared to proceed with my point of order; but before making my argument, I would like to get a copy of the amendment proposed by the Leader of the Government and read it, because as I heard it read, it results in the removal of the motion which is before the house and the substitution of a new motion.

**Senator Olson:** That's right, unless something happens by Wednesday.

**Senator MacEachen:** The amendment is to strike out the existing motion and put in a new motion—at least, as I read it—that the motion be not now adopted. In other words, that we defeat it and that it be amended. So, it is not an amendment. The words "be amended as follows" are not applicable. The motion that is before the house is totally struck out and a new proposition is put before the house.

What is the amended motion? The amended motion is: "That the motion be not now adopted, but that there be substituted therefor, that unless a message is received . . ." So it is clear that that is a new proposition. It does not even purport to amend or change the main motion. It is a total substitution. I believe that it is elementary in matters of procedure that it is impossible to introduce a totally new proposition unless it is by notice and in the form of a substantive motion. That is all the argument I want to make, because the procedural objection is, I think, quite self-evident.

● (1450)

**Hon. Duff Roblin:** Honourable senators, I wish I were as confident as my honourable friend that the motion in amendment is out of order. I am not nearly as sure as he is that it should not be accepted. Regardless of the wording that the honourable senator has read to us, what is the substance of this matter? Are we saying that we should not have a Committee of the Whole? No, we are not.

**Senator Olson:** Yes, you are.

**Senator Roblin:** We are saying that we will have a Committee of the Whole unless something else happens. We are saying that there is a condition precedent; namely, that we should have heard from the other place as to whether or not we should have a joint committee. If we do not have a joint committee, then we will have a committee of our own. It seems to me that this is not a new motion, as my honourable friend states, but that it is clearly a modification of the existing motion. It modifies that motion as to time. That is what it does, and that is the only thing it does.

**Senator MacEachen:** May I ask Senator Roblin in what way it modifies the existing motion? It makes no effort to modify the existing motion. It substitutes a new motion for the existing one. If it were an amendment to the existing motion, then I would have to reconsider my position. If this motion were put by the Chair, the motion which I have put will disappear, and, therefore, it is not a modification.

**Senator Roblin:** I just do not agree with my honourable friend. I think it modifies the original idea by imposing a time element that was not previously there. That is what it does. It modifies the motion with respect to time, and that is all it does. I think it is an amendment and not a new substantive motion.

I am perfectly well aware that we will not settle this particular argument here today. At least, I would be surprised

if we did. However, speaking for myself, I cannot accept the objections raised against this amendment. I think it is in order and that it ought to be proceeded with, and if there is substantial objection by honourable senators, then I think we ought to ask the Speaker to tell us what the rules are.

**Senator Phillips:** Honourable senators, I rise on the point of order. I point out to the Senate that it was the intention of the opposition originally to have a vote this afternoon, and later on their position changed and they decided they would adjourn the debate this afternoon. All this motion does is delay a decision until next Wednesday, which involves one day, for the specific purpose of finding out the intention of the House of Commons. In no way does it eliminate the Committee of the Whole. Unless by next Wednesday the House of Commons has extended an invitation or passed a resolution, the Senate is still free to proceed with the Committee of the Whole. The Committee of the Whole would not have proceeded before next Wednesday under any present circumstances, so it is not interfering with the committee. It is not altering the intention of the original motion in any way. I ask that the Chair, in making its ruling, bear this point in mind. The committee which would follow from the intention of the Opposition at the present time would not exist before next Wednesday in any event, so this motion in no way alters the original motion.

**Senator Frith:** Do you want to wait until next week and move the adjournment of the debate?

**Hon. John B. Stewart:** Honourable senators, Senator Phillips has not addressed the point of order. He has talked about what would happen in a possible sequence of events, but what we have before us is a point of order. I suggest that the Leader of the Opposition is correct. Let us see what the minister is proposing to do. He is proposing two distinct steps. He is proposing, first, that the Senate agree that the main motion be not now adopted. If the minister wishes to vote against Senator MacEachen's motion, he does not have to attempt to amend it. He can simply rise and vote against it. That would be in order.

However, the minister is not satisfied to do that. He wants to put a new and different motion on the order paper of the Senate. There is a technique by which the minister can put a new motion on the order paper of the Senate. He can give notice of his motion, notice of quite a different motion, the one he is attempting to smuggle in by means of a purported amendment. I submit that he cannot achieve the setting aside of Senator MacEachen's motion by a purported amendment, which would have the effect of replacing that motion with an entirely different proposition. He is eliding two things illicitly here; consequently, his motion in amendment must be ruled out of order.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I simply draw your attention to the fact that the original motion moved by the honourable the Leader of the Opposition is:

> That the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to a Committee of the Whole for the purpose of hearing witnesses and making a report.

[Senator Roblin.]

The amendment that I am proposing would add the following words:

> That unless a message is received from the House of Commons by Wednesday, June 17, 1987, inviting the Senate to participate in a special joint committee on the Constitution, the Meech Lake Constitutional Accord—

That does not seem to me to negative the original motion; it modifies it. Frankly, I was seeking a procedural way to save time. I did not want to put the Senate in the position where we would have to start all over again if we accepted this motion and then received a message from the House of Commons asking us to concur in the formation of a joint committee. We would have to have another debate, at which time the Senate might find itself in the very unwelcome position of having to defy a message to concur from the House of Commons.

**Senator Frith:** Perish the thought! Are we never supposed to do that? Is nothing sacred?

**Senator Murray:** I thought that this amendment I proposed covered us on all fronts, that if the House of Commons sent us a message asking us to concur in a joint committee—

**Senator Guay:** If!

**Senator Murray:** —we would then agree to that, as is almost always—certainly always in my experience—the disposition of the Senate. If the House of Commons did not send such a message within a week, if, for example, they decided to have a committee of their own, then we would do as the Leader of the Opposition proposes and go into Committee of the Whole. I thought that I had come upon a way of saving time, of protecting and preserving the traditional relationship between this chamber and the other place, and of moving this project along. I regret if that turns out not to be the case, but naturally I place myself and my amendment in the good hands of Mr. Speaker.

• (1500)

**Senator MacEachen:** Honourable senators, the form of the amendment is improper because the new motion calls for the defeat of the motion which I made. If Senator Murray's motion were put and carried, it would defeat the original motion.

**Senator Murray:** It would amend it.

**Senator MacEachen:** It would be not now adopted; it would be defeated.

**Senator Murray:** It would amend it.

**Senator MacEachen:** It says:

> . . . be not now adopted.

In other words, it would be defeated. Those are the words. The words mean something, and, in parliamentary terms, the words "That the motion be not now adopted" mean that it is defeated. Then, by the use of the word "amended" there is substituted a new motion in form, so that I have an objection in form, which is as valid as an objection in substance.

However, as the Leader of the Government has just now said, if this alleged amendment were put and carried, we would then establish a joint committee.

I have another objection which may not be quite procedural, but which is, I think, very substantial, and that is that it is offensive to me that the Leader of the Government would attach a condition to the motion which he himself is in a position to influence, because he knows what is happening in the government; he knows what discussions are taking place as to whether there is to be a motion put before the House of Commons by the government, and we do not know. Also, he is putting a condition in the form of an amendment, a condition which he is able to influence and about which he probably has definite knowledge. So why not come straight out—

**Senator Murray:** I indicated that to the Senate.

**Senator MacEachen:** —and then if your intention is to oppose the Committee of the Whole, the clear-cut way to do it is to vote against this motion.

**Senator Murray:** I was trying to make things easier for you.

**Senator MacEachen:** I am not having any difficulty, and if I were, I would not expect my honourable friend to help me very much. It has not been my experience in the past that he has been helpful.

I would just reiterate that if I were to retreat to the most certain procedural objection, that objection would be to the form of the motion, and that is enough to rule it out of order.

**The Hon. the Speaker:** Honourable senators, perhaps the motion could be amended to say that the debate on this question be postponed until next Wednesday. Would that settle the case?

**Senator MacEachen:** Honourable senators, the amendment must be dealt with as it is written. We cannot fiddle around to fix it up.

**The Hon. the Speaker:** I assume that the Leader of the Government would withdraw his motion in amendment and substitute a motion to debate the question next Wednesday. However, I am not an expert.

**Senator Frith:** But the point of order has to be dealt with, Mr. Speaker, and of course it must be raised when the breach of order takes place, and that is what has happened here. Therefore, what is before you, Mr. Speaker, is a disagreement on a question of order. Under our system, senators settle their own points of order if they can, but we clearly have a disagreement as to whether this motion is in order, so it is now in your hands to rule on that matter. That, of course, interrupts all other proceedings. Therefore, whether at some point someone is going to move the adjournment of the debate on the original motion with the amendment ruled out of order—or with the amendment in order—the question before you right now is: Is the amendment in order? That was the point of order that was raised when the alleged breach took place, and that is what has to be dealt with.

**The Hon. the Speaker:** In that case, honourable senators, I will take the matter under advisement. I will review the arguments that have been put forth and come with a ruling to the next sitting of the Senate. In the meantime, I suggest that debate on the main motion continue today so as not to delay this matter.

**Senator Olson:** Honourable senators, someone is asking me what I am speaking on. I have heard the Speaker's suggestion that he take the arguments on the point of order under advisement and give a ruling at the next sitting, which I suppose will be tomorrow. If it is agreeable to honourable senators, what I will do is make my views on the original motion known, perhaps discussing as an aside the amendment that was made and giving an indication of what my views would be on that. However, if some senators have some problem with my proceeding on that basis, I am certainly willing to yield the floor. Otherwise, I will carry on as if tomorrow we will get a ruling on the propriety of the amendment that has been moved.

**Senator Phillips:** I would be quite willing—and, in fact, pleased—to hear the honourable senator, provided he is speaking on the main motion, and does not inflict himself upon us a second time at a later stage by saying that he spoke on the amendment and now he is speaking on the main motion.

**Senator Frith:** Nice try; he does not have to do that.

**Senator Olson:** That is a nice try by the honourable senator. I probably would not be speaking a second time anyway, but I can tell Senator Phillips that I am not giving him any undertaking as to whether or not I would be disposed to speak on any motion when I have a right as a senator so to do. Therefore, as someone said, it was a nice try, but I give him no such undertaking.

Honourable senators, my view is that the Senate has a direct constitutional obligation to deal with this matter. It is provided that the Senate must introduce and deal with a resolution that considers amendments put before it. There are some other provisions, such as a six months' suspension, if the Senate does not agree with what is contained in that resolution, but I do not intend to get into that at the moment.

My problem with our failing to set up a committee of the Senate, as is called for in this resolution, is that we would not be carrying out our obligations. Senator Frith's speech dealt at some length with that matter, and I just finished re-reading that speech. I do not intend to raise all of those points, but I can tell you—and I might as well be frank about it in this debate—that I am not willing for the Senate to subject itself to the usual structure following from the difference in numbers between the House of Commons and the Senate, and therefore to be dominated by the House of Commons in carrying out our constitutional and statutory obligations.

**Senator Murray:** It did not seem to bother you in 1981-82.

**Senator Frith:** It was a different situation then.

**Senator Olson:** It was a completely different situation at the time.

**Senator Frith:** It was a different amending formula.

**Senator Olson:** I want to tell Senator Murray that what troubles me more than anything else about this Meech Lake accord is that if the changes to the Constitution are carried to their ultimate conclusion, there are a number of things in there that I do not believe can be remedied, even when there is a more responsible government in office federally. The most important problem is the requirement of unanimity for any further amendments to the Constitution in a number of areas. That will put us back into the straitjacket that we suffered for more than 50 years.

● (1510)

Senator Murray came before the Senate and made comment after comment about what he thinks Mr. Turner thinks. Has he anything written down on which to base his opinion that that is what Mr. Turner thinks? Or has he simply gained that impression from what is reported in the newspapers, and then superimposed his own interpretation on that, which has been demonstrated to be faulty over and over again?

**Senator Murray:** Is Mr. Turner not in favour of this accord, and did he not say that he would vote for it?

**Senator Olson:** That is not the point. The leader went into more detail, and one of the things he said was, "In the second round we can consider a number of other things." I suppose that was to be the great persuasive argument.

I will ask the Leader of the Government now whether there is going to be another opportunity to remedy the unanimity required in the amending formula in the second round? The answer is, "No." He knows very well that the amending formula, and asking the provinces to give back the veto, is not going to be on the agenda for the second round, or what he has described as the second round. That, honourable senators, is the danger of accepting the Meech Lake accord.

**Senator Murray:** What is your preferred amending formula?

**Senator Olson:** There is an excellent one in place now. That is one amending formula. There may be other modifications made, because no government, no matter how good—and the last one was a good one; it lasted 21 years, so it must have been fairly good—and no matter how smart its members are, can predict what the requirements will be of a Constitution, of a government, of a federal structure, and so forth, forever into the future. Therefore, there needs to be a reasonable amending formula.

The problem we had prior to 1982 was that there was the assertion, the concept, or what have you, that there had to be unanimity. When one gets right down to it, that was not really the case. The Supreme Court of Canada was asked to decide that, and said, "Yes, the provinces need to agree." But it did not say how many of the provinces needed to agree.

**Senator Murray:** You provided for unanimity on some subjects.

**Senator Olson:** On some, yes.

[Senator Olson.]

**Senator Murray:** So we are adding to the number of subjects.

**Senator Frith:** Like all!

**Senator Olson:** Senator Murray is the Leader of the Government in the Senate. He is also the minister the members of this chamber and the members of the other place look to to lead the discussion, although I know that the Prime Minister is the boss—I have been there before. Is the amending formula going to be on the agenda when the second round takes place?

**Senator Murray:** It says, "Other subjects." If somebody wants to bring that up—

**Senator Olson:** Did the leader ask the provinces if they wanted a veto for a little while?

**Senator Murray:** Well, I told you.

**Senator Olson:** No, you did not—well, I will accept that. I do not believe that any province is going to give the veto back, and I do not think the leader believes that either. That is what makes this dangerous. I do not believe that we can correct or remedy the straitjacket position that we will have been put into.

Many people blame this on Quebec. It was not always Quebec that held up amending or patriating the Constitution. There have been attempts to amend the Constitution on more than one occasion when it was not Quebec that was the hold out. My own province, once or twice, and even before my political career began, held out. I only need to read history to know that.

**Senator Bosa:** And Saskatchewan.

**Senator Olson:** Yes, Saskatchewan and others.

Honourable senators, to be brief, I am not prepared to subordinate the Senate's responsibility to a joint committee of Parliament that will be dominated by members of the House of Commons. Senator Murray's amendment, even if it is found to be in order, is absolutely unacceptable to me, and I hope that my colleagues will share that view, because we have an obligation, and I think it is the Senate's profound responsibility, to take a sober second look at this. Here, in my opinion, is a government going ahead with something as vital to the country as amending the Constitution, and, in my view, doing it in such a way that when this government is tossed out of office—which will be as soon as an election is held—a new government will not be able to remedy the defects, because that unanimity, that straitjacket, will then be in the Constitution if we accept what is now being proposed. A new government will not be able to remedy the situation, because the provinces will not give the veto back.

The Senate's responsibility is to take a sober second look once in a while, and, if not necessarily to stop, then at least to place some stumbling blocks in the way of a government that is proceeding down what I regard to be an irresponsible track.

You do not need to say that someone who does that is not in favour of Quebec joining the Constitution; that is not true. I

am as anxious as any member of the Senate to have Quebec sign the Constitution.

By the way, it may not surprise anyone in this chamber to know that we could have had a deal with Quebec a long time ago, including a deal with the separatist government of René Lévesque, if we had offered Quebec a veto. That is no great achievement. But this government gave away more than that. It gave away the authority of the spending power in many fields to the point where we will not have any national standards in some programs in the future.

**Senator Murray:** Come on!

**Senator Olson:** Senator Murray ought to know that we know enough about human nature to realize that a province will take the money. I do not care whether it is Alberta, Quebec or Ontario—although perhaps some of the smaller provinces may have a problem with this—but if the provinces are told to bring in the program the way the federal government has set it up, or is offered fiscal compensation for the program, the provinces will take the money every time.

**Senator Murray:** And?

**Senator Olson:** And so we will no longer have programs that have a national minimum standard, and that, as far as I am concerned, is a tragedy.

**Senator Murray:** You clearly do not understand the text.

**Senator Roblin:** What about the Federal Provincial Fiscal Arrangements and Established Programs Financing Act?

**Senator Olson:** I know about that. When we set that block funding up, it was highly agreeable to the provinces, and for good reason. Yet, we have realized such distortions as some provinces, under a concept of a 50-50 spending arrangement, receiving over 100 per cent of the costs for some of their programs, namely, their program for post-secondary education. Even some fairly wealthy provinces received up to 85 to 90 per cent of the cost under that program, so I know that that has not worked.

**Senator Roblin:** Perhaps we can make this retroactive and correct some of your mistakes.

**Senator Olson:** Honourable senators, all I am trying to do is make sure that the Parliament of Canada does not make a mistake that cannot be corrected. Therefore, I think the Senate should take its responsibility and establish a committee of the Senate and call whatever witnesses the committee would like to hear. I suppose the committee may want to call the Honourable Senator Murray, although we can question him from his seat in the chamber as far as that is concerned. However, there are a number of other people the committee might want to invite. The committee might want to invite some of the premiers of the provinces to determine whether or not they are ready to give back the veto in the second round.

**Senator Barootes:** The premiers have already agreed.

**Senator Olson:** They have agreed, but I want to know whether what Senator Murray said a few minutes ago regarding waiting until the second round has any validity. I do not know whether Premier Bourassa has agreed to say, "We will take the veto for a little while, and for that we will sign, but when the second round comes up, it goes back on the agenda." That is the implication of what he just said. I asked him directly, "Is it on the agenda?" I think his answer was: "I do not think it was; it said other things."

• (1520)

I did not want to make a long speech, I just wanted Senator Murray and other senators to know of my deep concern about this matter. I do not believe that Canada should be thrust back into a straitjacket, but I do not believe that we can avoid it if we pass this accord. Therefore, the Senate should take on its responsibility and go through the process that will lead to that kind of responsible action by this chamber.

**Senator Murray:** Would the honourable senator permit a question?

**Senator Olson:** I would like that!

**Senator Murray:** The honourable senator indicated two reservations that he has about the accord: One relates to the fact that the list of subjects requiring unanimity for an amendment of the Constitution has been added to; and the other objection that he took was to the provision regarding new shared-cost programs in areas of exclusive provincial jurisdiction.

His national leader, Mr. Turner, has already announced that, notwithstanding various reservations that he may have or matters that he thinks can be improved, these matters do not outweigh the important achievement that is realized by this constitutional resolution, and, therefore, he and his colleagues will be voting at the end of the day, if necessary, in favour of the resolution in its present form. Is that Senator Olson's position?

**Senator Olson:** Honourable senators, I suppose I can take another 12 or 14 minutes to repeat my position, but I thought that I had set it out clearly and succinctly. I know the trap that Senator Murray is trying to set for me, but I am like an old coyote: I have been around long enough to know that you do not put your feet in those funny little traps, and I will not do so.

**The Hon. the Speaker** *pro tempore:* Will someone adjourn the debate?

**Senator MacEachen:** Honourable senators, I will move the adjournment.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator MacEachen, seconded by the Honourable Senator Frith, that further debate on the motion be adjourned until the next sitting of the Senate.

**Senator MacEachen:** Honourable senators, I should explain that it would be better to have the procedural situation clarified before proceeding.

**Senator Roblin:** I wonder whether we should adjourn the debate under the circumstances, because it might involve certain problems when the item comes up again, depending on

the ruling. I think it should stand on the order paper without the adjournment until the Speaker rules.

**The Hon. the Speaker** *pro tempore:* Honourable senators, is it agreed?

**Senator Frith:** No, honourable senators. I agree in a way with Senator Roblin. Certainly if we adjourn the debate until the next sitting of the Senate, when it comes up on the order paper, it will appear as "the motion" and "in amendment." I agree that if at that point the Speaker has not ruled, it will stand over. However, I think that we should adjourn it until the next sitting in the hope that we will have that ruling tomorrow. If we do not, I agree that we will not proceed.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

On motion of Senator MacEachen, debate adjourned.

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF SIXTEENTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Sixteenth Report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Agriculture and Forestry), presented in the Senate on June 9, 1987.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I move that the report be adopted.

**The Hon. the Speaker** *pro tempore:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Langlois, that the report be now adopted. Honourable senators, is it your pleasure to adopt the motion?

**Hon. Duff Roblin:** Honourable senators, if I have found the correct place on the order paper, we are now dealing with these reports of the Standing Committee on Internal Economy, Budgets and Administration that have to do with allocations of funds to committees. If that is the case, could we be brought up to date as to where we stand? Since the new fiscal year began, we have had substantial appropriations for committees, and my hunch is that we may have substantially overspent the budget that was set up for this matter in the first place.

It is a bit difficult to know where the matter falls when we see half a dozen resolutions with different sums. No doubt we could get a roundup on it to find out how much money we budgeted for and how much money we have allocated up to the present time. I do not know whether it is worth looking into the future, but there may be some other demands on our budget that are foreseeable.

**Senator Frith:** Honourable senators, I can assure Senator Roblin that we have not overspent our original budget for committees.

**Senator Roblin:** But you have over-appropriated.

[Senator Roblin.]

**Senator Frith:** However, it is true that if these reports are all adopted, and if each committee spends the full amount allocated, we will be over the budget and will require supplementary estimates to carry on the work of our committees.

If Senator Roblin wants details of that, I would be glad to adjourn the debate and give him the figures tomorrow, but I can tell him that that is the situation. If he wants the actual figures to reflect that situation, I would be glad to adjourn the debate and bring it forward tomorrow.

**Senator Roblin:** If I could answer the question, I would say that I would be obliged to my friend if he would do that. I am interested to know the total amount of money appropriated, because it is my guess that if it is appropriated, the odds are fairly good that it will have been mostly spent. I want to know where we stand and whether a supplementary estimate appears probable. If, at the same time, my friend can give me any sort of forecast as to where he thinks we will end up, I would be glad to have that, because it looks to me as if we will be substantially over budget.

**Senator Frith:** I have been given some figures that may be sufficient for Senator Roblin, but he may want a breakdown.

**Senator Marshall:** They are in the minutes of the committee.

**Senator Frith:** If the committees spend 100 per cent of this budget, the Senate will be about $660,000 over the original budget for its committee work.

**Senator Roblin:** What was the original budget?

**Senator Frith:** I do not have that figure, but I have something else which I will provide.

In past fiscal years we have spent between 60 to 70 per cent of our budget. We need the original figure so that we can make the comparison.

**Senator Marshall:** Are the figures not in the minutes?

**Senator Frith:** The figures are contained in the minutes of the Internal Economy Committee. If Senator Roblin wanted them discussed here, then that is where I planned to get them. However, Senator Roblin is right, they are not shown in these reports. In other words, you have to do the arithmetic. The arithmetic has been done, and these totals have been worked out, and $660,000 would be the amount over budget if the committees spent all of their allocations. That has never happened in the past; it has always come to about 60 or 70 per cent. However, for Senator Roblin to know exactly how that 60 or 70 per cent works out in comparison with the $660,000, we will have to have what the budget was and the allocation for it.

**Hon. Hazen Argue:** Honourable senators, it is my understanding on the points that have been raised that the 60 or 70 per cent of the appropriations which have been spent in the past are history, and those are facts based on past experience. However, am I not correct in saying that when we come for an appropriation for the Senate that it is a rather general appropriation, and if we do not spend money on one particular detail

of the Senate administration and there is a surplus there, that that money can be made available within the global Senate budget for committees? I may be in error—this is only my opinion—but it is not separated in all of the details, so that if you go over in one you have to have another appropriation. I think that we have an overall appropriation of money, and that covers our general budget and our general expenditures. If the budget is over by $50,000 for committee work, my guess is that there is a surplus some other place where that money could be found, without necessarily coming back here for another vote.

• (1530)

**Hon. Orville H. Phillips:** Honourable senators, I would like to say to Senator Argue that I think he is right, but what disturbs me in his remarks is that he says we will have to guess that the money will be available from another source within the Senate appropriation.

**Senator Argue:** Someone who knew would have to tell us.

**Senator Phillips:** I must admit that when we are more than $660,000 over budget, I am beginning to have some doubts about finding it elsewhere.

**Senator Argue:** But 70 per cent of the total.

**Senator Phillips:** For clarification, I should like to ask Senator Frith if the $660,000 he quoted included the $315,000 for the Senate Special Committee on the subject matter of Bill C-22, and if it also includes the supplementary budget for the Standing Senate Committee on Agriculture and Forestry that was moved today? Are those items in addition to the $660,000 to which he referred?

**Senator Frith:** Honourable senators, I have taken note of the question and I will try to get an answer. The figures I gave were figures that were just handed to me.

**Senator Roblin:** May I adjourn the debate in order to give my friend an opportunity to get the answers?

**Senator Frith:** Perhaps I should do that in order to furnish the figures. I think it is best that the debate be adjourned in my name.

**Senator Roblin:** If you do that then I will not have an opportunity to speak again, because you will be closing the debate.

**Senator Frith:** I started to speak on this order, and I am asking if you will allow me to adjourn the debate. It is only after the matter has been completely discussed that I get my right of reply, and I am not finished with my comments.

**Senator Roblin:** I am a purist in these matters. Senator Frith has made a speech and I have made one, so the senator has exhausted his right in the first instance. Someone else ought to adjourn the debate, and not Senator Frith. I will undertake that arduous task.

**Senator Frith:** I think it will result in exactly the opposite situation. When someone speaks on a debate, they are entitled to ask the Senate for an adjournment of the debate in their own name, as Senator Marshall has done on the NFB matter. It is quite acceptable for a senator to speak to an order and then, rather than sitting down, ask to adjourn the debate in his name. The senator has not then exhausted his right to speak and can continue. If that application is refused, that senator cannot then speak on the debate.

If we do not adjourn it in my name, and then Senator Roblin speaks, say, tomorrow, and then I speak, then I will be closing the debate. Someone else may want to speak. I would find myself in the position of not being able to provide any of the answers because I would be closing the debate.

For that reason I think it is better that the debate be adjourned in my name, and I will continue tomorrow and give the figures. Then, if I speak later, it will close the debate.

**Senator Roblin:** My point is on an entirely different matter altogether. I am not questioning the custom we have here of a speaker adjourning the debate before he is finished and allowing him to continue again later on. I am simply saying that there has been intervening business in this discussion, namely, my speech, and that has foreclosed Senator Frith from adjourning the debate, because he is through on his first go around. I do not think it is worth any more than a casual comment, but it seems to me that I am right.

**Senator Frith:** Have it your way. It seems to me that it just makes it worse. Carry on however you wish.

**Senator Roblin:** I do not care.

**The Hon. the Speaker:** Would someone else move the adjournment?

**Senator Frith:** If someone else moves the adjournment of the debate, let us be clear, it means that I have finished. I have spoken once on this matter. Then, tomorrow when everyone is waiting for the figures and I stand up and give the figures, I will be closing the debate.

**Senator Argue:** We will give you unanimous consent to give the figures without closing the debate.

**Senator Frith:** Why not give me the right to adjourn the debate now? That respects the rules.

**The Hon. the Speaker:** Is it agreed?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Roblin—

**Some Hon. Senators:** Oh, oh!

**The Hon. the Speaker:** —that further debate be adjourned until the next sitting of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

## SENIOR CITIZENS

OBSERVATION OF SPECIAL WEEK IN TRIBUTE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Croll, seconded by the Honourable Senator Robertson:

That the Senate recommends to the Government of Canada and to individuals and organizations in Canada that, in honour of the senior citizens of this country, the last complete week of August of this year and of each and every year thereafter, be kept and observed throughout Canada as "Senior Citizens' Week" as a way of paying tribute to the diverse contributions being made to Canada by the older citizens of our society.—(*Honourable Senator Marshall*).

**Hon. Jack Marshall:** Honourable senators, I adjourned this debate a couple of weeks ago, but I am willing to allow anyone who wants to speak to it to do so before I speak in about a week or so.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(*See p. 1196*)

## AGRICULTURE AND FORESTRY

APPENDICES TO THIRD REPORT OF COMMITTEE

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### APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

APPLICATION FOR BUDGET AUTHORIZATION FOR THE FISCAL YEAR 1987-1988

ORDER OF REFERENCE

Extract from the *Minutes of the Proceedings of the Senate*, Wednesday, May 6, 1987:

"The Honourable Senator Hays moved, seconded by the Honourable Senator Gigantès:

That the Standing Senate Committee on Agriculture and Forestry be authorized to examine and report upon Farm Finance to assess the gravity of the current problems facing the Canadian Agricultural Industry, to consider the degree to which existing government policy and programs have been successful in meeting their objectives and to make recommendations on how to better meet the needs of the Canadian Agricultural Industry; and

That the Committee present its report no later than 31st January, 1988.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative."

CHARLES A. LUSSIER,
*Clerk of the Senate.*

### SUMMARY

| | |
|---|---|
| **Professional and Other Services** | **$ 96,152** |
| **Transportation and Communications** | **31,100** |
| **All Other Expenditures** | **2,000** |
| **TOTAL** | **$ 129,252** |

The foregoing budget was approved by the Committee on the 6th day of May, 1987.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Daniel Hays
Chairman, Standing Senate Committee on
Agriculture and Forestry

Date: May 6, 1987

Approved by:
Guy Charbonneau
Chairman, Standing Committee on Internal Economy,
Budgets and Administration

Date: June 9, 1987

**For Information Purposes only**

| | |
|---|---|
| Budget approved for 1987-1988 | $ 48,500 |
| Proposed budget (special study) for 1987-1988 | $ 129,252 |

### EXPLANATION OF COST ELEMENTS

**Professional and Other Services**

| | | |
|---|---|---|
| 1. | Research Officers<br>42 days @ $600 per day | $25,200 |
| 2. | Editor (one time cost of editing the Report) Revision and editing of the French and English versions of the Report. | 7,000 |
| 3. | Advertising<br><br>Public notice of 1/8 of a page in Canadian daily newspapers and minority press | 40,000 |

4. Expenses of witnesses:

Travel cost for 15 organizations (each with a maximum of 2 witnesses) to Ottawa @ $798.40 per witness. 23,952

$ 96,152

**Note:** This figure was determined by averaging return economy fares from various points in the country and by adding per diems and hotel fares.

| | |
|---|---|
| Per diem: 2 days @ $36.70 | $ 73.40 |
| Hotel: 1 day @ $80.00 | 80.00 |
| Air/Ground Transportation | 645.00 |
| | $798.40 |

**Transportation and Communications**

1. Travel Expenses

a) Cost of two-day trip to Washington, D.C., U.S.A. organized by the Parliamentary Centre for 12 Senators, 1 Clerk, 1 Research Officer, 1 Messenger and one representative from the Parliamentary Centre. $16,500

b) Cost of 3 short trips by one or two Senators and staff, in order to be briefed by selected organizations. 8,000

2. Anticipated expenses of Senators responding to invitations to speak on the work of the Committee 5,000

3. Telegrams and Telephones 600

4. Postage, Courier and Freight 1,000

31,100

**All Other Expenditures**

| | | |
|---|---|---|
| 1. | Purchase of Stationery, Books and Periodicals | $ 400 |
| 2. | Meeting Expenses | 600 |
| 3. | Other Expenditures | 1,000 |
| | | 2,000 |

**TOTAL** $ 129,252

## APPENDIX (B) TO THE REPORT

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Agriculture and Forestry for the proposed expenditures of the said Committee with respect to its examination of Farm Finance to assess the gravity of the current problems facing the Canadian Agricultural Industry, to consider the degree to which existing government policy and programs have been successful in meeting their objectives and to make recommendations on how to better meet the needs of the Canadian Agricultural Industry, or any matter relating thereto, as authorized by the Senate on May 6, 1987. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 96,152 |
| Transportation and Communications | 31,100 |
| All Other Expenditures | 2,000 |
| | $ 129,252 |

*ATTEST:*

GUY CHARBONNEAU
*Chairman*

# THE SENATE

**Thursday, June 11, 1987**

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

Prayers.

## THE CONSTITUTION

MOTION TO REFER FIRST MINISTERS' ACCORD AND AGREED TEXTS TO COMMITTEE OF THE WHOLE—MOTION IN AMENDMENT—POINTS OF ORDER—SPEAKER'S RULING

**The Hon. the Speaker:** Honourable senators, I should like to make my ruling on Senator Murray's motion in amendment to Senator MacEachen's motion of yesterday.

Honourable senators, in my opinion, Senator Murray's amendment is beyond the scope of the motion proposed by Senator MacEachen. It sets forth a new proposition which was not contemplated by Senator MacEachen's motion.

I have carefully consulted the parliamentary authorities and I find the following citations:

*Beauchesne's* Fifth Edition, citation 437, (1) and (2), read as follows:

> (1) An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved. *Journals*, February 26, 1923, p. 122.
>
> (2) An amendment may not raise a new question which can only be considered as a distinct motion after proper notice. *Journals*, October 16, 1970, p. 28.

A similar precedent occurred in October 1980, which may be found on page 474 of the *Senate Journals*. On that occasion the Speaker ruled the amendment out of order, based on citation 437 of *Beauchesne's*.

I came to the same conclusion in reading May, 20th Edition, page 557, which reads:

> Furthermore, an amendment may not be moved to insert words at the beginning of a clause with a view to bringing forward an alternative scheme to that contained in the clause.

I must therefore rule that the amendment is out of order.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, with regard to the ruling of the Speaker, naturally I accept it with as much good grace as I can summon in the circumstances. I simply observe that His Honour found the motion out of order not for the reasons advanced by Senator MacEachen; I believe Senator Corbin can take more credit for the decision that was made.

## HON. DAVID WALKER, P.C.
## HON. ORVILLE H. PHILLIPS
## HON. H.A. OLSON, P.C.
## HON. ROBERT MUIR
## HON. HEATH MACQUARRIE

TRIBUTES ON THIRTIETH ANNIVERSARY OF FIRST ELECTION TO HOUSE OF COMMONS

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I wish to draw the attention of the Senate to the fact that today four of our colleagues begin their 31st year as parliamentarians. It was 30 years ago yesterday, on June 10, 1957, that four of our colleagues were first elected to the House of Commons. I refer to the Honourable Senator David Walker, the Honourable Senator Orville Phillips, the Honourable Senator Heath Macquarrie and the Honourable Senator Robert Muir.

As honourable senators know, Senator Walker served in the House of Commons until 1962, at which time he was appointed to the Senate. He also served as a member of the Diefenbaker administration. Senator Phillips served in the House of Commons until 1963, at which time he was appointed to the Senate. Senator Muir, if my memory serves me well, was appointed to the Senate in 1978, and Senator Macquarrie was appointed to the Senate in 1979.

Naturally, I feel that I, and the members of my party, owe Senator Phillips a special debt because of the excellent work he does in the difficult and exacting job as Chief Government Whip in the Senate. Senator Muir is a long-time friend with whom I have been associated since his first election in 1957 in what was then the constituency of Cape Breton-North Victoria. Senator Macquarrie has also been a close friend of mine during most of the 30 years that he has spent on the Hill, and he is a well known and respected internationalist as well as a staunch and loyal son of Prince Edward Island.

I simply rise to draw the attention of the Senate to this remarkable anniversary, and to express the hope that these four colleagues will continue in good health in their service and in contributing to the work of this Parliament, this chamber and their country.

**Hon. Senators:** Hear, hear!

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I want to say just a brief word to associate myself with the comments made by the Leader of the Government. Each of these senators, who are celebrating such an important anniversary, served, before his arrival here, in the House of Commons. I had, I think, the honour of serving with them in the House of Commons, where I got to know both

their great virtues and maybe some of their inadvertent lapses. All I can say is that the Senate has not changed them entirely, and certainly not in the case of Senator Phillips.

**Hon. Joyce Fairbairn:** Honourable senators, I believe there has been a glaring omission. There is another one among us who was first elected at that time as well, and he is a very loyal Albertan of whom we in Alberta are very proud, Senator Bud Olson.

**Some Hon. Senators:** Hear, hear!

**Hon. Joseph-Philippe Guay:** Honourable senators, we are proud of all the members of this chamber, whether they are celebrating a birthday, an anniversary or the number of years they have contributed to the House of Commons and the Senate. However, I think we would be remiss today if we did not mention the fact that Senator Denis was first elected in 1935, and that he has been in the Senate since 1963.

**Senator Argue:** The Dean of Canada.

**Senator Murray:** Honourable senators, so strong is historical myth that I had come to believe that only Progressive Conservatives were elected in that first Diefenbaker Parliament. As it happens, it was a minority government that Mr. Diefenbaker formed, and it was not until the next year, 1958, that he swept the west.

**Senator Hastings:** Whipped us all.

**Senator Murray:** I thank Senator Fairbairn for drawing to our attention the fact that Senator Bud Olson was elected, along with a number of other members of the Social Credit Party from western Canada, in that election in 1957. He had a brief sabbatical from Parliament, I believe. He was defeated in 1958. He returned in 1962, and he remained in the House of Commons until 1972. He has had a very remarkable career. He made himself something of an expert on the rules in the House of Commons, and has made himself an expert on just about everything else since he came to the Senate.

**Hon. Senators:** Hear, hear!

**Senator Murray:** I wish him much happiness and continued service.

## UNEMPLOYMENT INSURANCE BENEFIT ENTITLEMENT ADJUSTMENTS (PENSION PAYMENTS) BILL

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-50, respecting the treatment of pension payments in determining certain unemployment insurance benefit entitlements and to amend the Unemployment Insurance Act, 1971.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

[Senator MacEachen.]

**Hon. Orville H. Phillips:** Honourable senators, with leave, I move that Bill C-50 be placed on the Orders of the Day for second reading later this day.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I have spoken to Senator Phillips about how we might deal with this bill. I have no objection to its being dealt with later this day, but, if we are to have a vote, as anticipated, on the motion to establish a Committee of the Whole on the Meech Lake accord, leave must be conditional on that taking place before the debate on Bill C-50 starts.

**Senator Phillips:** In an effort to meet the coercion being exercised by Senator Frith, might I suggest to him that we have the vote in the Maple Leaf Lounge at the airport?

**Senator Frith:** Why don't you have your vote there and we will have ours here?

**Senator MacEachen:** Well spoken.

**The Hon. the Speaker:** Honourable senators, is leave granted?

**Senator Frith:** On that condition. I believe that in the Orders of the Day, Bill C-50 appears before the vote on the establishment of a Committee of the Whole because of the precedence given to bills. However, in this case, since leave is necessary, the leave would be conditional on its coming up after the vote on the order dealing with Committee of the Whole.

The bill can stay where it is on the Orders of the Day, but, when it is called, I reserve the right to say that I do not give leave to proceed at that point. I would be quite happy to proceed with it immediately after the order dealing with the constitutional matter.

**The Hon. the Speaker:** Is that condition acceptable to Senator Phillips?

**Senator Phillips:** Yes.

**The Hon. the Speaker:** With leave of the Senate, and notwithstanding rule 44(1)(*f*), it is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Kelly, that this bill be placed on the Orders of the Day for second reading later this day. Is it agreed, honourable senators?

**Senator Frith:** Later this day, in the context I mentioned.

**The Hon. the Speaker:** The condition was accepted by Senator Phillips.

Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to and bill placed on the Orders of the Day for second reading later this day.

## CANADIAN EXPLORATION AND DEVELOPMENT INCENTIVE PROGRAM BILL

FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-59,

to provide for payments in respect of exploration for or development of lands for the production of hydrocarbons in Canada other than coal.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Phillips, bill placed on the Orders of the Day for second reading on Tuesday next, June 16, 1987.

## PRESCRIPTION DRUG PRICES

EFFECT OF PROPOSED PATENT ACT AMENDMENT—PRESENTATION OF PETITION

**Hon. H.A. Olson:** Honourable senators, I have the honour to present the following petition:

TO THE HONOURABLE THE SENATE OF CANADA, IN PARLIAMENT ASSEMBLED

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefore provide a remedy,

HUMBLY SHEWETH

WHEREAS, the proposed changes to the Patent Act will affect directly all Canadians who are not protected by private or governmental medicare programs, and

WHEREAS the federal government's proposals will raise the cost, already high of the provincial health-care programs, and

WHEREAS the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase of drug cost and prices and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and,

WHEREAS the proposed changes to the Patent Act are another example of the Canadian government's concession in the Free Trade negotiations with the United States, at the expense of everyday Canadians.

WHEREFORE, the undersigned, your petitioners humbly pray and call upon parliament to reject these proposals which will increase prescription drug prices for Canadians.

And as in duty bound your petitioners will ever pray.

Date: June 3, 1987

(Signed):

| | |
|---|---|
| David B. MacDougall, | 9302-169 St. |
| Caroline MacDougall, | 9302-169 St. |
| Janet MacDougall, | 9302-169 St. |
| Kelvin Lien, | 5327-106 St. |
| Colleen Minty, | 6030-187 St. |
| Denise Kijewski, | 403 10125-109 St. |
| Michelle Lecours, | W5-201 15512-84 Ave. |
| Dorothy Malysh, | Box 20, R.R. 4, Site 3, St Plain |
| Annette Jensen, | 8843-152 Bade |
| Greg MacDougall, | 9302-169 St. |

● (1410)

## PRIVATE BILL

WINDSOR-DETROIT TUNNEL—FIRST READING

**Hon. Royce Frith (Deputy Leader of the Opposition)** presented Bill S-11, to authorize the City of Windsor to acquire, operate and dispose of the Windsor-Detroit Tunnel.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

On motion of Senator Frith, bill placed on the Orders of the Day for second reading on Tuesday next, June 16, 1987.

## BANKING, TRADE AND COMMERCE

FOURTEENTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

**Hon. Ian Sinclair:** Honourable senators, the Standing Senate Committee on Banking, Trade and Commerce has the honour to present its Fourteenth Report respecting power to incur special expenses pursuant to the procedural guidelines for the financial operation of Senate committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of report, see Appendix "A", p. 1224.*)

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

On motion of Senator Sinclair, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

## ENERGY AND NATURAL RESOURCES

THIRD AND FOURTH REPORTS OF COMMITTEE PRESENTED AND PRINTED AS APPENDICES

**Hon. Earl A. Hastings:** Honourable senators, the Standing Senate Committee on Energy and Natural Resources has the honour to present its Third and Fourth Reports respecting power to incur special expenses pursuant to the procedural guidelines and the financial operation of Senate committees.

I ask that each report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

*(For text of Third Report, see Appendix "B", p. 1227. For text of Fourth Report, see Appendix "C", p. 1230.)*

**The Hon. the Speaker:** Honourable senators, when shall these reports be taken into consideration?

On motion of Senator Hastings, reports placed on the Orders of the Day for consideration at the next sitting of the Senate.

## PRIVATE BILL

YELLOWKNIFE ELECTRIC LTD.—REPORT OF COMMITTEE

**Hon. Joan Neiman,** Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, June 11, 1987

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred the Bill S-10, An Act to revive Yellowknife Electric Ltd. and to provide for its continuance under the Canada Business Corporations Act, has, in obedience to the Order of Reference of Tuesday, June 2, 1987, examined the said Bill and now reports the same without amendment.

Respectfully submitted.

JOAN B. NEIMAN
*Chairman*

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

On motion of Senator Phillips, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

## ADJOURNMENT

**Hon. Orville H. Phillips,** with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, June 16, 1987, at two o'clock in the afternoon.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators, I wonder if Senator Phillips would mind standing his motion until Senator Frith returns. I want to make sure that he is apprised of the proposal.

**Senator Phillips:** Yes.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

# QUESTION PERIOD

*[English]*

## CANADA-UNITED STATES RELATIONS

NATURAL GAS EXPORTS—U.S. REGULATORY COMMISSION'S DECISION—REQUEST FOR ANSWER

**Hon. H.A. Olson:** Honourable senators, I would like to ask the Leader of the Government in the Senate if he has a report that will be in the Delayed Answers today in reply to questions about the natural gas transportation charges that I raised the day before yesterday.

Honourable senators, I would also like to give notice that next Wednesday I will raise some questions about the Acreage Deficiency Program for 1987. I want the Leader of the Government in the Senate to know that I appreciate the reply I got yesterday that the payments for 1986 have finally been put in the mail. But we have not yet heard what the government intends to do with respect to this for 1987, bearing in mind that the price of wheat went down a further 18 per cent. I am not asking the question today, but I want him to know that next Wednesday I will.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I do not have anything under Delayed Answers, but I have some notes on the Federal Energy Regulatory Commission matter.

My notes indicate that over the past six months four Canadian ministers and the Prime Minister have raised the issue with their American interlocutors as part of a coordinated collective effort to deal with this important issue. In addition, our embassy has pursued the matter vigorously. Despite our efforts, it appears that we have not succeeded.

The Canadian government is extremely disappointed at the FERC order agreed at the commission meeting on May 27. The ruling marks a serious setback in our joint efforts to move toward market-oriented energy trade, and runs counter to the joint undertaking on trade made by the President and Prime Minister at the Quebec Summit in March 1985.

● (1420)

This decision will not serve the long-term trade objectives of either the Americans or Canadians, their major trading partners. The decision is particuarly disturbing in light of our extensive mutual energy interests. The ruling interferes with contracts which had been freely negotiated in accordance with guidelines established by our two governments.

The implementation of the decision will extend U.S. regulation into Canada, with the resulting extraterritorial effect on Canadian toll design. This is inconsistent with the long history of acceptance of each other's regulatory practices.

## CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

FRENCH EXPLORATION IN DISPUTED ZONE—ROLE OF PRESIDENT OF FRANCE

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable

senators, yesterday the Honourable Leader of the Opposition asked me whether the President of France, when he was here some days ago, had alerted the Canadian government to the possible issuance of licences in the disputed area around St. Pierre and Miquelon.

Yesterday I stated that I had no reason to believe that that was the case. I have since confirmed that the President did not discuss this matter in advance with the Canadian ministers during his stay here.

## TRANSPORT

### WINNIPEG INTERNATIONAL AIRPORT—PUBLIC PARKING

**Hon. Joseph-Philippe Guay:** Honourable senators, I have a question for the Leader of the Government in the Senate and I hope that he will be able to get an answer for me from the Minister of Transport.

At the Winnipeg International Airport there were approximately 100 parking spots available for citizens to park their cars whilst picking up or dropping off passengers. This parking area was directly opposite the main door to the airport, with easy access to Air Canada and CP—which has now been renamed "Canadian". For 25 cents, citizens could park their cars for 15 minutes, and if you wanted to leave your car for half an hour it cost 50 cents. This was very convenient.

However, recently five rental-car companies, including Budget, Hertz, Tilden, Avis and Thrifty, have been allowed to park their cars in that lot, and they take up 50 of those parking spots. Now, when citizens, for whatever reason, must park at the airport, they have to park a considerable distance away from the airport. I am sure that these 50 spots could be better utilized by the public in general.

Therefore, my questions are: First, I would like to know why this situation has developed. My second question is: How much do those car rental companies pay for those spaces, since I am sure the revenue from the public parking in that area would be just as great?

Honourable senators, this is rather an urgent matter not only for myself but for the public in general. Last weekend there was a real schemozzle at the airport, because people could not find a place to park. Surely these rental car companies could park their rental cars a little farther afield, since they usually have jockeys who go and pick up the cars to bring to their customers at the airport, especially since their use of this parking area is causing great inconvenience to the public in general.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, I shall convey my friend's representations to my colleague, the Minister of Transport, and see what information I can obtain for the honourable senator.

## ADJOURNMENT

Leave having been given to revert to Notices of Motions:

**Hon. Orville H. Phillips:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, June 16, 1987, at 2 o'clock in the afternoon.

Motion agreed to.

## PATENT ACT

### BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator David, for the second reading of the Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto.—(*Honourable Senator Doody*).

**Hon. Orville H. Phillips:** Honourable senators, if any senator wishes to speak to this matter, Senator Doody will yield.

**Hon. Royce Frith (Deputy Leader of the Opposition):** I believe that most of us are awaiting the report of the committee.

Order stands.

## THE CONSTITUTION

### MOTION TO REFER FIRST MINISTERS' ACCORD AND AGREED TEXTS TO COMMITTEE OF THE WHOLE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:
>
> That the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to a Committee of the Whole for the purpose of hearing witnesses and making a report.—(*Honourable Senator MacEachen, P.C.*).

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Honourable senators, I must inform the Senate that if Senator MacEachen speaks now, his speech will have the effect of closing the debate on the motion.

### MOTION IN AMENDMENT

**Hon. Finlay MacDonald:** Honourable senators, I accept the fact that there are possibly some senators who have not embraced the accord with the same enthusiasm as I have. I would have thought that the position of those senators—who might, for whatever reason, be opposing or suggesting amendments to the accord—would be appreciably enhanced were public hearings to be conducted through a joint committee of

both houses. Those senators could speak at length against the accord or could propose certain amendments to it. They could possibly delay those proceedings, thus hampering the resolution in the other house.

Therefore, in an effort to be of some assistance to them, I move, seconded by Senator Barootes:

> That the motion be amended by deleting the words "Committee of the Whole" and substituting the following words therefor: "Special Joint Committee of the Senate and of the House of Commons, to consist of five senators and twelve members of the House of Commons, to be appointed at a later date".

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Shall I put the motion in amendment?

**Senator MacEachen:** I am rising on a point of order. This motion is so transparently out of order that it almost ought not to be dealt with in this way. This is a substantive motion—one that is entirely different from the motion which is before the house. A motion cannot be amended by bringing in a totally different proposition. This amendment requires notice to place it on the order paper, as would any substantive motion. What is before the house is a proposal to establish a Committee of the Whole. In the normal course, that motion would be dealt with—it would either be adopted or negatived—and that is the proposition.

Senator MacDonald has brought forward a separate proposition to establish a joint committee. The two are totally separate propositions. If, for example, this motion to establish a Committee of the Whole were carried, we would expect, as the Leader of the Government has said, a message to come from the House of Commons proposing a joint committee. That would be dealt with in the normal course. That motion would require notice, because it would be a separate and substantive motion of its own.

● (1430)

If I may read the ruling of the Speaker made a few moments ago, he stated:

> I came to the same conclusion in reading May's, 20th Edition, page 557 which reads:
>
> > Furthermore, an amendment may not be moved to insert words at the beginning of a clause with a view to bringing forward an alternative scheme to that contained in the clause.

So, it is an alternative scheme. I think the understanding of the situation is somewhat enhanced by stating that the Senate can come to a decision on the question of the Committee of the Whole. Whichever way it goes, it leaves the Senate open to deal with a joint committee, which is a separate proposition. It is surprising to me that an alternative scheme could be advanced in the form of an amendment so quickly upon the authoritative ruling of the Speaker. I simply say that it is out of order. When this motion is disposed of one way or another, it will be open to the Senate to deal with the question of a joint committee on its own merits, as has been done in the past by the Senate.

[Senator MacDonald.]

**The Hon. the Speaker** *pro tempore:* Honourable senators, it is moved by the Honourable Senator MacDonald—

**Hon. H.A. Olson:** Honourable senators, I think the first thing the Speaker has to do is rule on whether the motion is in order.

**Senator Frith:** No, because he has not been asked to.

**The Hon. the Speaker** *pro tempore:* I was not asked to rule on that. I have to put the motion before the Senate.

**Senator Murray:** There is an amendment to the motion.

**Senator Petten:** That was ruled out of order.

**Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations):** Honourable senators, an amendment has been moved by Senator MacDonald to which the Leader of the Opposition has taken objection. He has contended that the amendment was out of order. Whatever else he may be, he is not Pope Pius IX. We do not accept his word as necessarily infallible. I would ask Your Honour to rule on the matter.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, let us be clear. The Vatican is in no way involved. Perhaps Senator Murray has forgotten that our procedure is that senators decide their points of order. If a senator rises on a point of order, expresses his or her point of order, and if no one quarrels with that, then the Speaker is not called upon to make a ruling, as the Speaker *pro tempore* has said.

If you are now asking him, that is fine, but do not try to impeach the earlier proceeding when the Speaker was absolutely right. Nobody had asked for a ruling. Nobody had quarrelled with the interpretation given by the Speaker and read by Senator MacEachen. So the Speaker *pro tempore* correctly made no ruling.

If you are now asking for a ruling, and if you disagree with it—

**Senator Murray:** I am asking for a ruling.

**Senator Frith:** Just so we get it straight. The leader is now asking for a ruling.

[*Translation*]

SPEAKER'S RULING

**The Hon. the Speaker** *pro tempore:* Honourable senators, Senator Murray has been seeking a ruling from the Speaker. On the basis of the ruling given by the Chair earlier today, it is difficult to consider the motion in order because it completely changes the substance of the main motion. Bound as I am by the Speaker's ruling, I must find the motion out of order.

[*English*]

**Senator Frith:** Question, please.

**Hon. Allan J. MacEachen (Leader of the Opposition):** Honourable senators—

**The Hon. the Speaker** *pro tempore:* Honourable senators, if the Honourable Senator MacEachen speaks now, his speech will have the effect of closing the debate on the motion.

**Senator MacEachen:** Honourable senators, I will not take a long time in closing the debate, because I think the major points have been made.

I listened with great interest yesterday to the Leader of the Government in the Senate on the motion to set up a Committee of the Whole to examine the Meech Lake accord and subsequent texts. Of course, his address consisted mainly of political comment and analysis of the alleged situation with the Liberal Party, a puff piece on the Prime Minister, and an effort to elicit my views on the Meech Lake accord. He suggested that there was a break between the leader of our party, Mr. Turner, and the Liberal caucus, and between Mr. Turner and myself on the Meech Lake accord. Nothing that has been said justifies that allegation whatsoever.

However, if there were a break between the leader of our party and a member of the party, it ought not to scandalize the Leader of the Government, because he has been an adept practitioner at breaking with the leader of his own party. I cite only two occasions when he did so.

Yesterday he talked about the Prime Minister, and I quote him:

> And as I have said before, we must not forget the extraordinary leadership and national vision of Prime Minister Mulroney, without whom this Accord would not have been achieved.

**Some Hon. Senators:** Hear, hear!

**Senator MacEachen:** That is what I call "puffing up" the Prime Minister.

But he did not always have that view about this man of "extraordinary leadership and national vision." I remember reading in *One-Eyed Kings* Mr. Murray's assessment of Brian Mulroney's constitutional views when Mr. Trudeau's amendments were before the country, and I quote:

> "Brian tends to be pretty simplistic when it comes to strategy," said Lowell Murray, who had gone to university in Nova Scotia with him.

Who would know better? The simplistic approach has been exchanged now for "extraordinary leadership and national vision." His appreciation for the Prime Minister will undoubtedly increase as his standing in the cabinet and his assignments improve and are enhanced.

Maybe I should read another one. He stated:

> "He goes for the big splash. He supported Trudeau's constitutional position not because he had thought about it for five minutes, but because he was so thrilled by the sheer bravado of it all. That position would not have served us very well."

I do not mind that. Why not have a different view from the leader of your party? But surely a man who has that kind of skeleton in his closet should not twit the rest of us. One should look in the closet first to see what is there.

Then, again, we have the case of the constitutional changes, with the votes in the House of Commons and the Senate in December 1981. It is interesting to look back, because memory is faulty. The actions of an obscure senator like Senator Murray in those days did not attract great attention, but now they are of even historical interest, because he has become an architect of our nation. So what did this architect do in 1981 when his leader, Mr. Clark, supported the constitutional resolution in the House of Commons? Well, when it came to the Senate, he voted against it. He voted against his own leader, as did the then Leader of the Opposition, Senator Flynn. They voted against the view of the Leader of the Opposition in the House of Commons. When I get to that point—

• (1440)

**Senator Murray:** We are waiting.

**Senator MacEachen:** —it will be time to talk about breaks. So I just say, don't raise these questions at all, because there is no validity in them with respect to this particular caucus and with respect to this motion that is before us.

The motion seeks to have an examination on the Meech Lake accord and the subsequent texts. It makes no judgment upon the substance. It makes no pre-judgment of how the Senate or any individual senator will deal with the resolution when it comes. That resolution will be the moment of truth for each one of us, because at that point each senator will either vote for or against it. In my experience, it would be unwise to anticipate the results, for example, of the examination that will be made by the House of Commons and the possible amendments that might be made in the House of Commons. It is conceivable that the present government will be as amenable to amendments sought by opposition parties as was the former government, when it changed its proposals as a result of public hearings and after hearing the views of the opposition. So it is conceivable that there will be amendments. The Constitution-makers, in assigning a role to the Senate—it is quite true, as the Leader of the Government said yesterday, that it may be a different role from that of the House of Commons—assigned it a different role which envisages that the Senate will take into account the constitutional resolution as it is finally passed by the House of Commons, because the clock starts ticking on the Senate when the constitutional resolutions are passed in the House of Commons.

When the resolution is dealt with in the House of Commons, the Senate has 180 days within which to deal with the constitutional proposals. As the Leader of the Government said yesterday, if the proposals fail to pass in that period, the Senate would not block nor could it block the conclusions reached by the House of Commons. So, today, it is quite impossible to know what will be before the Senate or, indeed, what will finally be passed by the House of Commons. However, what we are interested in is to hear witnesses so that we will understand better the meaning, the implications and the impact of this important agreement. Presumably, if we establish an inquiry, senators will be listening carefully and will

hear every point of view. Indeed, those who have misgivings may have those misgivings removed by the explanations that are given. Certainly it is my expectation that our understanding will be much improved by this inquiry.

Yesterday the Leader of the Government said that the House of Commons will be forwarding to us a resolution asking us to establish a joint committee. He wondered whether we would defy the House of Commons if they were to make that proposal to the Senate. I suggest that that proposal, if it does come, can be dealt with by the Senate as it chooses to do so.

**Senator Murray:** What will your position be?

**Senator MacEachen:** The decision on this particular motion will not pre-judge or preclude any subsequent action by the Senate. I have only to cite one precedent that will clarify the situation, and I thank Senator Godfrey for bringing it to my attention. In 1978, when Bill C-60, dealing with constitutional change, came before the Senate of Canada, the Senate joined in a joint committee with the House of Commons, and it also set up a special committee of the Senate itself to deal with the constitutional amendments. Senator John Connolly, in proposing his motion to establish a Special Committee of the Senate on the Constitution—

**Senator Murray:** But not a Committee of the Whole.

**Senator MacEachen:** —said that the Senate could make its own input in a special committee or a separate committee, and it could also join in a joint committee with the House of Commons. So, the adoption of this motion stands on its own feet. When the message comes from the House of Commons, the Senate will then decide whether it wishes to join with the House of Commons. If the Senate decided to join with the House of Commons, the present situation would be identical, except in one respect, to the situation I described in the case of the constitutional amendments of 1978. The only difference is that in this case it would be a Committee of the Whole whereas in the former case it was a special committee of the Senate. However, in both cases the Senate will have conducted its own inquiry and will have left the door open, if it wishes, to participate with and assist the House of Commons. That is all I have to say. I wanted to make those clarifying comments before the Senate was asked to dispose of this motion.

REFERRED TO COMMITTEE OF THE WHOLE

**The Hon. the Speaker** *pro tempore:* Honourable senators, it is moved by the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:

> That the Meech Lake Constitutional Accord and texts subsequently agreed to be referred to a Committee of the Whole for the purpose of hearing witnesses and making a report.

Is it your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

[Senator MacEachen.]

**The Hon. the Speaker** *pro tempore:* Will those honourable senators in favour of the motion please say, "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker** *pro tempore:* Will those honourable senators who are against the motion please say, "nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker** *pro tempore:* In my opinion, the "yeas" have it.

• (1450)

*And two honourable senators having risen:*

**The Hon. the Speaker** *pro tempore:* Please call in the senators.

Motion agreed to on the following division:

YEAS

THE HONOURABLE SENATORS

Adams
Anderson
Argue
Barrow
Bosa
Corbin
Cottreau
Davey
Denis
Fairbairn
Frith
Gigantès
Graham
Hastings
Hicks
Kenny
Lang
Langlois
Leblanc (*Saurel*)
LeBlanc (*Beauséjour*)
Lefebvre
Le Moyne
Lewis
MacEachen
Molgat
Neiman
Petten
Robichaud
Rousseau
Sinclair
Stanbury
Stewart (*Antigonish-Guysborough*)
Stollery
Wood—34.

NAYS

THE HONOURABLE SENATORS

Balfour
Barootes
Bélisle
Cochrane
Doyle
Kelly
MacDonald (*Halifax*)
Macdonald (*Cape Breton*)
Macquarrie
Marshall
Murray
Phillips
Robertson
Rossiter
Sherwood
Simard
Tremblay—17.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

• (1510)

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, at this stage it would be normal for the Senate to resolve itself into a Committee of the Whole to deal with the election of a chairman and steering committee and to discuss the business of the committee.

However, I suggest that we take the opportunity to confer with the leadership on the other side, and confirm that this matter will appear in that form on the order paper for next Tuesday.

**Hon. Orville H. Phillips:** That is satisfactory, or the whip could nominate the members of the steering committee if that would expedite the procedure. We would be happy to accept that.

**Senator Frith:** I hope that the two whips will confer and speak to Senator Doody, Senator Murray, Senator MacEachen and myself, and we can finalize our recommendation to the Senate about it.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

## UNEMPLOYMENT INSURANCE BENEFIT ENTITLEMENT ADJUSTMENTS (PENSION PAYMENTS) BILL

SECOND READING—DEBATE ADJOURNED

**Hon. Brenda M. Robertson** moved the second reading of Bill C-50, respecting the treatment of pension payments in determining certain unemployment insurance benefit entitlements and to amend the Unemployment Insurance Act, 1971.

She said: Honourable senators, I am pleased to speak about the provisions contained in Bill C-50. This bill contains changes needed to implement certain measures that were announced by the Minister of Employment and Immigration some time ago, which will enable the Employment and Immigration Commission to commence payment of benefits to thousands of people affected by the legislation.

Before we continue, honourable senators, we must remember what unemployment insurance represents. Unemployment insurance is an element of great importance, historically, to the fabric of Canadian life.

Unemployment insurance began in Canada in 1940. In the years since then Canada has evolved greatly. There has been rapid change in the economy, in the labour market and in social legislation and values. Honourable senators, unemployment insurance today remains a temporary income protection for many—retaining its original reason for being—while for others it has become an income maintenance plan.

Unemployment insurance, during this past decade, has consistently paid out more in benefits per year than any other single program at any level of government, except old age security.

The introduction of seasonal benefits in the 1940s altered the strict insurance principles of the program. Supplementary benefits in 1950 and the special program of benefits for self-employed fishermen were even greater departures from the insurance nature of income protection between jobs.

The bill before us today, honourable senators, is a bill containing special measures—measures needed to implement certain promised changes.

Honourable senators, Bill C-50, the law which takes pensions into account in determining the eligibility for unemployment insurance benefits, and which modifies the 1971 Unemployment Insurance Act, will make three important changes for Canadian workers. The measures proposed in this bill will affect many Canadians directly. This bill proposes changes that demonstrate the commitment of this government to ensuring fair and equitable treatment for all workers.

You will remember that on April 5 of this year certain changes were made to the pension regulations. Passage of Bill C-50 is needed to make the effect of these regulatory changes to the pension regulations retroactive to January 5, 1986.

Since January 5, 1986, pension income from employment, whether as a lump sum or as a regular payment, has counted as earnings for unemployment insurance. Some people have claimed that they received inaccurate information on the subject of the changes made on January 5, 1986, concerning pension income. The government recognizes that some people decided to retire before January 5, believing that they could benefit from unemployment insurance. We took their concerns into serious consideration and decided to provide a transitional period for these people. It will allow CEIC to treat all claims for unemployment insurance benefits filed before January 5, 1986, under the rules in effect at that time.

During the month of January 1986 claimants found that the amount of their unemployment insurance benefits was either eliminated or reduced because of their pension income. Under the provisions of this bill, any claim for unemployment insurance benefits filed before January 5, 1986, will not be affected by pension income.

Basically, the change is this: Those who applied for unemployment insurance prior to January 5, 1986—those who applied under the previous rules—will have their entitlement to benefits determined under the previous rules. Equally straightforward, those who applied for benefits on or after January 5, 1986, will be governed by the new provisions.

Honourable senators, this bill will also allow the Canada Employment and Immigration Commission to apply the recent April 5 change on subsequent employment retroactively to January 5, 1986. It will allow for full UI benefits to be paid to

claimants receiving a pension if their claim was based on employment obtained after the start of the pension.

This provision, honourable senators, takes into account the fact that there is a difference between people who retire and leave the labour market and people who retire and begin subsequent careers. These people should be treated fairly and equitably as active members of the labour force. Should they become unemployed, they will be entitled to full unemployment insurance benefits based on their income, regardless of their previous pension income.

Finally, to ensure fairness and equity in the treatment of separation payments, this bill will allow the CEIC to extend either the qualifying or benefit period of any claim for UI benefits when separation payments prevent the payment of UI benefits or delay the start of a UI claim.

Under the present regulations, separation pay can delay the start of a claim and can, in certain cases, reduce the number of insurable weeks that CEIC counts to establish a claim for benefits.

The passage of Bill C-50 will allow the qualifying period or the benefit period to be extended by the same number of weeks represented by the separation pay, up to a maximum of 104 weeks. This will ensure that most people do not lose the protection of the Unemployment Insurance Program.

In conclusion, honourable senators, these changes to the pension legislation are consistent with the government's belief that persons who have retired from the labour market should not look to unemployment insurance as a supplementary source of income. At the same time, we are assuring that those people who retire to undertake a new career are treated in a fair and equitable manner, considering that they continue to take an active part in the labour market.

I do not know whether honourable senators want this bill referred to committee or whether you want to debate it here on Tuesday and conclude all stages in the house, so I await your direction.

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, Senator Marsden will be speaking on this bill for our side. She is not here today; she is in Quebec City. We expect that she will speak to it on Tuesday, and that is the normal time to decide whether it should go to committee or not. I believe that she intends to have a word with Senator Robertson and discuss that.

**Senator Robertson:** Fine.

**Senator Frith:** We will be open to whatever motion they settle upon, either for third reading without committee study at the next sitting, or for reference to the committee, in case they feel there is an advantage to have a committee study.

On motion of Senator Frith, for Senator Marsden, debate adjourned.

[Senator Robertson]

• (1520)

## INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

### CONSIDERATION OF SIXTEENTH REPORT OF COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Langlois, for the adoption of the Sixteenth Report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Agriculture and Forestry), presented in the Senate on 9th June, 1987.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Opposition):** Honourable senators, I now have the information that I did not have yesterday with respect to this report in answer to some questions raised by Senator Roblin. I am quoting from the Report of the Subcommittee on Budgets, which is a subcommittee of the Standing Committee on Internal Economy, Budgets and Administration. That report is dated Thursday, June 11, 1987—today—and I can report to honourable senators that the main committee adopted this report today.

I quote the report as follows:

> The total amount of committee budgets approved by the committee for the fiscal year 1987-88, including the two aforementioned budgets . . .

That is, the Standing Senate Committee on Energy and Natural Resources on the study of natural gas in Canada and the study of the production and use of coal in Canada, those two budgets being $22,964 and $73,774 respectively.

> . . . is $1,791,288. As stated in other reports of your Sub-Committee, the total amount allocated for committees in the Senate Estimates is $1,075,000. If committees spend 100% of their budgets, the expected shortfall is therefore $716,288. However, as your Sub-Committee has also noted, during the last few fiscal years, committees have only spent between 60% and 70% of the total funds allocated to them. Your Sub-Committee recommends that the budgetary situation regarding Senate Committees be reviewed later in the fiscal year.

So the decision and the recommendation of our colleagues on that committee are that, since historically we do not spend the full amount of the allocations, at the moment no problem exists in terms of availability of funds, and that, therefore, they do not recommend that the government seek supplementary estimates at this stage to look after the possible shortfall based on the difference between the amount approved of $1,791,288 and the budgeted amount of $1,075,000.

In case Senator Roblin has some further questions, I have detailed breakdowns that I do not propose to put on the record now. Also, I do not intend to ask for adoption of the report if anyone feels that we should wait until Senator Roblin is present. As was the case yesterday, I think it would be better for me to adjourn this order again in my name, so that Senator

Roblin can ask some questions, rather than stopping now, and then having the effect of closing the debate if I spoke later.

**Hon. Orville H. Phillips:** I think that would be perfectly agreeable and would show simple courtesy to Senator Roblin.

Honourable senators, yesterday I asked the honourable senator if the amount included the $315,000 for the study of Bill C-22. I am afraid I was distracted this morning in committee. I should have asked that question in committee, but I now ask my honourable friend that question.

**Senator Frith:** My understanding is that it does include the study of Bill C-22. In other words, honourable senators, these are the figures right up to date.

On motion of Senator Frith, debate adjourned.

CONSIDERATION OF SEVENTEENTH TO TWENTY-EIGHTH REPORTS OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the seventeenth to twenty-eighth reports of the Standing Committee on Internal Economy, Budgets and Administration, presented in the Senate on June 9, 1987, approving budgets of the following committees:

17th Banking, Trade and Commerce;
18th Energy and Natural Resources;
19th Fisheries;
20th Foreign Affairs;
21st Legal and Constitutional Affairs;
22nd National Finance;
23rd Official Languages;
24th Regulations and other Statutory Instruments;
25th Social Affairs, Science and Technology;
26th Social Affairs, Science and Technology;
27th Standing Rules and Orders;
28th Regulations and other Statutory Instruments.

**Hon. Royce Frith (Deputy Leader of the Opposition)** moved the adoption of the reports.

He said: Honourable senators, in this case also, I think I should move the adjournment of the debate in case Senator Roblin or other senators have some questions on the basis of figures presently before them or available to them.

**The Hon. the Speaker** *pro tempore:* Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

On motion of Senator Frith, debate adjourned.

## HEALTH CARE

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

**Hon. Hazen Argue,** pursuant to notice of March 12, 1987, moved:

That a special committee of the Senate be established to examine Canada's health care system and report upon the role that preventative medicine and other preventative measures, together with the provision of a wider range of health services, can play in providing a more effective health care system, thus contributing to the health, happiness and longevity of Canadians; and further to examine how such an improved health care system might modify or control the ever increasing costs of health care;

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

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

That the committee present its final report to the Senate no later than twelve months following its establishment.

He said: Honourable senators, I am pleased at this time to move this motion, standing in my name, that a special committee of the Senate be established to examine Canada's health care system. I think honourable senators will agree that over the years Canada has made great progress in establishing a health care system that has been of tremendous value to Canadians. I put this motion forward in a constructive manner, believing that the health care system which we now have needs improvement and change.

Trends across the country indicate that the system is not only very expensive at the moment but that costs are increasing province by province at a rapid rate. The amount of money committed by the people of Canada to the health care system of this country is very large. Canadians, in 1985, spent $39 billion on health care. The federal government spends some 8 per cent of its total budget on health care. Approximately 25 per cent of the provincial budgets is spent on health care. Health care in Ontario represents almost 30 per cent of its budget. Projections suggest that costs will rise at an accelerating rate.

• (1530)

One of the main reasons for that is an aging society. As the years pass, a larger and larger proportion of Canadians will be 65 years of age and over. Therefore, the costs of medical care will rise. Individuals 65 years of age and over accounted for 10 per cent of the population in 1985. That figure will rise to 20 per cent by the year 2031. The proportion of those 75 years of age and over will rise at an even more dramatic rate.

The trend has direct implications for health care costs. While the average number of days in hospital for Canadians of all ages was 1.1 in 1981, the figure was 8.85 for those 65 years of age and over and 14.9 for those 75 years of age and over. Similarly, in the long term care sector, individuals 65 and over average seven times as many days in special care or extended care facilities as do Canadians of all ages. Those 75 and over

average 16 times more care days *per capita* than the population as a whole.

There is a problem in terms of providing adequate care in Canada for our elderly citizens. Sometimes some of those elderly citizens who are not in good health are admitted to hospital for treatment, and after the treatment has been completed and they are ready for discharge, I am informed that in too many cases nobody really comes to take them from the hospital to care for them. The hospitals have a discharge backlog. A number of elderly patients who are ready to be discharged will not be discharged for the reason I have given.

As to the provinces—and I speak mainly about the western provinces, but I suppose that all provinces are having budgetary problems—whether it be Manitoba, Saskatchewan, Alberta or British Columbia, each of them in their budget announcements in 1987 withdrew some of their medical services or made those medical services more expensive. I regret to see this happen. I think that too often it will be the poor who will suffer most. I understand that the law, the rule and the practice now is that there will not be deterrent charges for hospitalization, and I agree with that. But some provinces have worked very hard to reduce the amount of money available to certain patients. I refer to those with diabetes, by way of example. And there is also a reduced amount of money available to those needing chiropractic services per call, per treatment. Alberta has reduced the amount for physiotherapy by some 10 per cent, and British Columbia has asked patients to pay an additional $5, which reduces the provincial expenditure for a physiotherapy treatment from $11.20 to $6.20.

In Saskatchewan there has been an announcement that some 17 teaching positions in Regina will be terminated. After the announcement of the provincial cutbacks in Saskatchewan, we were informed by doctors on television and through other media that 8,500 people in Saskatoon are awaiting surgery, and that any province that cuts back hospital beds or facilities will add to that growing list.

Honourable senators, a question is then raised. There are people who could take both sides, or who could answer the question differently, but that question is: Will these cutbacks result in earlier deaths for some of those people for whom the services will no longer be available or for whom a waiting period will be extended? This is a problem, and it is a serious one, indeed. We need to look at this question in a thorough and constructive way, taking into account all of the facts, hearing representations from people from all parts of Canada—the professions, governments, elected members of legislatures, the many organizations that are interested in health questions, and the rank-and-file people who wish to come forward to contribute.

The aging factor adds to costs. The environment, polluted by one means or another, certainly adds heavily to medical costs. Hazards in the workplace add to medical costs. A survey which I believe was conducted in 1981 in the province of Quebec came forward with findings on the relative costs for and the amount spent on treatments for various kinds of illnesses or afflictions. The No. 1 cost resulted from stress. Those people who suffer stress cost the Quebec system more money than people treated for other ailments or afflictions. As our society develops, facing unemployment or the current agricultural crisis as we do, facing technological change and the unemployment resulting from that, I think the stress factor is likely to increase. That is something that should also be examined, and it needs to be considered in any study of Canada's health costs and needs.



There is a growing body of thought to the effect that we should be spending far more on preventive medicine than we now spend. I read that expenditures on preventive medicine amount to only 2 per cent of budgets, and this certainly is a small amount.

The committee could consider preventive measures and what such measures might accomplish, and could consider representations on such diverse and wide ranging régimes as homeopathy, osteopathy, reflexology, holistic medicine, acupuncture, allergy treatments, naturopathy, chiropractic, meditation, herbs, massage, psychic therapy, health foods, diet and exercise.

● (1540)

Exercise is important, nutrition is important, massage treatments can be very healthful. Chiropractors have been brought into the system in many places, and they are considered by the medical profession to be able to make a positive contribution to health.

Meditation and counselling have made an important contribution. One can go across this country and go into a community, even a rather small community, and find a health food store. Those stores are there because people think some of our foods are contaminated, that there are too many additives and that some may be a hazard to health. So, there is an emphasis on raw foods and health foods and alternatives to excessive use of drugs.

I am amazed by the number of Canadians who take an interest in health questions, who give a great deal of thought to the various kinds of treatments and therapies. Ordinary citizens in many, many communities meet together from time to time, on an informal basis, to discuss health questions, to discuss nutrition, to discuss meditation, or perhaps to practise meditation and to engage themselves in a kind of self-help way to improve their health and the health of people with whom they are associated.

It seems to me that ordinary Canadians, not having had the advantage of medical training, nonetheless, are reading widely and studying the whole field of medicare and health practices, and are coming forward with suggestions concerning the health of Canadians and how it should be improved. More and more people believe that health foods have a beneficial effect, that the so-called light medicines such as vitamins and herbs can make a valuable contribution.

There are people in the medical field who believe that Vitamin C, in the main, and Vitamin E, perhaps, as well as higher rates of calcium, can make a contribution to the mental

health of Canadians and reduce hypertension and separately and together make a valuable contribution to improved health.

These kinds of therapies or procedures or health practices could be available at a minimum cost, and this is something the committee could assess.

It seems to me that when people are meeting in groups, some small, some large, in many parts of Canada to deal with the subject of improved health, to deal with nutrition, to deal with preventive medicine, to deal with access to a greater range of health procedures, that should tell us something. That should tell us that Canadians are looking not to replace the system that we now have but to make modifications to provide changes and to provide a new perspective on health care and health practices in Canada.

I could go on at great length. I have attended conferences put on by lay people to discuss some of the procedures that do not include dependency on drugs or on surgery, but who are looking to other less costly and less sophisticated means. I spoke at a conference in Winnipeg a few months ago where there were 400 people in attendance. I addressed a conference in Saskatoon where there were some 200 people in attendance, and another health conference in Regina with an attendance of some 200. I was not at a recent health conference in Toronto, but I believe 3,000 people attended. These are people outside the medical profession, who freely volunteer their time and effort to acquire and share knowledge in the health field. They feel that there is room for change, that there are other measures that could add to the system that we now have—preventive measures, less costly measures, measures which would improve the health, the longevity of Canadians and would bring to the whole health care system a greater efficiency and an improvement in the value that we obtain for our dollars.

Another of the aspects of health care that I think seems to be lacking is dedication to the proposition that a healthy mind can result in a healthy body. I have read a survey which took a given number of cancer patients in one group, another given number of cancer patients in another group, the first group taking the attitude "It is all over. I am here for a limited time. There is no hope. The cancer will succeed and I will fail." The other group took the mental attitude "I have a chance. I will lick the cancer. I will get well. I am going to win." The result was that those who were optimistic and programmed their minds to believe that they were going to be well had a higher recovery rate than those who accepted defeat and who programmed their minds for defeat.

We have a conscious mind and a subconscious mind. The subconscious mind is important in the life of any individual. I think part of mental health may well be that we have an optimistic outlook on life, that we say we can win, that we program ourselves for good health and greater accomplishments.

All of the things I have been talking about, I believe, can make a very important contribution to improved health and to getting the whole issue of ever-increasing costs, at some point, under control. This is a very big field. This is a very important field because of the tremendous costs to Canadians and to governments for the health services we now have. This is a tremendous question, a tremendous concern to thinking Canadians, because the cost will increase at a rapid rate because of the ever-increasing age of our population.

The Senate and committees of the Senate are in a good position to make a constructive study to bring in constructive recommendations. Senators represent all areas of Canada. Senators come from all of the provinces of Canada. Over the years our committees have taken an objective approach to the major subjects that have come under review and study. I believe that senators on both sides of the house, if they should agree to support this motion and see that the committee is established and goes forward, will be able to play a constructive role in the interests of financial economy, in the interests of improved health, and in the interests of bringing people together who have various points of view so that collectively in all parts of Canada we can keep all of the good features—of which there are many, and we are proud of them—of our present medical care system. After looking at the problems and opportunities, I am sure we will come forward with recommendations that will be of value to governments and to Canadians in general. Such a committee could consider recommendations to broaden the health services that are available, to bring a greater measure of democracy to the health system, and could make whatever other recommendations that might seem appropriate to help Canadians achieve improved health, happiness and longevity.

● (1550)

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until Tuesday, June 16, 1987, at 2 p.m.

**APPENDIX "A"**

(*See p. 1213*)

**BANKING, TRADE AND COMMERCE**

FOURTEENTH REPORT OF COMMITTEE

---

THURSDAY, June 11, 1987

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FOURTEENTH REPORT

Your Committee, which was authorized by the Senate on 26th May, 1987 to study and report upon tax reform in Canada, or any matter relating thereto, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

**IAN SINCLAIR**
*Chairman*

**APPENDIX (A) TO THE REPORT**

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD 1st APRIL 1987 TO 31st MARCH 1988

ORDER OF REFERENCE

Extract from the *Minutes of the Proceedings of the Senate*, Tuesday, May 26, 1987:

"The Honourable Senator Sinclair moved, seconded by the Honourable Senator van Roggen:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study and report upon tax reform in Canada, or any matter relating thereto; and

That the Committee submit its report no later than 29th February 1988.

The question being put on the motion, it was—
Resolved in the affirmative."

CHARLES A. LUSSIER,
*Clerk of the Senate.*

**SUMMARY**

| | |
|---|---|
| **Professional and Other Services** | **$ 106,000** |
| **Transportation and Communications** | **2,000** |
| **All Other Expenditures** | **2,000** |
| **TOTAL** | **$ 110,000** |

The foregoing budget was approved by the Committee on the 26th day of May, 1987.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Ian Sinclair
Chairman, Standing Committee on Banking, Trade and Commerce

Date: May 27, 1987

Approved by:

Guy Charbonneau
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: June 9, 1987

**EXPLANATION OF COST ELEMENTS**

**Professional and Other Services** (including salaries)

| | | |
|---|---|---|
| Legal Counsel from Drache, Rotenberg & Horwitz | | |
| 50 days @ $750 per day | | $ 37,500 |
| Travel and living expenses | | |
| Ottawa-Toronto-Ottawa (staff meetings with industry and Chairman) | | |
| Economy air fare return including tax | 265.80 | |
| Ground: 4 taxi trips @ $20 per trip | 80.00 | |
| Living Expenses: 1 day @ $40 per day | 40.00 | |
| Total | 385.80 | |
| 4 trips to Toronto @ $386 per trip | | 1,544 |
| Communication and Other Expenses | | 456 |
| Chartered Accountant from Thorne, Ernst & Whinney | | |
| 20 days @ $750 per day | | 15,000 |
| Travel and living expenses | | |
| Toronto-Ottawa-Toronto | | |
| Economy air fare return including tax | 265.80 | |
| Ground: 4 taxi trips @ $20 per trip | 80.00 | |
| Hotel Accommodation: 2 nights @ $84 per night | 168.00 | |
| Living Expenses: 3 days @ $40 per day | 120.00 | |
| Total | 633.80 | |
| 6 trips to Ottawa @ $634 per trip | | 3,804 |
| Communication and Other Expenses | | 1,196 |
| Economist: Dr. Thomas J. Courchene | | |
| 50 days @ $500 per day | | 25,000 |
| Travel and living expenses | | |
| London-Ottawa-London | | |
| Economy air fare return including tax | 303.20 | |
| Ground: 4 taxi trips @ $20 per trip | 80.00 | |
| Hotel Accommodation: 2 nights @ $84 per night | 168.00 | |
| Living Expenses: 3 days @ $40 per day | 120.00 | |
| Total | 671.20 | |
| 13 trips to Ottawa @ $671 per trip | | 8,723 |
| Communication and Other Expenses | | 1,277 |
| **Expenses of Witnesses** | | |
| Air/Ground Transportation | 846.60 | |
| Hotel Accommodation: 1 night @ $80 | 80.00 | |
| Living Expenses: 2 days @ $36.70 per day | 73.40 | |
| Total | 1000.00 | |
| 5 witnesses @ $1,000 | | 5,000 |
| **SUB-TOTAL** | | **$ 99,500** |

**EXPLANATION OF COST ELEMENTS**

| | | |
|---|---|---|
| SUB-TOTAL FORWARDED | 99,500 | |
| Honorariums | | |
| 5 witnesses @ $500 per person/appearance | 2,500 | |
| Proof-reading and Editing of Reports | | |
| Mr. Burf Kay, Mr. Robert Lalande and others as required | | |
| 100 hours @ $40 p.h. | 4,000 | |
| | | 106,000 |
| **Transportation and Communications** | | |
| Postage, Freight and Courier Service | | 2,000 |
| **All Other Expenditures** | | |
| Purchase of Stationery, Books and Periodicals | 1,000 | |
| Contingencies | 1,000 | |
| | | 2,000 |
| **TOTAL** | | $ 110,000 |

## APPENDIX (B) TO THE REPORT

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for the proposed expenditures of the said Committee with respect to its study of tax reform in Canada, or any matter relating thereto, as authorized by the Senate on 26th May, 1987. The said supplementary budget is as follows:

| | |
|---|---|
| Professional and Other Services | $ 106,000 |
| Transportation and Communications | 2,000 |
| All Other Expenditures | 2,000 |
| | $ 110,000 |

Respectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

## APPENDIX "B"

(*See p. 1214*)

## ENERGY AND NATURAL RESOURCES

THIRD REPORT OF COMMITTEE

---

THURSDAY, June 11, 1987

The Standing Senate Committee on Energy and Natural Resources has the honour to present its

### THIRD REPORT

Your Committee, which was authorized by the Senate on 1st April, 1987 to examine the production and use of natural gas in Canada with particular reference to natural gas deregulation, or any matter relating thereto, respectfully requests that it be empowered (i) to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study, and (ii) to adjourn from place to place within and outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budgets submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

**EARL A. HASTINGS**
*Chairman*

### APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD 1st APRIL 1987 TO 31st MARCH 1988

ORDER OF REFERENCE

Extract from the *Minutes of the Proceedings of the Senate*, Wednesday, 1st April, 1987:

"Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Hastings, seconded by the Honourable Senator Petten:

That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the production and use of natural gas in Canada with particular reference to natural gas deregulation, or any matter relating thereto; and

That the Committee present its report no later than 31st March, 1988.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative."

CHARLES A. LUSSIER,
*Clerk of the Senate.*

### SUMMARY

| | |
|---|---|
| **Professional and Other Services** | **$ 25,421.96** |
| **Transportation and Communications** | **1,500.00** |
| **All Other Expenditures** | **2,000.00** |
| **TOTAL** | **$ 28,921.96** |

The foregoing budget was approved by the Committee on the 2nd day of April, 1987.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Earl A. Hastings
Chairman, Standing Committee on Energy and Natural Resources

Date: April 6, 1987

Approved by:
Guy Charbonneau
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: June 9, 1987

**EXPLANATION OF COST ELEMENTS**

| | | |
|---|---|---|
| **Professional and Other Services** | | |
| Dean Clay Associates | | |
| Energy Consultant: 209 hours @ $60.42 per hour | $ 12,627.78 | |
| Economics Consultant: 171 hours @ $45.58 per hour | 7,794.18 | |
| Administrative Assistant: 200 hours @ $15.00 per hour | 3,000.00 | |
| Proof-reading and Editing of Reports 50 hours @ $40.00 per hour | 2,000.00 | |
| | | 25,421.96 |
| **Transportation and Communications** | | |
| Postage, Freight and Courier Service | | 1,500.00 |
| **All Other Expenditures** | | |
| Purchase of Stationery, Books and Periodicals | 1,000.00 | |
| Contingencies | 1,000.00 | |
| | | 2,000.00 |
| **TOTAL** | | $ 28,921.96 |

## APPENDIX (B) TO THE REPORT

## STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

### APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD 1st APRIL 1987 TO 31st MARCH 1988

### ORDER OF REFERENCE

Extract from the *Minutes of the Proceedings of the Senate*, Wednesday, 1st April, 1987:

"Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Hastings, seconded by the Honourable Senator Petten:

That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the production and use of natural gas in Canada with particular reference to natural gas deregulation, or any matter relating thereto; and

That the Committee present its report no later than 31st March, 1988.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative."

CHARLES A. LUSSIER,
*Clerk of the Senate.*

### SUMMARY

**Transportation and Communications $22,964**

The foregoing budget was approved by the Committee on the 8th day of June, 1987.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Earl A. Hastings
Chairman, Standing Committee on Energy and Natural Resources

Date: June 8, 1987

Approved by:
Guy Charbonneau
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: June 9, 1987

**EXPLANATION OF COST ELEMENTS**

| | |
|---|---|
| **Transportation and Communications** | |
| Air Transportation: Ottawa-Washington-Ottawa 16 people X $ 409 (economy air fare per person including tax) | $6,544 |
| Ground Transportation: Taxis (or equivalent) 16 people X 2 trips X $20 per trip | 640 |
| Minibus (Washington): 3 days @ $700 per day | 2,100 |
| Hotel Accommodations (Washington): 16 people X 3 nights X $150 per night | 7,200 |

| | |
|---|---|
| Living Expenses: 16 people X 4 days X $70 per day | 4,480 |
| Contingencies | 2,000 |
| **TOTAL** | **$22,964** |

NOTES:
1. Staff composition during Committee travels: Clerk, 2 Research Officers and 1 Secretary/Messenger.
2. All amounts $ CDN.

## APPENDIX (C) TO THE REPORT

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the supplementary budgets presented to it by the Chairman of the Standing Senate Committee on Energy and Natural Resources for the proposed expenditures of the said Committee with respect to its examination of the production and use of natural gas in Canada with particular reference to natural gas deregulation, or any matter relating thereto, as authorized by the Senate on 1st April 1987. The said supplementary budgets are as follows:

| | |
|---|---|
| Professional and Other Services | $ 25,421.96 |
| Transportation and Communications | 24,464.00 |
| All Other Expenditures | 2,000.00 |
| | $ 51,885.96 |

Repectfully submitted,

**GUY CHARBONNEAU**
*Chairman*

## APPENDIX "C"

(*See p. 1214*)

## ENERGY AND NATURAL RESOURCES

FOURTH REPORT OF COMMITTEE

---

THURSDAY, June 11, 1987

The Standing Senate Committee on Energy and Natural Resources has the honour to present its

FOURTH REPORT

Your Committee, which was authorized by the Senate on 1st April, 1987, to examine the production and use of coal in Canada, or any matter relating thereto, respectfully requests that it be empowered (i) to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study, and (ii) to adjourn from place to place within and outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budgets submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

**EARL A. HASTINGS**
*Chairman*

### APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD 1st APRIL 1987 TO 31st MARCH 1988

ORDER OF REFERENCE

Extract from the *Minutes of the Proceedings of the Senate*, Wednesday, 1st April, 1987:

"Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Hastings, seconded by the Honourable Senator Petten:

That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the production and use of coal in Canada, or any matter relating thereto; and

That the Committee present its report no later than 31st March, 1988.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative."

CHARLES A. LUSSIER,
*Clerk of the Senate.*

### SUMMARY

| | |
|---|---|
| **Professional and Other Services** | **$ 31,871** |
| **Transportation and Communications** | **1,500** |
| **All Other Expenditures** | **2,000** |
| **TOTAL** | **$ 35,371** |

The foregoing budget was approved by the Committee on the 2nd day of April, 1987.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Earl A. Hastings
Chairman, Standing Committee on Energy and Natural Resources

Date: April 6, 1987

Approved by:

Guy Charbonneau
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: June 9, 1987

**EXPLANATION OF COST ELEMENTS**

| | | |
|---|---|---|
| **Professional and Other Services** | | |
| Dean Clay Associates | | |
| Energy Consultant: 275 hours @ $60.42 per hour | $ 16,615.50 | |
| Economics Consultant: 225 hours @ $45.58 per hour | 10,255.50 | |
| Administrative Assistant: 200 hours @ $15.00 per hour | 3,000.00 | |
| Proof-reading and Editing of Reports 50 hours @ $40.00 per hour | 2,000.00 | |
| | | 31,871.00 |
| **Transportation and Communications** | | |
| Postage, Freight and Courier Service | | 1,500.00 |
| **All Other Expenditures** | | |
| Purchase of Stationery, Books and Periodicals | 1,000.00 | |
| Contingencies | 1,000.00 | |
| | | 2,000.00 |
| **TOTAL** | | $35,371.00 |

## APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD 1st APRIL 1987 TO 31st MARCH 1988

ORDER OF REFERENCE

Extract from the *Minutes of the Proceedings of the Senate*, Wednesday, 1st April, 1987:

"Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Hastings, seconded by the Honourable Senator Petten:

That the Standing Senate Committee on Energy and Natural Resources be authorized to examine the production and use of coal in Canada, or any matter relating thereto; and

That the Committee present its report no later than 31st March, 1988.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative."

CHARLES A. LUSSIER,
*Clerk of the Senate.*

## SUMMARY

**Transportation and Communications $73,774**

The foregoing budget was approved by the Committee on the 8th day of June, 1987.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Earl A. Hastings
Chairman, Standing Committee on Energy and Natural Resources

Date: June 8, 1987

Approved by:

Guy Charbonneau
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: June 9, 1987

**EXPLANATION OF COST ELEMENTS**

| | |
|---|---|
| **Transportation and Communications** | |
| Air Transportation: | |
| A) Ottawa-Sydney-Ottawa 16 people X $ 499 (economy air fare per person including tax) | $ 7,984 |
| B) Ottawa-Calgary-Edmonton-Ottawa 23 people X $882 (economy air fare per person including tax) | 20,286 |

| | | |
|---|---|---|
| Ground Transportation: | | |
| A) Minibus: Sydney-Glace Bay (2 days) | | 500 |
| Taxis (or equivalent) 2 trips X 16 people x $15 per trip | | 480 |
| B) Bus Charter | | |
| Calgary-Jasper | 904 | |
| Mine tour/Jasper-Edmonton | 759 | |
| Edmonton-Devon-Edmonton | 315 | |
| Edmonton-Wabamun-Edmonton | 315 | 2,293 |
| Hotel Accommodations: | | |
| Sydney | | |
| 16 people X 2 nights X $60 per night | | 1,920 |
| Calgary | | |
| 23 people X 2 nights X $80 per night | | 3,680 |
| Jasper | | |
| 16 people X 3 nights X $120 per night | | 5,760 |
| Edmonton | | |
| 16 people X 3 nights X $80 per night | | 3,840 |
| Living Expenses: | | |
| Atlantic Canada | | |
| 16 people X 3 days X $40 per day | | 1,920 |
| Western Canada | | |
| 23 people X 3 days X $40 per day | | 2,760 |
| 16 people X 6 days X $40 per day | | 3,840 |
| Meeting Room and Incidentals: | | |
| Calgary | 750 | |
| Incidentals (coffee, projectors, screen, telephone rental, duplicating) | 500 | 1,250 |
| Sound Reinforcement & Interpretation Equipment: | | |
| Calgary | | 1,480 |
| Registration fee for the 37th Canadian Conference on Coal, Jasper, Alberta - September 13-15, 1987 | | |
| 15 people X $450 per person | | 6,750 |
| Local Notices | | |
| Atlantic Canada | 834 | |
| Western Canada | 5,097 | 5,931 |
| Coordination of public information program | | |
| 62 hours @ $50 per hour | | 3,100 |
| **TOTAL** | | **$73,774** |

NOTES: 1. Staff composition during Committee travels: Clerk, 2 Research Officers and 1 Secretary/Messenger.

2. Staff composition for public hearings in Calgary: Clerk, Assistant Clerk, 3 Hansard Reporters, 3 Interpreters, 2 Research Officers, 1 Secretary/Messenger and 1 Information Coordinator.

## APPENDIX (C) TO THE REPORT

TUESDAY, June 9, 1987

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the supplementary budgets presented to it by the Chairman of the Standing Senate Committee on Energy and Natural Resources for the proposed expenditures of the said Committee with respect to its examination of the production and use of coal in Canada, or any matter relating thereto, as authorized by the Senate on April 1, 1987. The said supplementary budgets are as follows:

| | | |
|---|---|---|
| Professional and Other Services | $ | 31,871 |
| Transportation and Communications | | 75,274 |
| All Other Expenditures | | 2,000 |
| | $ | 109,145 |

*ATTEST:*

**GUY CHARBONNEAU**
*Chairman*